



Four Things You Need to Know Before Laying Off Employees in LatAm

News

8.13.15

Danielle Urban was quoted in *Nearshore Americas* on August 11, 2015. The article “Four Things You Need to Know Before Laying Off Employees in LatAm” provided advice on how to navigate the pitfalls associated with terminating employees in Latin America.

Danielle said, “The US model of employment-at-will is uncommon in the rest of the world.”

According to Danielle, although employment law in Latin America varies widely, in general employment is contract-based. “Prudent employers should check employee contracts before taking any action, and should also consult any collective bargaining agreements that may be in place and would govern terminations and layoffs,” she said.

She warned that government regulations may place other responsibilities on those wanting to terminate employment. For example, some countries in Latin America, such as Colombia, require permission or notification with the government prior to implementing employee layoffs over a certain size. In the Dominican Republic, the Labour Department must be notified within 48 hours of the dismissal.

For example, Danielle said, layoffs in Peru are strictly governed by statute, and salaries must be paid during the period of time the layoff is being implemented. Layoffs may be legally implemented only if they comply with specific requirements and the reason for layoff fits into one of four specific categories, namely force majeure; economic, technological or structural reasons; the company’s dissolution and liquidation; or the company’s reorganisation under insolvency laws.

Requirements again differ from country to country, but Danielle noted that many Latin American countries require some length of notice period, either through statute, or as part of the employment contract, or both.

In addition, said Danielle, most Latin American countries require some amount of severance to be paid, which might be set by statute or employment agreement, but may often reflect length of service and/or age of the employee(s) being let go.

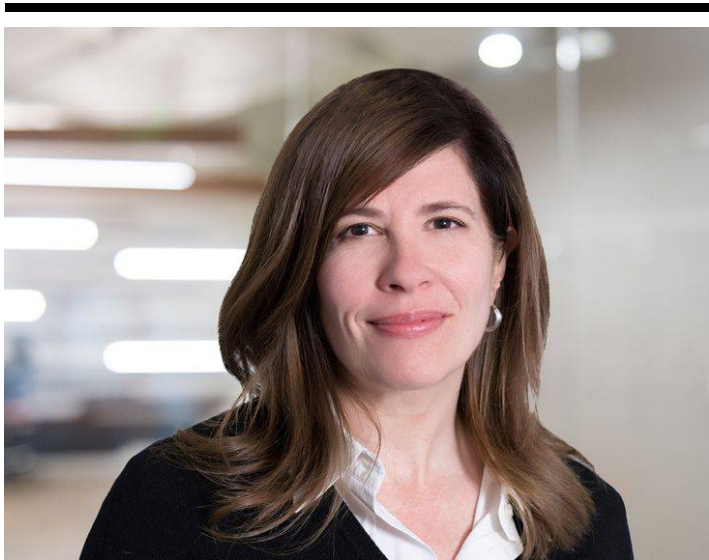
“The concept of ‘independent contractor’ may be unknown in Latin America, or tightly regulated,” Danielle said. “Employers should take care when entering into, and particularly when terminating,

such arrangements. Outsourcing may also be strictly regulated, and in many countries, such as Argentina or Brazil, may be governed by statute. The outsourcing entity could be considered the direct employer, and may be on the hook for severance and other employee benefit.”

To read the full article, please visit [Nearshore Americas](#).

Please reach out to our [Media team](#) for any news inquiries.

Related People



Danielle S. Urban, CIPP/E

Partner

303.218.3650

[Email](#)