

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

The main legislative piece governing the layoff of employees is Legislation on the Termination of Employment of 1967, as it has been amended over the years (last amendment was noted in 2003). Labour Courts in Cyprus are following the above provisions in order to rule on labour questions and issues that may arise in relation to employment. Legislation provides that in order to lawfully dismiss an employee, unless the employment contract has expired and was not renewed, an employer needs to give notice, on which he is informing the employee of the reasons of dismissal. The notice period varies and depends on the period of employment. For example, according to Article 9 of the 1967 legislation, if the employee has been working continuously for a period of minimum 26 weeks and a maximum of 52 weeks, the notice period is one week.

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

In the event where employees are members of labour unions and a collective agreement of employment has been signed between the employer and employees, then the employer needs to consult with or inform the union prior to taking any action with reference to the employment.

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

According to Article 21 of the aforementioned legislation, the employer needs to notify the Minister of Labour and Social Insurance of the redundancy at least a month prior to the day the employment will be terminated.

This notice shall include the number of employees who are likely to be deemed redundant, the area of business which might be affected, the description of the job held by the affected employees as well as their names and family obligations and lastly the reasons for considering the personnel as redundant.

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

The 1967 Legislation has been given a wide scope application and it is the legislative instrument used to challenge the inclusion of an employee in a lay-off. Part IV of the legislation specifically deals with the termination of employment because of redundancy reasons. A laid-off employee will usually challenge his inclusion in the layoff, when an application for compensation has been made to the Redundancy Fund and the Redundancy Fund refuses to compensate him according to legislation. This will be the case where the Redundancy Fund does not believe that there were legitimate redundancy reasons.

Article 18 of the 1967 Legislation provides that an employee is redundant where:

- the business will cease or has ceased to exist
- where the number of employees needed has been reduced due to the use of new equipment
- a department is no longer operative
- the volume of business has been reduced

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

The employer may be asked by courts to compensate the employee. The compensation will depend on the period of employment of the employee and the 1967 legislation includes Annexes which demonstrate the manner to calculate the amounts. The maximum amount of compensation that the court will order the employer to pay is the equivalent of the total amount of a 52-weeks period salary and only in those situations where the court feels that the employee will no longer have a competitive advantage in the market because of age or personal circumstances.

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

The most common mistake employers make is that they do not have sufficient evidence to support the claim that their business was suffering and that it was necessary to layoff some of their employees. The Labour Court will not be easily persuaded unless detailed accounts and other evidence are produced. Additionally, some employers fail to give notice, as prescribed by legislation.

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?

Legislation and case law demonstrate that the above issues addressed are the ones likely to arise.