

**URUGUAY**  
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**1. Are there any laws that govern a layoff of employees? If so, what do the laws require?**

Employers have the right to dismiss employees at any time without need of any justification or motive. Acts 10.489 and 10.570 apply in cases of layoffs of employees. If a layoff of employees is taken into effect, the employer must pay each worker a dismissal indemnity (IPD) with the only exception of the following cases: probation contracts (for not more than three months); term contracts; contracts for specific work; and for day labourers dismissed before the 100th day of work (this is commonly referred to as "período de carencia").

The dismissal indemnity that employers should pay dismissed employees, consists on an amount equal to one salary for each year or fraction of work at the company, with a ceiling of 6 years (in the case of monthly workers). To this effect, an employee's salary is considered as the usual salary plus the average overtime, vacation pay, vacation bonus, car allowance, meal allowance, housing allowance, and any other salary benefits.

In the case of "day labourers", salary is considered as described for monthly workers, but in proportion to 1 day's work. As well, the indemnity dismissal varies according to the number of days effectively worked. For each year during which they have worked more than 240 days they are entitled to 25 day's wages; and for each year during which they have worked less than 240 days they are entitled to 2 day's wages for every 25 days effectively worked. Day labourers have an IPD ceiling equal to 150 day's wages.

There are some special situations in which employees are entitled to receive "special" indemnity dismissals. If a mother-to-be is dismissed, no matter the motive, the employer must pay, in addition to the dismissal indemnity, an amount equal to 6 monthly salaries or 150 day's work, calculated as stated hereinabove. If any woman is dismissed within 6 months of having given birth she will be also entitled to this additional indemnity.

If a employee is not reincorporated after a labour related injury, he will be entitled to an additional indemnity equal to double dismissal indemnity, i.e., he would receive, in short, an amount equal to triple the dismissal indemnity. If an employee is dismissed within 180 days of reincorporation he will be entitled to the referred additional indemnity and to the salary of those 180 days. If a sick employee is not reincorporated after illness or within 30 working days of reincorporation he will be entitled to an additional indemnity equal to the dismissal indemnity, i.e., he would receive, in short, an amount equal to the doubled dismissal indemnity.

**2. Are there any formal requirements for terminating an employee or groups of employees?**

The applicable laws do not regulate the way in which the decision to dismiss an employee must be communicated, so in principle, it may be communicated in a verbal manner. Notwithstanding, employers commonly communicate their decisions through a written form.

**3. Are there special legal requirements for a layoff caused by redundancy in the workforce?**

No.

**4. Are there employment laws that laid-off employees can use to challenge their inclusion in the layoff?**

Yes, employees may challenge their inclusion in the layoff arguing that they were included due to discrimination measures such as affiliation to the Union, race, religion or nationality.

**5. What sanctions or penalties may be imposed against employers for violating any of the requirements mentioned in Nos. 1-4 above?**

Employees that understand they were included in the layoff because of their affiliation to the Union, may sue the company and request the Court to declare the dismissal null and to require the employer to reincorporate the employee in the company. The Court can also require the employer pay the employee the salaries he should have received during the term he could not work for the company.

**6. What are the one or two most common mistakes that employers make that lead to liability for a layoff?**

It is common that companies facing restructuring measures (eg. shutdown of one of its premises) view the instance as an opportunity to layoff employees affiliated to the Union. When these type of decisions occur, it is often unfair because the affiliated worker/s should have not been included in the list of dismissed employees. As a result, the Company may face collective Union measures (eg. strike) or employees, included in the layoff because of their affiliation to the Union, may sue the company and request the Court to declare the dismissal null (see answer 5).

**7. What other employment issues are likely to arise from a layoff in your jurisdiction that you have not addressed in your answers to the previous questions?**

No other issues are likely to arise.