

PARAGUAY

Items	Regulations in force on 31 December 2013
1: Notification procedures in the case of individual dismissal of a worker with a regular contract	Dismissal must be notified to the employee in written (Articles 87 and 88 of the Labour Code – hereinafter LC-).
2: Delay involved before notice can start	The notification must be communicated in written to the employee. Calculation (for EPL indicators): 1 day for written notice.
3: Length of notice period at different tenure durations (a)	The length of the prior notice varies according to different tenure durations (Article 87 LC). a) 30 d < 1 y b) 45 d > 1 y < 5 y c) 60 d > 5 y < 10 y d) 90 d > 10 y
4: Severance pay at different tenure durations (a)	No severance pay applies to dismissal with justified cause (causa justificada) which essentially corresponds to employee's misconduct or poor performance (Articles 81 and 82 LC). However, if the just cause alleged by the employer cannot be proved at court, the employee is entitled to severance payment plus back pay until the date of court decision. This situation only applies when the employer alleges a just cause for dismissal which cannot be proved at court. If the employer dismisses without alleging a just cause, only severance payment is due. Severance pay for unjustified dismissal is equal to 15 daily wages for each year or fraction of year in excess of six months. Unjustified dismissal occurs when the employer dismisses without alleging a just cause or when the employee terminates the agreement due to the employer's misconduct – constructive dismissal- (Articles 91 and 84 LC). Job stability: A special situation applies to employees with at least 10 years tenure. In this case, the employer is only permitted to dismiss with justified cause. If the employer is unable to prove just cause at court, the employee may choose between reinstatement or compensation equivalent to double dismissal indemnity (Articles 94 and 97 LC). Calculation (for EPL indicators): (averages just cause and without just cause): 9 months tenure: 0.25 month; 4 years tenure: 1 month; 20 years tenure: 0 month (as compensation is considered in Item 7). .

<p>5: Definition of unfair dismissal (b)</p>	<p>Fair dismissal: Article 81 LC provides an exhaustive list of reasons for dismissal with justified cause, which are related to the employee's misconduct or poor performance. Amongst others: a) dishonest acts related to the submission of false certificates to obtain a position in the company, b) theft, robbery or crimes against property of persons committed by the employee at the workplace, c) acts of violence, serious breaches of discipline, insults and disrespect addressed to the employer, members of his family, representatives, senior staff of the company, committed at the workplace, d) the commission of the same acts against co-workers, e) the commission of said acts (literal c), outside the workplace against c) and d) members, f) deliberate damage to buildings, plant, works, machinery, instruments, documents, raw materials and other goods belonging to the enterprise, g) immoral acts committed by the employee at the workplace, h) disclosure of confidential information or trade secrets to third parties, i) imprudent or inexcusable acts that compromise safety of the enterprise or of the persons thereof, j)) concurrence to the workplace under the effect of alcohol or drugs or carrying dangerous weapons , k) criminal conviction, l) breach of the safety and health rules prescribed by legislation or by the employer to prevent professional illnesses or work related accidents, ll) systematic failure to comply with the indications made by the employer or its delegates to improve employee's efficiency and productivity , m) work slowdowns or intentional reduction in work performance, inciting other workers for the same purpose, n) if the employer lost confidence in an employee exercising managerial supervision, surveillance, audit or other similar functions , ñ) negotiation by the worker, without express permission of the employer, if it constitutes an act of competition to the latter, o) participation in a strike declared illegal by the competent authority, p) repeated lateness, q) work stoppage , r) repeated lateness, s) interruption of the tasks without justified cause, t) disobedience to the orders given by the employer or its representatives, u) chronic or contagious disease, mental disorders that inhibit the development of the employee's current tasks, v) gross violation of the fundamental terms of the employment contract or of the internal regulations of the company.</p> <p>No severance payment in these cases of dismissal with justified cause.</p> <p>However, the employer can always dismiss employees without justifying a reason (despido sin justa causa) provided notice periods are respected and severance indemnity is paid (except in the case of employees of at least 10 years tenure).</p> <p>Redundancy: In case of closure of the company, if the employer re-initiates activities within 1 year, he is obliged to re-employ the workers. Failure to comply, determines the payment of severance indemnity for unfair dismissal. In case of suspension of the employment agreement due to: 1) exhaustion of raw material, 2) excess of production in relation to the needs of the market, 3) unprofitability of the company, after a 90 days period of suspension, the employee can choose to wait for the reactivation of the company or claim the indemnity for unfair dismissal.</p> <p>Unfair dismissal: when the employer alleges a just cause for dismissal that cannot be proved at Court or when the employee terminates the employment agreement due to the employer's misconduct – constructive dismissal (Articles 91 and 84 LC).</p> <p>Calculation for (EPL indicators): average of cases of less than 10 years of service - 0 (as employer can always dismiss without just cause by paying the corresponding indemnity) – and more than 10 years of service 2.</p>
<p>6: Length of trial period (c)</p>	<p>According to article 58 LC, the trial period is of:</p> <ul style="list-style-type: none"> a) 30 days for unqualified employees or domestic workers. b) 60 days for qualified workers or apprentices. c) Not legally specified: for highly qualified employees the trial period is agreed by the parties. Not a common practice in Paraguay. <p>Calculation (for EPL indicators). Assumption of 6 months trial period for highly qualified workers. Average of 3 situations: 3 months.</p>
<p>7: Compensation following unfair dismissal (d)</p>	<p>20 years tenure employee (enjoying job stability) can only be dismissed with justified cause proved at court (Article 94 LC). If the employer is unable to prove the just cause alleged, the employee (who chooses not to be reinstated) is entitle to receive double severance payment plus 3 months pay in lieu of notice (Article 96 LC).</p> <p>Calculation (for EPL indicators): 3 month's payment in lieu of notice plus double severance pay, in the case the worker chooses of not being reinstated (20 months): 23 months</p>
<p>8: Reinstatement option for the employee following unfair dismissal (b)</p>	<p>Yes for employees of at least 10 years tenure. The employee, who worked continuously for the same employer, acquires job stability at 10 year tenure (Article 94 LC). In such case, the employer is only allowed to dismiss for just cause following a judicial procedure. If the employer is unable to prove at court the just cause alleged, the employee can decide between reinstatement plus back pay or the payment of double severance indemnity for unfair dismissal plus pay in lieu of notice.(articles 96 and 97).</p> <p>Reinstatement option also applies to certain union representatives defined in article 318 LC which acquire the status of job stability. In such case, these employees can only be dismissed if the employer proves at court a just cause for dismissal.</p> <p>Calculation for (EPL indicators): Less than 10 years tenure: no reinstatement option, 10 years tenure or more: reinstatement option: Average of 0 and 3: 1.5</p>
<p>9: Maximum time period after dismissal up to which an unfair dismissal claim can be made (e)</p>	<p>60 days (Article 400 LC).</p>

10: Valid cases for use of standard fixed term contracts	FTC is only permitted for objective and material reasons (Article 49 LC). The LC authorizes FTC for a limited term, to perform a specific service or to conclude a specific task. Contracts to develop services of a permanent nature are considered of indefinite duration, despite the fact of being agreed as FTC (Article 50 LC). Thus FTC is the exception.
11: Maximum number of successive standard FTCs (initial contract plus renewals and/or prolongations)	FTC can't exceed 1 year for labourers (obrero) or 5 years for employees (empleados). However, they can be renewed (article 49 LC).
12: Maximum cumulated duration of successive standard FTCs	No limitation.
13: Types of work for which temporary work agency (TWA) employment is legal	No statutory regulation.
14: Are there restrictions on the number of renewals and/or prolongations of TWA assignments? (f)	No statutory regulation. FTC rules apply to FTC between agency and the worker.
15: Maximum cumulated duration of TWA assignments (f)	No statutory regulation. FTC rules apply to FTC between agency and the worker.
16: Does the set-up of a TWA require authorisation or reporting obligations?	No statutory regulation.
17: Do regulations ensure equal treatment of regular workers and agency workers at the user firm?	No statutory regulation.
18: Definition of collective dismissal (b)	<p>There is no statutory definition of collective dismissal for economic reasons nor a specific number of employees involved . However, there are certain situations that determine the termination of all the employment agreements (Articles 78 to 80 LC):</p> <ul style="list-style-type: none"> a) Closure of the company or final reduction of the activities. A prior administrative procedure is required which involves a communication to the Labour Authority and the participation of the employees, before the corresponding administrative decision. b) Exhaustion of the substance exploited by the extractive industry. c) Fortuity or force majeure that permanently inhibits the continuation of the employment agreements (unless there is an insurance to cover this risk) See Item 21. d) Bankruptcy or liquidation proceedings. <p>Calculation (for EPL indicators): (average of 4 for closure/final reduction, 0 for other cases): 2</p>
19: Additional notification requirements in cases of collective dismissal (g)	<p>For closure of the company or final reduction of the activities, a procedures is needed which involves: a written communication to the Labour Authority and a brief participation of the workers, before the Authority issues the final resolution (Article 78 Literal h). If the employer fails to comply with this procedure, severance indemnity must be paid to the workers. (Article 80 final LC).</p> <p>Calculation (for EPL indicators): (average 1 for closure of the company or final reduction of the activities, 0 for other cases): 0.5</p>
20: Additional delays involved in cases of collective dismissal (h)	<p>In case of closure of the company or final reduction of the activities, the required communication to the Labour Authority, the summary participation of the workers and the final decision will determine certain days of delay.</p> <p>Law 4986/2013 states, on a general basis, that, the duration of the procedures for closure of a company cannot exceed 30 days, after the required documents are presented.</p> <p>Calculation for (EPL indicators): (average of 30 days for closure of the company/final reduction and 0 for the other cases) = 15 days.</p>
21: Other special costs to employers in case of collective dismissals (i)	<p>In case of closure of the company or final reduction of the activities, no severance indemnity must be paid, (except for workers enjoying job stability who must receive double severance indemnity -article 99 LC-). However, if the employer fails to comply with the procedure stated in Items 18 and 19, ordinary severance indemnity must be paid (as stated in item 19). Re-employment is mandatory if the employer re-initiates activities within one year (failure determines the payment of severance indemnity (Article 80 LC).</p> <p>In case of fortuity or force majeure, if the insurance covers the risk, the company should re-initiate activities. If the employer decides not to do, indemnities to the employees should be paid: a) After trial period up to 5 y tenure: 1 monthly salary; b) >5y to 10y tenure: 2 monthly salaries; c) >10y tenure: 3 monthly. This indemnity also applies to bankruptcy-liquidation proceeding and exhaustion of the substance exploited by the extractive industry (Articles 79 and 80 LC).</p> <p>Calculation (for EPL indicators): 0 (as fortuity/force majeure and re-hiring are not counted for EPL)</p>

Legend: d: days; w: weeks; m: months; y: years. For example "1m < 3y" means "1 month of notice (or severance) pay is required when length of service is below 3 years".

Notes:

- a) Three tenure durations (9 months, 4 years, 20 years). Case of a regular employee with tenure beyond any trial period, dismissed on personal grounds or economic redundancy, but without fault (where relevant, calculations of scores to compute OECD EPL indicators assume that the worker was 35 years old at the start of employment). Averages are taken where different situations apply – e.g. blue collar and white collar; dismissals for personal reasons and for redundancy.
- b) Based also on case law, if court practice tends to be more (or less) restrictive than what specified in legislation.
- c) Initial period within which regular contracts are not fully covered by employment protection provisions and unfair dismissal claims cannot usually be made.
- d) Typical compensation at 20 years of tenure, including back pay and other compensation (e.g. for future lost earnings in lieu of reinstatement or psychological injury), but excluding ordinary severance pay and pay in lieu of notice. Where relevant, calculations of scores to compute OECD EPL indicators assume that the worker was 35 years old at the start of employment and that a court case takes 6 months on average. Description based also on case law.
- e) Maximum time period after dismissal up to which an unfair dismissal claim can be made.
- f) Description based on both regulations on number and duration of the contract(s) between the temporary work agency and the employee and regulations on the number and duration of the assignment(s) with the same user firm.
- g) Notification requirements to works councils (or employee representatives), and to government authorities such as public employment offices. Only requirements on top of those requirements applying to individual redundancy dismissal count for the OECD EPL indicators (cf. Item 1).
- h) Additional delays and notice periods in the case of collective dismissal (only delays on top of those required for individual dismissals – as reported in Items 2 and 3 – count for the OECD EPL indicators).
- i) This refers to whether there are additional severance pay requirements and whether social compensation plans (detailing measures of reemployment, retraining, outplacement, etc.) are obligatory or common practice.