

Nicaragua

Worker Classifications

Nicaragua does distinguish some types of Workers for purposes of overtime laws.

Fixed Term Contracts

Fixed-term contracts are permitted in Nicaragua, but rarely executed. Workers on fixed-term contracts may not be terminated without just cause as it would be considered a breach of contract warranting damages equal to the wages the Worker would have otherwise received.

Probationary Periods

Probationary periods are permitted for 30 days, during which time either the employer or the Worker may terminate the employment relationship for any reason.

Holidays

9 national holidays in Nicaragua are considered paid days off. The Executive Power may declare additional paid holidays at both the national and municipal levels. The national holiday is still paid even if it falls on Sunday. If a Worker works in such a case, they are entitled to wages at 200%.

Vacation

After six months of service, Workers are entitled to 15 days of paid vacation. That entitlement increases to 30 days after one year of service, which accrues at a rate of 15 days for each six months of service. Accrued but unused vacation is payable at the end of employment.

Sick Leave

Workers are entitled to up to 26 weeks of paid sick leave, paid at 60% of wages from Nicaragua's Social Security from the fourth day onward unless it is work-related, in which case the waiting period is waived.

Working Hours

The standard workweek is 8 hours per day, 48 hours per week. If the work is performed at night, it is limited to 7.5 hours per day and 45 hours per week. Work performed on a rest day is payable at 200%.

Overtime

Any work above the standard workweek is considered overtime, payable at 200%. Workers cannot be asked to work more than 9 hours of overtime per week. Some Workers are exempt from overtime requirements, including supervisors or managers, anyone who represents the company by their role, and those who work outside of the work facility beyond the company's control. However, those Workers may not work more than 12 hours per day, which must include a four-hour rest.

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Mandatory Bonuses

Workers in Nicaragua are entitled to a 13th month salary, which is payable in December.

Termination

Specific termination requirements vary based on the applicable collective bargaining agreement. However, in all cases, the employer must request permission to unilaterally terminate from the labor inspection department. Unilateral termination may be based on just cause as outlined by statute (e.g. Worker death/incarceration/retirement or company closure) or without justified cause. Notice or pay in lieu is required, which may only be given if the Worker is actively working versus being on vacation, protected leave, etc., and is not pregnant. In all cases, the employer must pay a proportional amount of the Worker's benefits and their thirteenth-month salary. If there is no cause for the termination, the employer must also pay the Worker severance based on their length of service; 0 - 3 years: one month's salary per year of service, 4+ years: 20 days' salary per year of service. Severance must be at least one month and no more than five months. Violating termination laws may result in a Judge ordering the Worker's reinstatement.

Resignation

Workers must provide 15 days' notice to resign.