

Labour Party Faction
Democratic Party "For Lithuania" Faction
Freedom Party Faction
Liberal Movement Faction
Lithuanian Social Democratic Party Faction
Lithuanian Farmers and Greens Union Faction
Homeland Union–Lithuanian Christian Democrats Faction
Mixed Lithuanian Parliament Members Group

EAPN Lithuania 2024/05/03

REGARDING THE LEGAL WORK PACKAGE

Currently, the Seimas is reviewing the Legal Work Package, which affects approximately 200,000 indebted residents of Lithuania. The garnishments from wages applied in Lithuania are among the strictest in the European Union. As a result, debts become one of the main barriers to employment, pushing individuals into long-term unemployment or the shadow economy. According to a 2022 study, 31% of social benefit recipients reported not working because a significant portion of their wages would be garnished to cover debts.

The Lithuanian Anti-Poverty Network and its members have long been active in the field of debt reduction and have proposed measures to alleviate the burden of indebtedness. Therefore, NSMOT supports the Lithuanian Government's aim to reduce the prevalence of illegal work and improve opportunities for indebted individuals to repay their debts and re-enter the labor market. In the Legal Work Package, we highlight the following particularly important proposals:

1. **Reduce garnishments from the minimum monthly wage (MMW) to 10%**, with exceptions for deductions related to alimony, compensation for injuries or health damages, or the loss of a provider. For wages between 1 MMW and 2 MMW, garnishments should be capped at 30%, and for amounts above 2 MMW, at 50%.
2. **Introduce "debt holidays"**: At the request of the Employment Service, debt collection from the wages and other income of a debtor (who has been unemployed for six months and has started working) could be suspended for up to 12 months within a 5-year period.
3. **Increase and index the threshold under Civil Procedure Code (CPC) Article 663** from €4,000 to 10 MMW. This threshold determines when debt collection can be directed at the debtor's primary residence.
4. **Extend the period from 6 to 12 months before allowing asset seizure for debt collection**, provided the debtor submits evidence to the bailiff that the debt and enforcement costs can be repaid within this period. Additionally, extend the prohibition period for seizing the debtor's primary residence from 18 to 36 months.

We urge the Lithuanian Parliament to approve these proposals, which would enhance the motivation and opportunities for indebted individuals to return to the labor market. This would significantly contribute to reducing illegal work and social exclusion in our society. Discussions on this matter have been ongoing for a long time, and these decisions directly impact approximately 7%

of Lithuania's population. Therefore, we emphasize the necessity of not delaying the implementation deadlines for the laws outlined in the Legal Work Package.

Director Aistė Adomavičienė