

NJORD Lithuania: New responsibilities to companies operating in the construction sector from November 1. 2021

New amendments to the Labour Code of the Republic of Lithuania have recently entered into force that introduced the contractor's obligation to pay wages to the subcontractor's employees if the event that the hired subcontractor does not perform such obligation properly.



Although the employer is responsible for the fulfilment of pecuniary obligations related to wages, from November 1, 2021, if the employer fails to fulfil such obligation or fulfils it partially, the employee who work on construction works (as defined in the Law on Construction of the Republic of Lithuania) will be able to claim the contractor which hired the subcontractor for such works. Subsidiary liability of the contractor shall be limited to the employees of the subcontractor right to remuneration, including increased remuneration for overtime, night work, work on holidays and public holidays, acquired during the performance of work functions executing the construction contract between the contractor and the subcontractor.

That is a huge change in the construction sector with the main goal to protect employees. At the same time new amendments creates additional responsibilities for the contractor, which is not even a party of the employment contract with the employee of the subcontractor. Therefore, it is considered that the contractor should carry out a thorough surveillance before hiring a subcontractor to make sure that the subcontractor's financial situation is solid.