

## Dear Clients

**Given the situation with COVID19, the National Government together with the Ministries of Health and Labor, have issued regulations allowing temporary suspension of labor contracts in light of the State of Emergency.**

This decree is intended for those companies that, due to their commercial activity, have been forced to close down involuntarily.

## Effect of the Decree

During the period of suspension, the worker is not required to provide his services and the employer is not obliged to pay his salary.

## Execution

The following notes are provided for the information of those Companies wishing to implement this action

They must provide the following documentation:

1. Letter to the Ministry of Labor and Labor Development justifying the suspension of the employment contracts. This must be signed by the Legal Representative or holder of Power of Attorney of the Company. It should be noted that this suspension will be for a period of not less than one week and not more than 30 days which is the longest permitted period of extension.
2. Copy of the Aviso de Operations (operating license) of the employing company
3. Copy of the most recent payroll presented to the CSS prior to the closure of the company

4. Documentary proof of economic damage suffered
5. List of employees for whom contract suspension is requested including name, cedula, CSS number, residential address, occupation, sex, age, telephone number and email

Workers whose labor contracts have been suspended in accordance with the Executive Decree will be included in the list of beneficiaries of the SOLIDARITY BOND (Article 5 of Executive Decree No 81)

### Steps to be followed:

- Present the request for contract suspension to the Ministry of Labor and Labor Development (MITRADEL) online at [www.panamaenlinea.gob.pa](http://www.panamaenlinea.gob.pa)
- Present the request for contract suspension to the Company's labor union. And to the workers' representative inside the company.
- MITRADEL will communicate their response by resolution sent via email to the company. If MITRADEL does not communicate their decision within three (3) days this will be understood as Administrative Silence and the request will be understood to have been approved.

### IMPORTANT:

- The process must be correctly followed before suspending the labor contracts. **If the company has closed of its own free will without complying with the procedures, the company will have to cover all salaries of workers until MITRADEL communicates authorization.**
- Upon termination of the State of National Emergency, workers shall return to their workplace and jobs, on the same conditions as in the labor contracts valid at the time of suspension.

- **Any action by the employer to impede such return to work by the workers on the day when the end of the State of National Emergency is announced, will be considered as unjustified verbal dismissal.**

Please note that we are available to our clients for any assistance in relation to this issue