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Termination of Employment under Cyprus Law

The Termination of Employment Law (Law 24/67 as amended) (the “**Law**”) provides, inter alia, the grounds on which an employer may terminate any of its employees’ employment, the rights of employees to compensation on termination of their employment and in case of redundancy, the rights of the employees for payment from the Redundancy Fund.

Section 5 of the Law provides that termination of employment for any of the following reasons does not give a right to compensation:

- where the employee fails to carry out his work in a reasonably efficient manner;

Provided that temporary inability to work due to sickness, injury, maternity or disease shall not be construed as falling within this paragraph;
- where the employee has become redundant;
- where the termination is due to force majeure, war operations, uprising, act of God or destruction of the plant by fire not caused by the willful act or negligence of the employer;
- where the employment is terminated at the end of a fixed term contract or because of the attainment, by the employee, of the normal age of retirement by virtue of custom, law, collective agreement, contract works rules or otherwise:

Provided that where the Industrial Disputes Court considers that any fixed term contract or any series of fixed term contracts should either

alone or in conjunction be considered as a contract of indeterminate duration, then such contract or series of contracts shall be deemed not to be a fixed term contract for the purposes of this subparagraph;

- where the employee so conducts himself as to render himself liable to dismissal without notice:

Provided that where the employer does not exercise his right of dismissal within a reasonable period following the matter which gave rise to this right, he shall be deemed to have waived his right to dismiss the employee;
- without prejudice to the generality of the immediate foregoing paragraph, the following may, inter alia, constitute grounds for dismissal without notice, all the circumstances of the case being taken into consideration:
 - (a) any conduct on the part of the employee which makes it clear that the employer-employee relationship cannot reasonably be expected to continue;
 - (b) commission of gross industrial misconduct by the employee in the course of his duty;
 - (c) commission by the employee in the course of his duty of a criminal offence without the agreement, express or implied, of his employer;

- (d) immoral behaviour by the employee in the course of his duties; or
- (e) serious or repeated contravention or disregard of works or other rules in relation to the employment.

It should be noted that where any employee is made redundant under Section 5(b) of the Law, and provided that he has been continuously employed for at least one hundred and four weeks by the same employer, that employee is entitled to a redundancy payment from the Redundancy Fund calculated in accordance with the fourth schedule of the Law.

For the purpose of the Law an employee is redundant when his employment has been terminated:

- because the employer has ceased or intends to cease to carry on the business in which the employee was employed; or

Provided that the Industrial Disputes Court may decide that a change of place of employment does not cause redundancy when, in the opinion of the Industrial Disputes Court it is reasonable, in respect of the employee claiming a redundancy payment, to expect that employee to continue his employment in the new place of employment; or
- because of any of the following other reasons concerned with the operation of the business:
 - (a) modernization, mechanization or any other change methods of production or of organization which reduces the number of employees necessary;
 - (b) changes in products or production methods or in the skills needed on the part of employees;
 - (c) closing of departments;
 - (d) marketing or credit difficulties;
 - (e) lack of orders or raw materials;
 - (f) scarcity of means of production; and
 - (g) contraction of the volume of work or business.

According to the fourth schedule of the Law the amount of compensation depends on the years of service of each particular employee. For example, during

the first four years of continuous employment the redundancy payment is two weeks' wages for each period of fifty two weeks of employment, and thereafter the amount of compensation increases gradually according to the number of years of employment.

Both termination for redundancy or for any other reason, the employer is obliged to give notice in writing to the employee to be terminated, stating the reason for the termination. The duration of the notice depends on the number of years of service.

Subject to any different contractual obligation the maximum notice required by the Law is 8 weeks.

When an employee who has been continuously employed for not less than 26 weeks is terminated for any other reason, other than those provided in Section 5 of the Law, he/she is entitled to claim compensation. Such compensation shall not be less than that which the employee would have received had he been declared redundant by his employer and in any event, shall not exceed two years' wages.

Any employee terminated either lawfully or illegally or for redundancy reasons may apply to the Social Security Department for unemployment benefits.

The Court which has jurisdiction to entertain claims by employees against employers for wrongful dismissal is the Industrial Disputes Court. Nothing however shall prevent an employee from bringing a claim in a District Court for compensation in excess of two years wages, for example, when the employee has a claim for loss of career.

The employers should bear in mind that the employment contracts cannot contain provisions less beneficial to the employees from those provided in the Law.

Due to the provisions of other labour laws, of which there are many e.g. the Protection of Maternity Law, notice of termination cannot be given unless certain conditions are previously fulfilled.

Other relevant laws are, inter alia, (a) Law 100(1)/2000 for the Briefing of the Employee by the employer about the terms of the Employment Contract or Employment Relationship, (b) The Annual Paid Leave Law 8/1967, (c) The Parental Leave and Leave for Reasons of Force Majeure Law 69(1)/2002, (d) The Equal Pay between Men and Women for Work of Equal Value Law 158/1989, (e) The Social Security Law 41/1980, (f) The Protection of

Wages Law 35(1)2007, (g) The Law providing for the free movement and residence of nationals of E.U. member States No. 92(1)/2003. The Cyprus Courts also recognise and apply the E.U. relevant Directives and judgments of the European Court of Justice.

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