

Malta

Severance pay/redundancy compensation

Phase	Cap. 452 - Employment and Industrial Relations Act, 2002
Native name	Kap 452 - Att dwar l-Impiegi u r-Relazzjonijiet Industrijali, 2002
Type	Severance pay/redundancy compensation
Added to database	08 May 2015
Access online	Click here to access online

Article

36

Description

There is no legal severance pay or redundancy compensation other than the compensation in lieu of notice relating to redundancies.

Compensation in lieu of notice relating to redundancies

- Redundancies involving contracts for an indefinite period of employment:

On receiving notice from the employer, the employee has the option to either continue to work during the notice period, or to request the employer to pay him/her a sum equal to half the wages that would be payable in respect of the unexpired period of notice.

If the employer decides not to allow the employee to continue to work during the notice period, the employer is obliged to pay to the employee a sum equal to the full wages that would be payable in respect of the unexpired period of notice.

- Redundancies in cases involving fixed-term contracts:

Where there is not a justified reason to terminate an employment that is on definite basis after the probation period, the party who breaches the contract is liable to pay the other party a sum equal to one-half of the full wages that would have accrued had the contract

of employment remained in force.

Commentary

Labour legislation and relating amendments are discussed at formulation stage in the tripartite Employment Relations Board (ERB). Members forming this board come from trade unions, employers' associations and the government.

The concept of notice periods was introduced into the collective agreement for employees in the public service 2011-2016. However, in past restructuring exercises of public companies (such as those involving the Malta Shipyards and Airmalta), the employees received severance pay through early retirement schemes, and voluntarily redundancy schemes. Early retirement schemes are also present in sectors such as banking.

Additional metadata

Cost covered by	Employer
Involved actors other than national government	Employer organisation Trade union Other
Involvement (others)	Employment Relations Board
Thresholds	Affected employees: No, applicable in all circumstances Company size: No, applicable in all circumstances Additional information: No, applicable in all circumstances

Sources

- [Department of Employment and Industrial Relations](#)~~~ [Chapter 452 - Employment and Industrial Relations Act, 2002](#)~~~

Citation

Eurofound (2015), Malta: Severance pay/redundancy compensation, Restructuring legislation database, Dublin