

GUATEMALA

Known as the Land of the Eternal Spring, Guatemala belongs to the seven countries that conform Central America. With a fascinating history dating back to pre-Columbian civilizations, almost half of its 17.36 million inhabitants is indigenous descendant from the Maya civilization. The country boasts varied geography including mountains, volcanoes, tropical forests, and coastline along the Caribbean Sea and the Pacific Ocean. Guatemala's economy is primarily based on agriculture, notably coffee, bananas, sugarcane, and cardamom. Tourism also plays a significant role in the economy, with visitors drawn to its natural beauty and archaeological sites.

NATIONAL HOLIDAYS

The following are the current public holidays in Guatemala:

JAN 1	New Year
MAR 28*	Holy Thursday* (*Date varies)
MAR 29*	Holy Friday* (*Date varies)
MAR 30*	Holy Saturday* (*Date varies)
MAY 1	Labor Day
JUL 1	Army Day
AUG 15	Día de la Virgen de Asunción
SEP 15	Independence Day
OCT 20	Revolution's Day
NOV 1	All Saints' Day
DEC 25	Christmas
DEC 31	Happy Holidays

EMPLOYMENT CONTRACTS

There are three types of individual labor contracts used under employment law in Guatemala, consisting of:

INDEFINITE-TERM CONTRACTS: These are the most widely used type of contract in Guatemala. They have no definite termination date and only end based on the mutual agreement of the employer and employee or under circumstances

unilaterally. Such instances include an employee resigning from their role, or an employer being allowed to terminate the contract due to the employee's malpractice.

FIXED-TERM CONTRACTS: Run for a set period specified within the contract itself.

SPECIFIC WORK CONTRACTS: Are used for the completion of a particular task or project, for which parameters and benchmarks, including what the conclusion of the task entails, must be clearly stated within the contract.

WORKING HOURS

The standard working day in Guatemala can be at most 8 hours per day, 44 hours per week.

Night work is a maximum of 36 hours per week, with six hours a day between 6 p.m. and 6 a.m.

If the shift includes a mix of day and night work, the maximum is 7 hours per day, 42 hours per

BONUS REQUIRED BY LAW

Salaried employees are entitled to two annual bonuses, each equivalent to one month's salary, as 13th and 14th-month payments. The 14th-month bonus ("Bono 14") is paid in July, and the Christmas bonus ("Bono 13") is paid in December. Employees earning a minimum salary are also eligible for a monthly productivity bonus.



Only those who have worked continuously for at least one year are eligible to receive the full Bono 14 and Bono 13. For the latter, if an employee has worked for less than a year, the bonus payment is proportional to the time worked.

VACATIONS

Employees who have worked for at least one year in a workplace are entitled to 15 days of annual paid leave. National, weekly, and public holidays that overlap with this period do not count as part of the annual leave.

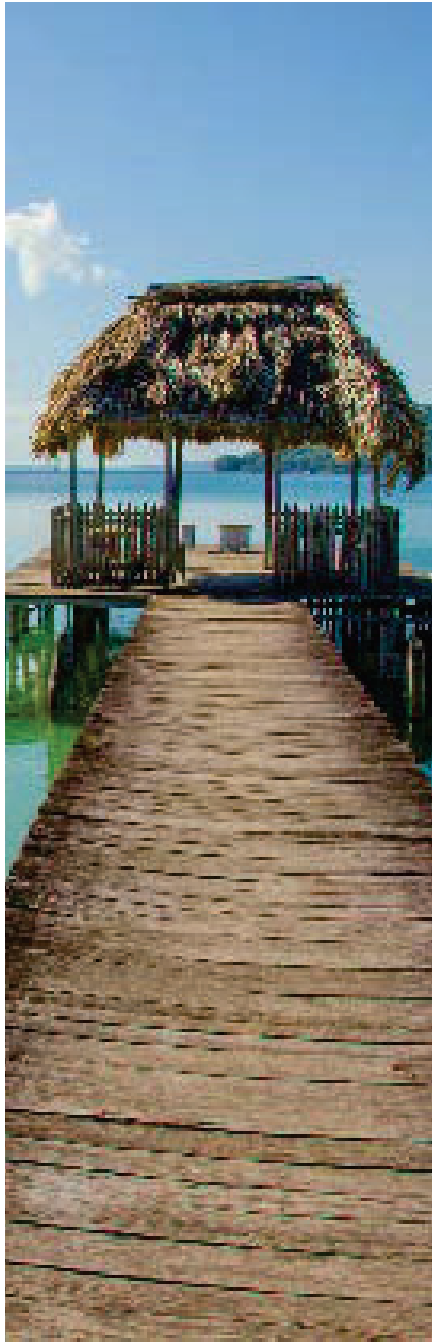
SICK LEAVE

According to the Labor Code, employees are entitled to sick leave pay for up to 6 months, provided that the insured employee has made contributions for three months within the six months preceding the onset of the illness. The maximum combined benefit for multiple periods of incapacity is 52 weeks within 24 months and GTQ 2,400.

Sick pay will be paid either by the Guatemalan Institute of Social Security (Instituto Guatemalteco de Seguridad Social) (IGSS) under its regulations or by the employer if the IGSS-regulated benefits do not cover the employee, the illness, or the injury.

The length and payment calculation of sick pay is dependent on the employee's length of employment:

a) 2-6 months of employment entitles the



b) 6-9 months of employment entitles the employee to two months of paid sick leave paid at a rate of 50% of the employee's regular salary ;
c) 9+ months of employment entitles the employee employee to three months of paid sick leave paid at a rate of 50% of the employee's regular salary
In addition, the employer may seek to

PARENTAL LEAVE

In Guatemala, In Guatemala, all pregnant employees are granted 12 weeks of maternity leave. Women can commence this leave 30 days before their expected due date and continue it for 54 days after childbirth. Additionally, in cases of miscarriage or stillbirth, employees are still entitled to take 27 days of paid leave.

There are no provisions in the law regarding paternity leave.

PROBATIONARY PERIOD

The probation period in Guatemala is generally two months and is valid for indefinite contracts only.

TERMINATION

The termination process varies according to how the employment agreement and collective

are in place and is based on the type of contract and reason for termination.

The amount of notice required depends on the length of service and the reason for termination.

In the case of resignation, the notice period is as follows:

- a) 1 week's notice for employees with employment service of up to 6 months;
- b) At least ten days' notice for employees with between 6 months and one year of employment service;
- c) At least 2 weeks' notice for employees with between one- and five years' employment service;
- d) A one-month notice for employees with more than five years of employment service.

In the case of dismissal, there is no established period.

Employees who are terminated without just cause are eligible for severance pay and have a 30-day window to file a claim in court. Suppose the employer fails to justify the termination in court. In that case, the employee may receive severance pay for up to 12 months but is not permitted to return to their previous position or employer.

Furthermore, employers are prohibited from terminating trade union members, female employees during pregnancy or maternity leave, or immediately after childbirth, as well as those involved in a collective dispute or during an illegal

TAXES

EMPLOYEE

Employees contribute **4.83%** of their monthly salary with Social Security, plus income taxes.

SOCIAL SECURITY	4.83%
UP TO 300,000 GTQ ANNUALLY	5%
OVER 300,000 GTQ ANNUALLY	7%

EMPLOYERS

Social security contributions are imposed on salaries, encompassing wages and all forms of compensation or payments, regardless of the denomination.

The contribution rates are **12.67%** for employer contributions.

WORKERS RECREATIONAL INSTITUTE (IRTRA)	1%
PROFESSIONAL TRAINING INSTITUTE (INTECAP)	1%
SOCIAL SECURITY	10.67%

HEALTH INSURANCE

In Guatemala, many companies insure their employees against accidents and illnesses. Guatemala's hospitals may not provide free care

to employees even if the country has universal healthcare coverage. Also, some employers give their employees dental and vision insurance benefits if they have a surplus budget.

EMPLOYEE BENEFITS

The employees in Guatemala also enjoy several supplemental benefits. These benefits might have different names across companies, but their purpose is to improve the employees' lives. Some of these extra benefits include:

a) BEREAVEMENT LEAVES: Guatemalan employees can take three days of bereavement leave if someone from their immediate family passes away. They must inform the employer about any such event to take advantage of these leaves.

b) WEDDING LEAVES: All employees can take paid five days of leave in the event of their wedding.

LABOR LAW - NUMBER AND VALID PAGE

The primary source of labor law in Guatemala is the **Código de Trabajo, Decree 1441**. Check out the link below to know more:

CÓDIGO DE TRABAJO, DECREE 1441: <http://www.sice.oas.org/investment/NatLeg/GTM/>



FOREIGN EMPLOYEES: WHICH PAPERS DO THEY NEED TO HAVE TO BE CONTRACTED BY THE LOCAL LAW? MAXIMUM QUOTA ALLOWED.

If a foreign national comes to Guatemala for paid work in a paid activity, it creates a relationship involving dependence on and management by a Guatemalan employer. In that case, the foreign national must apply for a migrant worker's residence and work permit. Following the elimination of the Business Visa, business travelers may now enter Guatemala under the category of Tourist or Traveler to

perform consulting and advisory activities. Visa relationships involve dependence on and management by a Guatemalan employer. In that case, the foreign national must apply for a migrant worker's residence and work permit. Following the elimination of the Business Visa, business travelers may now enter Guatemala under the category of Tourist or Traveler to perform consulting and advisory activities. Visa nationals must obtain the appropriate entry visa to enter Guatemala but are no longer required to apply for a Business Visa after arrival. The allowable consecutive stay as a business visitor is up to 90 days, with the possibility of a 90-day

extension.

Once the foreign national has obtained a migrant worker's residence permit (or has filed the corresponding application for migrant worker's residence with the Guatemalan Institute of Immigration (Instituto Guatemalteco de Migración)), the foreign national must apply for a work permit with the Labor Ministry.

The main work authorization options are Temporary Residence and Work Permit.

The Temporary Residence authorization is granted for an initial stay of up to five years and is renewable for the same term. The corresponding work permit is valid for one year and renewable annually.

