

REPUBLIC OF LITHUANIA
LAW ON UNEMPLOYMENT SOCIAL INSURANCE

16 December 2003 No IX-1904
(As last amended on 23 June 2011 – No XI-1527)
Vilnius

CHAPTER ONE
GENERAL PROVISIONS

Article 1. Purpose of the Law

This Law shall establish legal relationship of unemployment social insurance (hereinafter referred to as unemployment insurance), the categories of persons covered by unemployment insurance, the entitlement to the unemployment social insurance benefit (hereinafter referred to as the unemployment insurance benefit), the conditions of its granting, calculation and payment and the funding, administration of and responsibility for this type of insurance.

Article 2. Unemployment Insurance

Unemployment insurance shall be a type of social insurance, which, in cases set by laws, compensates persons covered by this type of insurance for their loss of income due to unemployment or of a part of it.

Article 3. Definitions

As used in this Law:

1. Repealed

2. “**The insured person**” means a natural person for whom the insurer must pay unemployment insurance contributions in the manner prescribed by law. Having become unemployed the person shall be entitled under the conditions and according to the procedure set out by this Law to the unemployment insurance benefit.

3. “**Insured income of the insured person**” means all income of a person and other sums on which unemployment insurance contributions are reckoned in and must be paid in the prescribed

manner, as well as reckoned-in sickness, maternity, paternity, parental, occupational rehabilitation, sickness due to occupational accident and occupational disease state social insurance benefits and unemployment insurance benefits set by this and other social insurance laws.

4. Repealed

5. **“Persons of working age”** means persons between the age of 16 years and the pensionable age set by the Law on State Social Insurance Pensions.

6. **“The insurer”** means a legal or a natural person who must pay unemployment insurance contributions established by laws.

7. **“Insured income of the current year”** means the average insured income of insured persons established by the Law on State Social Insurance Pensions, which is calculated following the methodology approved by the State Social Insurance Fund Council and approved by the Government.

8. **“Unemployment insurance record”** means periods during which unemployment insurance contributions are paid or had to be paid under laws and periods during which the insured person received unemployment insurance benefits, social insurance sickness benefits, occupational rehabilitation, maternity, paternity and parental benefits prescribed by this Law and other laws on social insurance.

9 **“State supported income”** means the amount of income entitling persons who receive an income lower than the amount to receive social assistance under the conditions established by laws.

10. Other definitions used in this Law shall be interpreted as they are defined in the Law on Support of the Unemployed.

Article 4. Persons Covered by Unemployment Insurance

The following persons shall be compulsorily insured against unemployment according to the procedure established by law:

1) the persons indicated in subparagraphs 1 and 2 of paragraph 1 of Article 4 of the Law on State Social Insurance;

2) repealed;

3) officers of the system of the internal service, officers of the system of the State Security Department, the Special Investigation Service and the Prisons Department under the Ministry of Justice of the Republic of Lithuania as well as the officials of the agencies and undertakings subordinate to it;

4) servicemen in the professional military service of the system of national defence, also volunteer servicemen, other active reserve servicemen, servicemen of the trained reserve drafted for

exercises, training or to perform service assignments, as well as the statutory servants in the civil national defence service at the Second Investigation Department under the Ministry of National Defence;

5) spouses of civil servants and of servicemen in the professional military service as well as delegated persons, who have not attained the pensionable age and are not in receipt of income connected with employment relations, for a period of time they reside abroad together with the civil servant or delegated person, if the latter person has been delegated or the civil servant has been transferred to a post at a diplomatic mission, consular post of the Republic of Lithuania, the mission of the Republic of Lithuania at an international organisation, at an international institution or an institution of the European Union, or an institution of a foreign country, sent to work in a special mission, or when they reside together with the serviceman in the professional military service, if the professional military service serviceman has been assigned to perform military service at the diplomatic mission, consular post of the Republic of Lithuania, the mission of the Republic of Lithuania at an international organisation, at a foreign state's or international military or defense institution. The spouses of the delegated persons shall be insured only if the salary to the delegated person is paid and social insurance contributions on it are paid by the delegating institution of the Republic of Lithuania which has delegated the person. The spouse of the President of the Republic who has not attained the pensionable age and does not have the insured income – for the term of office of the President of the Republic;

6) persons specified in subparagraph 4 of paragraph 2 of Article 4 of the Law on State Social Insurance;

7) by the choice of the family, one of the parents (adoptive parents) or a person who has been appointed as guardian in the prescribed manner, who is raising a child until the child reaches the age of three;

8) one of the parents (adoptive parents), who has not reached the pensionable age, of a disabled person for the special need for permanent nursing, or a person who has been appointed in the prescribed manner a guardian or curator of this disabled person and nurses the said disabled person at home. This provision shall also be applied to one of the parents (adoptive parents), guardian or curator who nurses at home a person for whom total disability was recognised prior to 1 July 2005.

CHAPTER TWO

UNEMPLOYMENT INSURANCE BENEFIT

Article 5. Entitlement to the Unemployment Insurance Benefit

1. Insured persons referred to in Article 4 of this Law, who are registered as unemployed at a local labour exchange and who have not been offered by the local labour exchange a suitable job or active labour market policy measures, shall be entitled to the unemployment insurance benefit if they:

1) prior to registration at a local labour exchange acquired the unemployment insurance record not shorter than 18 months during the last 36 months;

2) in accordance with the procedure set forth by laws are dismissed from work or from the office of the civil servant through no fault of the employee or the civil servant, due to circumstances beyond the employee's or civil servant's control or in the event of the employer's bankruptcy;

3) have completed the mandatory initial military service or the alternative national defence service or have been discharged from these services after having served at least half of the established time period.

2. Repealed

3. The unemployed persons referred to in subparagraphs 2 and 3 of paragraph 1 of this Article shall be entitled to unemployment insurance benefit when they register at the local labour exchange not later than within 6 calendar months after the dismissal from work or office of a civil servant, as well as discharge from the mandatory initial military service or the alternative national defence service.

Article 6. Conditions of Granting the Unemployment Insurance Benefit

1. The unemployment insurance benefit shall be granted as of the eighth day after the registration at the local labour exchange, except in cases referred to in paragraphs 2, 3 and 4 of this Article.

2. The unemployed persons specified in subparagraph 1 of paragraph 1 of Article 5 of this Law, who are dismissed through the fault of the employee, shall be granted the unemployment insurance benefit 3 calendar months after the date of registration at the local labour exchange.

3. The unemployed persons who have been dismissed from work (service) and received a severance pay or compensation by agreement between the parties shall be granted the unemployment insurance benefit not earlier than after such number of calendar months for which a severance pay or compensation in the amount of an average monthly wage was paid after the termination of the employment contract (dismissal from the service).

4. The unemployed persons receiving sickness, occupational rehabilitation, maternity, paternity or parental social insurance benefits granted prior to the registration at the local labour exchange shall be granted the unemployment insurance benefit not earlier than upon the expiry of the term of payment of these benefits.

Article 7. Procedure for the Payment of the Unemployment Insurance Benefit

1. The unemployment insurance benefit shall be paid not less frequently than once a month.
2. The period of payment of the unemployment insurance benefit shall depend on the unemployment insurance record of the unemployed person, acquired prior to the date of the registration at the local labour exchange. In the event the unemployment insurance record is shorter than 25 years, the unemployment insurance benefit shall be paid for 6 months, in case it is between 25 and 30 years the unemployment insurance benefit shall be paid for 7 months, in the event it is between 30 and 35 years, the unemployment insurance benefit shall be paid for 8 months and in case it is equal to 35 years and longer, the unemployment insurance benefit shall be paid for 9 months.
3. The periods during which the payment of the unemployment insurance benefit was suspended under Article 10 of this Law shall not be included in the period of payment of the unemployment insurance benefit, except the cases when an unemployed person participates in vocational training under the Law on Support for Employment and chooses to receive an education grant in the amount of the unemployment insurance benefit.

Article 8. The Amount of the Unemployment Insurance Benefit

1. The unemployment insurance benefit shall be calculated as the sum of the fixed and variable parts.
2. The fixed part of the unemployment insurance benefit shall be equal to the amount of the state supported income valid in the month of payment.
3. The variable part of the unemployment insurance benefit shall be calculated in the following manner:
 - 1) the monthly insured income of the unemployed person shall be calculated for 36 months prior to the end of the calendar quarter before last before the date of the registration of the unemployed person at the local labour exchange. In case the insured income is not received for any month, it shall be considered equal to zero;
 - 2) the average of this insured income divided by the insured income of the current year for a relevant month shall be calculated ;
 - 3) the calculated average shall be multiplied by the insured income of the current year for the month in which the unemployment insurance benefit is granted;
 - 4) the variable part of the unemployment insurance benefit shall be established as equal to 40 percent of the amount referred to in subparagraph 3 of this paragraph.

4. For the first 3 months a full unemployment benefit shall be paid and for the remaining period of payment of the unemployment benefit, set in paragraph 2 of Article 7 and paragraphs 1, 2 and 4 of Article 14 – the fixed part of the unemployment insurance benefit and one half of the variable part of the unemployment benefit shall be paid. During any of the above-mentioned periods an unemployment insurance benefit which is being paid may not exceed 70 per cent of the amount of the current year's income subject to insurance, most recently approved by the Government.

5. Repealed

Article 9. Non-granting of the Unemployment Insurance Benefit

The unemployment insurance benefit shall not be granted if, prior to its granting, the unemployed person:

- 1) refused a suitable job offer;
- 2) refused for no good reason as specified in the Regulations on Unemployment Insurance Benefits to participate in the measures of active labour market policy provided for in his or her individual employment plan (hereinafter referred to as an “employment plan”);
- 3) failed for no good reason as specified in the Regulations on Unemployment Insurance Benefits to arrive at a set time at the local labour exchange to accept a job offer or to participate in the measures of active labour market policy provided for in his or her employment plan ;
- 4) refused to undergo a health check offered by the local labour exchange in order to establish suitability for work.

Article 10. Suspension of the Payment of the Unemployment Insurance Benefit

The payment of the unemployment insurance benefit shall be suspended if the unemployed person:

- 1) participates in the measures of active labour market policy and receives remuneration for work or an education grant paid under the Law on Support for Employment;
- 2) upon informing the local labour exchange as prescribed by the Regulations on Unemployment Insurance Benefits obtains employment under a fixed-term employment contract for a period not longer than 6 months;
- 3) is issued a business licence for a period not longer than 6 months.

Article 11. Termination of the Payment of the Unemployment Insurance Benefit

The payment of the unemployment insurance benefit shall be terminated if during the period of payment of the unemployment insurance benefit:

1) the unemployed person refused a job offer under the conditions specified in subparagraph 1 of Article 9 of this Law;

2) the unemployed person refused without a justifiable reason to participate in the measures of active labour market policy provided for in his or her employment plan;

3) the unemployed person without a justifiable reason failed to arrive at a set time at the local labour exchange to accept a job offer or to participate in the measures of active labour market policy provided for in his or her employment plan ;

4) the validity of the permit to work in the Republic of Lithuania expires;

5) the period of payment of the unemployment insurance benefit for the unemployed person expires and is not subject to extension in accordance with the procedure established by this Law;

6) the unemployed person obtains employment or works on a self-employed basis;

7) the unemployed person loses capacity for work;

8) the unemployed person dies.

Article 12. Repeat Granting of the Unemployment Insurance Benefit

If the unemployment insurance benefit has not been granted for the reasons referred to in Article 9 of this Law or its payment has been terminated for the reasons specified in Article 11, the unemployment insurance benefit may be repeatedly granted 12 months after the date of adoption of the decision not to grant the unemployment insurance benefit or to terminate its payment upon re-acquisition by the unemployed person of the entitlement to the unemployment insurance benefit under the conditions set forth in this Law.

Article 13. Renewal of the Payment of Suspended or Terminated Unemployment Insurance Benefit

1. The payment of the unemployment insurance benefit suspended in accordance with Article 10 of this Law shall be renewed as of the moment the reason for the suspension of its payment disappears.

2. The payment of the unemployment insurance benefit terminated in accordance with subparagraph 6 of Article 11 of this Law shall be renewed for all unemployed persons upon their re-registration at the local labour exchange within 6 months after the termination of the payment of the unemployment insurance benefit.

3. The renewal of payment of the terminated unemployment insurance benefit shall be applicable only once.

4. Upon the renewal of the payment of suspended or terminated unemployment insurance benefit it shall be continued for the rest of the period laid down by this Law applying the provisions established in paragraph 4 of Article 8 of this Law on the basis of the data of the insured income of the unemployed person at the time of the granting of the unemployment insurance benefit.

Article 14. Extension of the Payment of the Unemployment Insurance Benefit

1. The payment of the unemployment insurance benefit for unemployed persons who upon the expiry of the term of the payment of granted or renewed unemployment insurance benefit are not more than 5 years below the pensionable age shall be extended for 2 months unless the person has been granted an early old age pension under the Law on the Early Payment of State Social Insurance Old Age Pensions.

2. The unemployed persons who during the period of payment of the unemployment insurance benefit temporarily lost capacity for work due to a disease or a trauma shall be paid the unemployment insurance benefit granted to them. Upon the expiry of the period of payment of the granted unemployment insurance benefit, the period of payment of the unemployment insurance benefit shall be extended for the number of calendar days the person was sick, but for not more than 30 calendar days.

3. The payment of the unemployment insurance benefit shall not be extended in the case referred to in paragraph 2 of this Article if a relevant authority establishes that the person:

1) temporarily lost capacity for work due to a trauma suffered when committing a criminal act;

2) damaged his health or pretended to be sick;

3) temporarily lost capacity for work due to alcohol intoxication (inebriation) or the abuse of psychoactive drugs.

4. The payment of granted unemployment insurance benefit for women who during the period of payment of the unemployment insurance benefit temporarily lost capacity for work due to pregnancy and childbirth shall be extended for the period corresponding to the period of payment of the maternity benefit, set in Article 17 of the Law on Sickness and Maternity Social Insurance, during maternity leave.

5. The unemployment insurance benefit shall be paid and/or the period of its payment to the unemployed persons specified in paragraphs 2 and 4 of this Article shall be extended on the basis of the sick leave or the maternity leave issued to the unemployed person in accordance with the Rules regarding the Issue of Sick Leaves and Maternity Leaves approved by the Minister of Health and the Minister of Social Security and Labour.

6. In the municipal territories in which an average ratio of a number of registered unemployed persons of the last quarter and a last announced number of persons of working age is 1.5 times or more bigger than the average ratio of the country, the period of payment of unemployment insurance benefits to unemployed persons may be extended by two months in accordance with the procedure laid down by the Regulations on Unemployment Insurance Benefits. A decision concerning the municipal territories in which the period of payment of unemployment insurance benefits is extended shall be taken by the Minister of Social Security of Labour on the advice of the Tripartite Council of the Republic of Lithuania.

7. The conditions and the procedure for extending the payment of the unemployment insurance benefit due to a disease or a trauma, and due to pregnancy and childbirth shall be established by the Regulations on Unemployment Insurance Benefits.

Article 15. Payment of the Unemployment Insurance Benefit together with other Social Security Benefits

Persons who receive state social insurance, assistance or state pensions (with the exception of survivor's, orphan's and loss of breadwinner's pensions), as well as periodic compensations for lost capacity for work due to occupational accidents and occupational diseases, also occupational rehabilitation, maternity, paternity or parental social insurance benefits shall be paid from unemployment insurance funds only the part of the unemployment insurance benefit which exceeds the sum of the received pensions, compensations or benefits.

Article 16. Payment of the Unemployment Insurance Benefit in Case of Death of the Person Entitled to it

The unemployment insurance benefit not received prior to the date of death of the person entitled to it shall be paid to the person who submits inheritance documents.

CHAPTER THREE

UNEMPLOYMENT INSURANCE FUNDS, RESPONSIBILITY

Article 17. Unemployment Insurance Funds and their Movement

1. Funds assigned for unemployment insurance shall be earmarked in the budget of the State Social Insurance Fund.

2. The amount of unemployment insurance funds and the rate of contributions shall be approved for the this type of insurance on an annual basis by the Law on the Approval of the Indicators of the Budget of the State Social Insurance Fund.

3. State social insurance contributions paid by insurers for this type of insurance shall constitute unemployment insurance income.

4. Repealed

5. Repealed

6. Should there be any shortage of funds for covering unemployment insurance expenses, a temporary shortage of funds shall be covered with the funds from the reserve of the State Social Insurance Fund or with short-term loans.

Article 18. Procedure for the Payment of Unemployment Insurance Contributions

1. Unemployment insurance contributions established by this Law for each insured person referred to in Article 4 of this Law shall be calculated and paid in accordance with the procedure laid down by law together with other social insurance contributions.

2. Persons specified in subparagraphs 5-8 of Article 4 of this Law shall be compulsorily insured against unemployment with state funds. Unemployment insurance contributions for the persons referred to in subparagraph 5 of Article 4 of this Law shall be paid on 0.5 of the official salary of a civil servant or a serviceman in the professional military service, or 0.5 of the salary of a person delegated under the contract of the delegation, or 0.5 of the salary of the President of the Republic. Unemployment insurance contributions shall be paid for the persons referred in subparagraphs 6-8 of Article 4 of this Law on the minimum monthly wage.

3. The procedure for and time periods of payment of unemployment insurance contributions shall be governed by the Law on State Social Insurance and the Law on Tax Administration, the rules for drawing up and implementing the State Social Insurance Fund budget, approved by the Government, other legislation.

Article 19. Repealed

Version of Article 20 before 1 January 2013:

Article 20. Responsibility of Establishments Liable to Pay Unemployment Insurance Benefits

1. The Lithuanian Labour Exchange shall grant and pay unemployment insurance benefits through local labour exchanges in accordance with the procedure set forth in the Regulations on Unemployment Insurance Benefits.

2. The Lithuanian Labour Exchange and its local labour exchanges shall be responsible for the calculation and payment of unemployment insurance benefits. The overpayment shall be recovered in accordance with law.

Version of Article 20 after 1 January 2013:

Article 20. Establishments Granting and Paying Unemployment Insurance Benefits and their Responsibility

1. The Lithuanian Labour Exchange shall calculate and grant unemployment insurance benefits through local labour exchanges in accordance with the procedure set forth in the Regulations on Unemployment Insurance Benefits.

2. Unemployment insurance benefits shall be paid by territorial offices of the State Social Insurance Fund Board (hereinafter referred to as the “territorial offices of the Fund Board”) in accordance with the procedure set forth in the Regulations on Unemployment Insurance Benefits.

3. The State Social Insurance Fund Board under the Ministry of Social Security and Labour and the territorial offices of the Fund Board shall be responsible for payment of unemployment insurance benefits.

4. The Lithuanian Labour Exchange and its local labour exchanges shall be responsible for the calculation and granting of unemployment insurance benefits.

5. Miscalculated and overpaid unemployment insurance benefits shall be recovered in accordance with the procedure laid down by law.

**CHAPTER FOUR
FINAL PROVISIONS**

Article 21. Entry into Force of the Law

This Law shall come into force on 1 January 2005.

Article 22. Payment of Benefits Granted Prior to the Entry into Force of this Law

1. Persons who were granted the unemployment allowance prior to 1 January 2005 (with the exception of those referred to in paragraph 3 of this Article) shall as from this date be paid the unemployment insurance benefit in accordance with the following provisions:

1) the unemployment insurance benefit shall be calculated as from the date of granting of the unemployment allowance within the meaning of Article 8 of this Law, taking into account the requirements for the unemployment insurance record, laid down in Article 5;

2) should the unemployment insurance benefit calculated as prescribed by subparagraph 1 of this paragraph and payable as from 1 January 2005 be higher than the unemployment allowance payable to the person under the law previously in force, the person shall be paid this unemployment insurance benefit;

3) should the calculated unemployment insurance benefit payable as from 1 January 2005 be lower than the unemployment allowance payable to the person under the law previously in force, the person shall be paid an unemployment insurance benefit the fixed part whereof amounts to the state supported income valid on 1 January 2005 and the variable part is equal to the difference between the unemployment allowance payable under the law previously in force and the fixed part of the unemployment insurance benefit;

4) the unemployment insurance benefit calculated in this manner shall be paid for the period set by this Law, counting from the date of granting of the unemployment allowance;

5) in the case referred to in subparagraph 3 of this Article, the variable part of the unemployment insurance benefit shall be reduced by the same proportions and in the same time periods, starting the counting from the date of granting of the unemployment allowance, as established in paragraph 4 of Article 8 of this Law.

2. Upon starting payment of the unemployment insurance benefit according to the procedure established in paragraph 1 of this Article, all provisions of this Law shall apply to it and the date of the granting of the previously paid unemployment allowance shall be considered as the date of the granting of the benefit.

3. Persons who were granted the unemployment allowance prior to 1 January 2005 and its payment was extended under the law previously in force due to the fact that the unemployed person was not more than 2 years below the pensionable age shall be further paid the unemployment insurance benefit equal to the amount of previously granted unemployment allowance. This benefit shall be paid for the period established at the moment of the extension of payment of the unemployment allowance prior to 1 January 2005.

4. The unemployed persons who registered at the local labour exchanges before 1 January 2005 and who under the law previously in force were not granted the unemployment allowance, shall be granted the unemployment insurance benefit provided that on 1 January 2005 they meet the provisions of Article 5 of this Law.

Article 23. Unemployment Insurance Expenses during the Transitional Period

1. During the transition period (from 1 January 2009 to 31 December 2012):

1) unemployment insurance funds shall be used for paying unemployment insurance benefits and for covering expenses referred to in subparagraphs 1, 3, 4 and 5 of paragraph 2 of Article 37 of the Law on Support for Employment;

2) the state budget shall gradually take over from the budget of the State Social Insurance Fund the funding of the expenses referred to in subparagraphs 1, 3, 4 and 5 of paragraph 2 of Article 37 of the Law on Support for Employment. The funds aimed to finance these expenses shall

be provided for in the Law on the Approval of Financial Indicators of the State Budget and Municipal Budgets of the Republic of Lithuania of the current year.

2. The Fund Board shall on a weekly basis transfer according to the approved contribution rate funds received for unemployment insurance to the Employment Fund whose funds are administered by the Ministry of Social Security and Labour. After the end of the quarter unemployment insurance contributions shall be recalculated on the basis of actually received insurers' contributions entered in the report of the Fund Board, additional sums calculated shall be transferred together with current contributions, while overpaid sums shall be deducted from current contributions.

3. After the end of the year funds exceeding expenses shall by the order of the Minister of Social Security and Labour be included in the estimate of funds of the Employment Fund of the following year.

Article 24. Proposals for the Government

To make a proposal to the Government to approve the Regulations on Unemployment Insurance Benefits within 2 months as of the date of the entry into force of this Law. The Regulations shall establish:

- 1) the procedure for calculating the unemployment insurance record;
- 2) the procedure for calculating the insured income of the unemployed person;
- 3) the procedure for calculating the unemployment insurance benefit;
- 4) the procedure for granting and paying the unemployment insurance benefit taking into account the reasons for dismissal from work;
- 5) justifiable reasons in the absence of which the unemployment insurance benefit is not granted or its payment is terminated.

Article 25. Legislation Declared Invalid

Upon the entry into force of this Law, Articles 1 and 4 of Chapter Four of the Law Amending and Supplementing the Law on Social Insurance of Occupational Accidents and Occupational Diseases, the Provisional Law on Damage Compensation in Occupational Accident or Occupational Disease Cases, the Law on Social Insurance, the Law on Unemployment Social Insurance, the Law on State Social Insurance Pensions, the Law on the Structure of the Budget of the State Social Insurance Fund, the Law on the Social Integration of the Disabled, the Law Amending Articles 33, 34, 36 and 45 of the Law on State Social Insurance Pensions and Supplementing it with Article 45(1), the Law Amending and Supplementing Articles 9, 16, 28, 35, 36, 40, 43, 45, 49, 50 and 54 of the Law on State Social Insurance Pensions and Supplementing the

Law with Article 55(6) and Chapter VII, the Law Amending and Supplementing Articles 2, 10, 28, 29, 34, 35, 38, 39, 40, 45, 49, 54 and 56 of the Law on State Social Insurance Pensions and Supplementing the Law with Articles 55(1), 55(2), 55(3), 55(4) and 55(5) and the Law on Sickness and Maternity Social Insurance (Official Gazette, 2004, No. 171-6,300) shall become invalid.

I promulgate this Law passed by the Seimas of the Republic of Lithuania