



**Global Employment
Compass
NICARAGUA**

Contents

- 1. Summary of applicable rights for different categories of workers 2
- 2. Legal requirements/rights/ practices for different categories of workers 3
 - a. Employees 3
 - b. Independent contractors/consultants* 15
 - c. Volunteers..... 20
 - d. Non-citizen employees and consultants, including refugees and others forcibly displaced 23
- 3. Addendums.....26

This document provides brief answers and recommendations to readers for information purposes. The information contained in this document is general and may differ according to the circumstances. Thus, this document does not constitute legal advice. We decline in advance any responsibility should you decide to act upon any information contained in this document.





1. Summary of applicable rights for different categories of workers

	Employees (part-time or full-time)	Independent contractors/ service providers	Volunteers
Employment laws and regulations	Yes	No	No
Employees' compensation/remuneration requirements	Yes	No	No
Minimum wage requirements	Yes	No	No
Mandatory provident fund/retirement benefit fund contributions	No	No	No
Immigration requirements including the right to work in your country	Yes	Yes	No
Personal Data (Privacy) laws and regulations	Yes	Yes	Yes
Anti-discrimination laws and regulations	Yes	Yes	Yes



2. Legal requirements/rights/ practices for different categories of workers

a. Employees

Section Contents

1 Contracts of Employment.....	3
2 Conditions of employment.....	5
3 Safe and supportive work environment	10
4 Tax	11
5 Remote work.....	12
6 What to do when things go wrong?	13

1 Contracts of Employment

What types of employment contracts are available? E.g. fixed term, part time, zero hour contracts, other? Are there any specific employment contracts available for non-profit organizations?

The types of labor contracts are:

- [Indefinite contracts](#)
- [Fixed term contracts](#)
- [Part-time contracts](#)

There are no specific contracts available for non-profit organizations.

What are the key terms of employment contracts?

- Job Description
- Place of work.
- Term (Fixed or Indefinite).
- Salary.





- Labor Hours.

Is it acceptable to have a probation period for employees? If yes, for how long?

It is only possible for Indefinite term contracts, and according to our Labor Code it cannot be longer than 30 days and must be agreed in the labor contract.

Are fixed term employment contracts permissible? Are there any limitations on fixed term contracts? Are there any requirements to have a fixed term contract?

Yes, it is possible to have fixed term employment, it doesn't matter how much time the parties agreed if the parties specified the final date of the contract. It is not advisable to have this type of contract, however, because in case of termination the employer must pay all the remaining time that the employee would have worked. For example: If you sign a labor contract with an employee which is valid for 6 months and you terminate the contract in the third month, then you would have to pay the remaining 3 months of salary.

Fixed term employees have the right to receive vacations and thirteen-month payment, they don't receive seniority.

Please note that fixed term contracts might transform to indefinite contracts if:

- The employer renewed the fixed term contract more than two times;
- Once the first fixed term contract ended (no renovations) and the employee continued working for more than 30 days; and
- If the employer renewed the fixed term contract twice and after expiring, the employee continues working.

Do employment contracts have to be in writing? Are there any signatory requirements for employment contracts? For example, could they be signed in-person or electronically, etc.)?

The labor contracts must be in writing, and we recommend that the employee sign the contract in-person.

Do employees have to be issued with a written employment contract before they start work?

We recommend signing the contract before starting work or on the same day.

Can you provide a simple template of the contracts mentioned above?

See Addendums [A](#), [B](#), and [C](#). Please remember that the labor contracts must be in Spanish.





Is there an obligation for an employer to run a criminal record check to the extent that any individual they hire will be working with children or vulnerable people?

It isn't an obligation, but we recommend requesting a criminal record during the recruitment process.

Can employers request references from former employers for new hires?

There is no regulation and most of the companies in Nicaragua request references during the recruitment process.

Is an employer required to set up any form of employee representative body? If so, what is the trigger for this?

No, this is not a requirement. For Hygiene and Safety matters, the Ministry of Labor will demand the creation of a Hygiene and Safety Committee, but this committee is composed of workers that represent the employers (Human Resources workers and supervisors) and employees that represent all employees

Is it common to have collective agreements in your jurisdiction that apply to all employers in a particular region or sector?

Collective agreements are known in Nicaragua as the agreement between the employer and a labor union and they apply for the employees of the Nicaraguan company. The probabilities of having a union and a collective agreement will depend on the circumstances around the company, for example: place of work, type of business, number of employees, etc.

2 Conditions of employment

What is the minimum age requirement for employment?

People from 16 to 17 years old can have a labor relationship but they must receive authorization from the Ministry of Labor. People aged 18 years old or more can freely sign a labor contract.

What type of work may a child undertake? For example, are there any specific restrictions?

Yes, people who are 16 to 17 years old cannot work in unhealthy locations. Also, underage cannot perform activities that affect their education, health, physic, intellectual, moral, spiritual, and social development

Wages

What is the minimum wage requirement for employees? Are there any exceptions in minimum wages for young persons or people with disabilities?





Minimum wage applies for all employees in Nicaragua, there is no special minimum wage for young people or people with disabilities.

In Nicaragua, the minimum wage will depend on the type of business performed by the employer. These are the minimum wages valid until February 29th, 2024:

Type of Business	Minimum Wage
Farming	C\$ 5,196.34
Fishing	C\$ 7,901.21
Mining and Quarries	C\$ 9,332.44
Manufacturing Industry	C\$ 6,987.06
Free Zone Companies (This will change on January 1 st)	C\$ 8,098.46
Micro and small craft companies or national tourism	C\$ 5,474.77
Electricity, Gas and Water; Commerce, Restaurants and Hotels; Transportation, Storage and Communications	C\$ 9,531.14
Construction; Financial institutions and Insurance institutions	C\$ 11,628.95
Communal, social and personal services	C\$ 7,284.71
Central Government and Municipality	C\$ 6,480.04

Are there any conditions which warrant a pay raise or extra pay? If yes, what are they?

No, there aren't.

When are wages due? For example, is there any obligation to pay wages weekly, or monthly?

You can pay wages half monthly (every 15 days) or monthly.





Are employers obliged to provide employees with paid leave on public holidays?

Yes, the public holidays are January 1st, Holy Thursday and Holy Friday, May 1st, May 30th, July 19th, September 14th and 15th, December 8th and December 25th

Are employers obliged to provide employees with annual leave?

Yes, employees earn 15 days of vacation for every 6 months worked. These vacation days do not expire, and the employer must guarantee that employees cannot have more than 15 days accrued.

Are employees entitled to receive their usual salary during their annual leave?

Yes, they are entitled to receive their complete salary during vacations.

Is there a requirement to pay overtime? How is overtime compensated?

If the employee exceeds the legal labor hours or the hours agreed in their labor contract (For example 45 hours per week), the employer must pay overtime.

Overtime is compensated for the double value of the labor hours. For example: If an employee earns C\$ 100.00 for every hour worked, and if he realizes overtime, then the employer must pay C\$ 200.00 for every extra hour worked.

Please note that this doesn't apply for part time jobs, in this case, if the person has the obligation to work 24 hours per week, and exceeds that time, the employer will pay the same value of their working hours until the employee exceeds the limit established in the labor law. For example: If a part time employee (24 hours per week) earns C\$ 100.00 for every hour worked, if he exceeds the time established in their labor contract, he will continue earning C\$ 100.00 for every hour worked. Nevertheless, if he works more than 48 hours (for daytime employees) he would earn C\$ 200.00 for every hour worked.

Are there any extraordinary circumstances that could be relied on to temporarily cease paying employees for the hours worked?

This only applies for suspension of labor contracts which must be approved by the Ministry of Labor.

Are employees entitled to an end-of-year payment?

Yes, this is called in Nicaragua as a thirteen-month payment and is equivalent to an additional monthly salary. Employers must pay this compensation during the first 10 days of December.

Are employees entitled to payments when their employment contract is terminated, such as notice or notice pay, accrued or untaken holiday and/or statutory severance?





Yes, the most common compensations are: payment for untaken vacation days, thirteen-month payment and seniority, but employees can also claim for payment of overtime, payment of salary, bonuses, etc.

Working hours

What is considered a full time working week? If the employee is contractually required to work less than this amount are they considered a part time employee?

If they work the number of hours established in the labor code: 48 hours per week for daytime employees; 42 hours per week for night time employees; and 45 hours per week for mixed shift employees.

An employee with less number of labor hours isn't always considered a part time employee. For example, if a daytime employee agreed to only 42 hours per week, they are not considered a part time employee.

Are there fixed public/statutory holidays each year? Can employees be required to work on public/statutory holidays? Are employees entitled to any other type of leave besides public/statutory holidays?

Yes, every year there are statutory holidays, which are January 1st, Holy Thursday and Holy Friday, May 1st, May 30th, July 19th, September 14th and 15th, December 8th and December 25th

Employers can only request to work on holidays if: The organization cannot work due to the necessities that the employee satisfies; Work has the purpose of repairing damages due to force majeure and fortuitous events; Companies related to food.

If an employee works on statutory holidays, they have the right to receive compensation equivalent to double the value of the Labor Day. For example, if an employee receives C\$ 800.00 for every day worked, and works on January 1st, the employee has the right to receive C\$ 1,600.00 which is additional to the C\$ 800.00 that he already earned, therefore, he will receive C\$ 2,400.00 for working on January 1st.

Employees have the right to receive leave if they get sick, if they get married, if they get pregnant, if a parent, couple, or child dies, and if the couple gives birth.

Do part time employees receive any particular protection on the basis of their part-time status?

Part time employees must be included in social security as well as any other employee. The employer must report a salary equivalent to the minimum wage even if the employee earns less during the month.

Do part-time employees receive the same pro-rated terms to full time employees, e.g. in relation to pay and benefits?





That's correct, they will receive pro-rated labor benefits: Vacations, thirteen-month payment, and seniority.

Social security

What social security contributions are employers obliged to pay? Presumably, pro-rated contributions are required for part time employees?

Any amount of money that they receive due to their work. This includes salary, annual bonus, monthly bonus, commissions, etc. Social Security contributions don't apply to travel expenses.

Social security contributions don't apply for thirteen-month payments and seniority, nevertheless, it applies to payment of vacation days.

Social security contributions apply to any amount of money received by the employee. For part time employees, the employer must pay the contribution according to the minimum wage if the employee earned less money during the month.

Are employers obliged to provide health insurance to their employees?

The employer is only obligated to register their employees at the Social Security Institute.

Are employees entitled to unemployment insurance/benefits following the end of employment?

No

Are employers obliged to provide sick leave? If yes, for how long? How many days have to be paid by employers? Is it possible to have unpaid sick leave?

Yes, employers are obligated to provide sick leave if it is issued by a Social Security Clinic. The sick leave will depend on the time established by the Social Security Clinic, but it cannot be longer than 14 months. The clinic usually grants sick leave for 30 days and they continue renewing it until they reach 14 months.

The employer is only obligated to pay 100% of the salary during the first three days of the sick leave and for sick leave for 3 days or less, because the Social Security Institute will be responsible from the 4th day of sick leave.

It is not possible to have unpaid sick leave. You cannot fire any employee if they are under sick leave.

Are employers obliged to provide maternity leave for employees? If yes, for how long? How many days/months have to be paid by employers? Is it possible to have unpaid maternity leave?





Yes, employers are obligated to provide maternity leave. The maternity leaves include 4 weeks before birth and 8 weeks after birth, 10 weeks after birth if it is a multiple birth.

During the whole maternity leave, the employer must pay 40% of the salary to the employee because the social security only pays 60% of the salary.

It is not possible to have unpaid maternity leave.

Is paternity leave available to employees? If yes, for how long? How many days/months have to be paid by employers? Is it possible to have unpaid paternity leave?

Yes, paternity leave is available to employees. The paternity leave is for 5 days from the day of birth, and the employer must pay the complete salary for those days.

It is not possible to have unpaid paternity leave.

Are employers liable for absence due to work-place injuries?

No, if the employer registered employees before the Social Security Institute, then he will not pay any salary during the absence of the employee.

Are employees entitled to retirement benefits from the employer? If yes, what benefits?

No, retirement benefits are provided by the Social Security Institute. Nevertheless, the employer can provide these benefits if they want to.

Are employers obliged to introduce reporting channels and legal safeguards for whistleblowers?

According to Health and Safety laws, the employer must create a reporting channel for any complaint.

3 Safe and supportive work environment

Broadly what measures have to be in place to ensure employers uphold health and safety? (such as fire or earthquake drills)

The employer must comply with all health and safety measures suitable to the type of business. Therefore, the measures can change depending on the conditions.

Is there a requirement for an employer to issue any form of non-discrimination policies? (such as gender equality policies, equal employment opportunities, diversity, and inclusion policies, etc.)





No, but it is common practice in Nicaraguan companies and organizations. This training won't exempt any responsibility for discrimination.

Is there a requirement to provide employees with training designed to combat discrimination and harassment?

No, but it is common practice in Nicaraguan companies and organizations. This training won't exempt any responsibility for discrimination.

Is there a requirement to have a data protection policy?

No. Data protection is regulated by the Nicaraguan Data Protection law, but the company can create a data protection policy.

Is it mandatory for employers to have a Child Protection Policy (CPP)? Are employees obliged to provide training on CPP to its employees?

No, there is no obligation to create such a policy nor provide training on that matter.

4 Tax

Which taxes are mandatory for employers to pay and deduct on behalf of their employees?

Labor Income Tax

Pursuant to Article 23 and 25 of Law No. 822 "Tax Concertation Law" and its amendments, the employers, individuals or legal entities, and withholding agents are obliged to withhold monthly on account of the annual labor income tax payable to the employee. The applicable tax rate depends on the amount of labor income received annually by the employee, all in accordance with the following progressive table:

Labor Income Tax Bands			
Income From (NIO)	Income To (NIO)	Period	Rate %
0.01	100,000	Per year	0%
100,000.01	200,000	Per year	15%
200,000.01	350,000	Per year	20%





350,000.01	500,000	Per year	25%
Above 500,000.01		Per year	30%

Note: The method of calculating the tax base is regulated in Article 23 of Tax Concertation Law.

Employee Social Security Tax

In addition, the employer must apply a withholding for the social security tax:

Employee Social Tax Bands
Flat Rate of 7%

Are all employee taxes deducted from the salary that the employer pays or is there a requirement for employees to pay certain taxes directly?

Generally, the employee taxes are always deducted by the employer from the labor incomes accrued and paid, therefore, the employees are not obliged to file a tax return before the tax authorities; nonetheless, the law establishes some scenarios in which the employee must **declare** taxes directly (Article 29, Law No. 822):

1. If the employee has more than two employers and the total amount of his earned income exceeds C\$100,000 (income tax exempt amount), they will be obliged to file an annual income tax return before the General Directorate of Revenue. However, the employer will continue to apply the withholdings.
2. The employee that makes use of the right to the tax deductions of expenses and costs contemplated in the law, or to claim tax credit balances for credit or refund, must file their annual income tax return before the General Directorate of Revenue. However, the employer will continue to apply the withholdings.

5 Remote work

Are employers required to have a registered legal entity in the jurisdiction in order to employ employees in the jurisdiction?

Remote work is not regulated by local laws. If a foreign company decides to hire a Nicaraguan to work remotely, they hire him under a Professional Service Contract.





Are employers required to provide any form of physical working space for employees working in your country?

No, employers are not required to provide any workspace for remote work. In the case that the employer decides to apply remote work for their employees, then the employer would be responsible for the employee's expenses, For example: internet expenses, electricity expenses, and others.

Please provide general instructions for employers on what to check if the employer has remote employees, including concerning employee tax liabilities.

- Remote work must be included in the Labor Contract.
- The parties must indicate who will be responsible for the expenses provoked due to the remote work. In our opinion, if the employer decides to apply Remote Work to their employees, then they are responsible for the expenses that the employee would incur. For example: Internet and electricity.
- Regarding accidents that might occur while the employee is remote working, the Social Security authorities normally do not consider these accidents as labor accidents, even if the remote work has been agreed between the parties. We recommend making a request to the Social Security Institute to investigate if the accident is a common accident or a Labor Accident.
- There is no difference between tax liabilities for remote employees and office / in-person employees.

6 What to do when things go wrong

Dispute resolution

Do employees (including volunteers) need to go through any form of dispute resolution before bringing a claim to a court or tribunal?

If their claim is lower than C\$ 100,000.00, the employee must request an individual settlement before the Ministry of Labor before presenting any lawsuit to a court.

Resignation

What grounds do employees have for resignation?

Employees can resign at any moment and for any cause. They must notify the employer 15 calendar days before the termination.

Termination

What grounds do employers have for the termination of employment contracts?

There are two types of dismissal in Nicaragua: Dismissal with no cause (Art. 45 of our Labor Code); And dismissal with fair cause (Art. 48 of our Labor Code). The difference is that if an employer applies a dismissal with fair cause, they do not have to pay seniority.





Dismissal with no cause might be used with immediate effects and the employer only needs to notify the employee in writing. To apply a dismissal with fair cause the employer must obtain a previous authorization by the Ministry of Labor after having two hearings with the participation of both parties (employer and employee).

Dismissal with fair cause applies for the reason established in the Company's Internal Regulations duly approved by the Ministry of Labor or for the causes established in article 48 of Nicaragua Labor Code.

How do employers have to document the termination of an employment contract?

If it is a dismissal with no cause, the employer only needs to present a dismissal letter to the employee. If it is a dismissal with fair cause, the employer must get the Ministry's Labor approval and notify the employee.

What is the responsibility of employers for damages incurred by an employee's actions within his/her work?

Responsibility for damages will depend on the situation, even if it happens while the employee is performing his labor functions.





b. Independent contractors/consultants*

Section Contents

1 Contracts	15
2 Conditions of work for consultants.....	16
3 Safe and supportive work environment	18
4 Remote work	19
5 What to do when things go wrong	19

An independent contractor is a person hired under a professional service contract and ruled by the Civil Code and the Commercial Code. This applies to professionals who render their services under their own schedule, with their own equipment, without exclusivity, and without any kind of subordination.

Nevertheless, if the relationship between the Contractor and the Company (or NGO) doesn't have these characteristics, then it will be considered as a Labor Relationship and the company will be responsible for all labor, social security, and Hygiene and Safety obligations since the start of the relationship.

* The term consultant will be used to also refer to independent contractors, or any other term that would mean a person that provides goods or services under a written contract or a verbal agreement but does not work to meet the definition of employee.

1 Contracts

What types of independent contractor/consultant agreements are available? Are there any specific agreements available to NGOs?

There aren't different types of independent contractor agreements. And there aren't any specifically available to NGOs.

What are the main elements of consultant agreements?

The lack of subordination between the parties, the freedom to render the service as the consultant considers is the best way, no schedule, no exclusivity, and they render the services with their own equipment. Also, there are some positions that cannot be performed by a consultant: Manager, Supervisor, Receptionist, Secretary.

Please note that according to the perspective of Nicaraguan tax law, independent contractors must have a college certificate that proves that the person is specialized on the type of service that will render.





Is it possible to have probation periods for independent contractors/consultants? If yes, for how long?

No.

Is it possible to have a fixed term consultation/independent contractor agreement? Are there any restrictions around fixed term consultant/independent contractor agreements?

Yes, normally this type of contract is valid for a specific term.

Do independent contractor/consultant agreements have to be in writing? Are there any signatory requirements? For example, could they be signed in-person or electronically, etc.)?

Yes, all independent contractor agreements must be in writing and signed in-person. In case the company doesn't comply with this specification, any labor authority will consider the relationship as a labor relationship.

Do all types of independent contractors/consultants have to be under contract in order to be able to work?

Yes.

Can you provide a simple template of the agreements mentioned above? Is there an obligation to run a criminal record check to the extent that any independent contractor will be working with children or vulnerable people?

See Addendum [D](#). In Nicaragua it is known as the "Professional Service Contract" and must be in Spanish. There is no regulation regarding the obligation to run a criminal record check.

2 Conditions of work for consultants

Are there any minimum age requirements for an individual to work under a consultant/independent contractor agreement?

The consultant must be of legal age, at least 18 years old.

Does a consultant/independent contractor need to obtain a license or any other permission in order to work?

No, they don't need a special permit or license. Nevertheless, according to immigration law, non-citizen consultants must get the authorization to work.





Payment

Are there any minimum pay requirements for consultants/independent contractors?

No.

Are there any exceptions in minimum wages for young persons or people with disabilities?

No.

Is there any requirement to provide statutory/paid leave to consultants for statutory holidays?

No.

Is there any requirement to pay annual leave to consultant/independent contractors? If so, how is this compensated, if at all?

No.

Is there an obligation to provide consultant/independent contractors with overtime? How is this compensated if required?

No.

Are consultants entitled to an end-of-year payment?

No.

Are consultants entitled to a final payment when the contract is terminated?

No.

Working hours

Are consultants entitled to any type of leave, whether paid or unpaid?

No.





Social security

Does the end user engager need to make any social security contributions on behalf of a consultant/independent contractor? Are independent contractors entitled to health insurance from the end user engager?

No.

Are independent contractors/consultants entitled to unemployment insurance/benefits after termination of their independent contractor/consultancy agreement from the end user engager?

No.

Are independent contractors/consultants entitled to sick leave from the end user engager? If yes, for how long? How many days have to be paid?

No.

Are independent contractors/consultants entitled to maternity leave from the end user engager? If yes, for how long? How many days/months have to be paid?

No.

Are independent contractors/consultants entitled to paternity leave from the end user engager? If yes, for how long? How many days/months should be paid?

No.

Are employers obliged to cover work-place injuries for independent contractors/consultants?

No.

Are independent contractors/consultants entitled to retirement benefits from the end user? If yes, what benefits?

No.

3 Safe and supportive work environment

Are there any differences in terms of the regime that applies to employees?

The rules on Health and Safety matters are not suitable for consultants.





4 Remote work

Are end user engagers required to have a registered legal entity in the jurisdiction in order to hire independent contractors/consultants there?

No.

5 What to do when things go wrong

Resignation

Do consultants/independent contractors need a reason to terminate the contract or can they terminate it for any reason in accordance with the terms of the contract?

Consultants might terminate the contract according to the reasons determined in the Professional Service Contract.

Termination of agreement

What grounds do end user engagers have for the termination of consultant agreements?

The company might use any of the reasons determined in the Professional Service Contract.

What is the responsibility of the end user engagers for damages incurred by a consultant's actions within his/her work?

The company has no responsibility and must specify it in the Professional Service Contract.





c. Volunteers

Section Contents

1 Contracts	20
2 Conditions of employment.....	20
3 Safe and supportive work environment	21
4 Tax	21
5 What to do when things go wrong	22

A person who freely commits to realize activities for social matters to public or private and doesn't receive any type of labor or commercial compensation.

1 Contracts

Are organizations required to sign any form of agreement with volunteers?

Yes, organizations and volunteers must sign an agreement regarding volunteerism.

2 Conditions of employment

Is there a minimum age requirement for volunteers?

No, even underage people can be volunteers. The agreement must be signed by the parents.

What type of volunteering work may a child undertake? Are there any restrictions around this?

There are no restrictions regarding this, but activities cannot be dangerous to them and according to the agreement signed.

Payments and reimbursement

Are organizations allowed to pay stipends to volunteers?

According to volunteer law, volunteers cannot receive any labor and commercial compensations. Nevertheless, we consider that the parties might agree an amount of money to cover general expenses (such as food and transportation)

Are organizations allowed to reimburse volunteers? If yes, for what expenses (such as transportation, food, etc.).





There is no restriction about it.

Working hours

Are there any obligations around how many hours volunteers can work?

No, but both parties must agree how many hours per week the volunteer must comply.

Are volunteers entitled to any type of leave?

According to volunteer law, the entity must guarantee medical attention for the volunteer in case of accident or suffering any sickness.

Social security

Are organizations obliged to pay any social security contributions on behalf of their volunteers?

There is no obligation, but the entity is responsible for any accident, sickness or death that the volunteer might suffer.

Are organizations obliged to provide health insurance to volunteers?

There is no obligation, but the entity is responsible for any accident, sickness or death that the volunteer might suffer.

Are organizations liable for absences of volunteers due to work-place injuries?

Yes, they must pay medical attention due to any injury that the volunteer might suffer while he is volunteering.

3 Safe and supportive work environment

Are there any differences in terms of the regime that applies to employees?

According to volunteer law, entities must comply with all hygiene and safety matters, therefore, it would apply the same obligations as workers.

4 Tax

Are organizations obliged to pay taxes if they pay their volunteers stipends? If yes, what types of taxes are mandatory to pay?

In case the organization reimburses the expenses incurred by the volunteer (food, transportation, etc.) this does not generate any tax; however, this will be a non-deductible expense for the organization.





In the event that a fixed amount (stipend) is agreed upon that exceeds C\$100,000 per year (amount exempt from labor income tax), it will be subject to the labor income tax.

If it is a civil relationship for professional services, this "stipend" is subject to a 10% income tax.

5 What to do when things go wrong

What grounds do organizations have for the termination of volunteer agreements/arrangements?

There are no regulations regarding these matters, therefore, you can establish this in the volunteer agreement.

What is the responsibility of organizations for damages incurred by a volunteer's actions within his/her work?

Responsibility for damages will depend on the situation, even if it happens while the worker is performing their labor functions.





d. Non-citizen employees and consultants, including refugees and others forcibly displaced

Section Contents

1 Status and the right to work.....	23
2 Contracts	24
3 Conditions of employment.....	24
4 Safe and supportive work environment	24
5 What to do when things go wrong?	24

1 Status and the right to work

Are employers obliged to secure legal status for their employees or consultants if they are non-citizens? (such as refugee status, humanitarian visas, visas for trafficking survivors, other recognized protection statuses, etc.)

According to Nicaraguan immigration laws, non-citizens can only work if they receive authorization by the Immigration Office.

Are employers obliged to secure work permits for their employees or consultants?

Organizations must present corporate information and documents, but they are not obligated to pay for the whole immigration process.

Is it always necessary to obtain a work permit?

Yes, always. If a non-citizen works without authorization, the Immigration Office might impose fines to the non-citizen and the company. Also, the immigration Office might decide to expel the non-citizen worker.

Can asylum-seekers and other persons forcibly displaced access the right to work if they do not have refugee status or other recognized protection statuses?

Yes, but this might affect their refugee status.





2 Contracts

Are employment contracts or consultant agreements for non-citizens different to those for citizens?

No. But contracts for non-citizens will only be valid until they receive authorization from the Immigration Office.

3 Conditions of employment

Does national law regulate the quotas for the number of non-citizens within one organization? Are employers obliged to report about employed non-citizens?

Yes, according to Article 14 of the Labor Code, 90% of workers from a Nicaraguan Employer must be Nicaraguan, therefore, only 10% could be non-citizens.

Are there any other differences in conditions of employment for non-citizens and citizens?

No, there are no differences regarding employment matters nor social security matters.

Are there any specific employment terms that apply to citizens but not apply to non-citizens?

No, there aren't.

4 Safe and supportive work environment

Are there any differences in a safe and supportive work environment approach for non-citizens? If yes, please elaborate here.

No, there aren't.

Does the employer have additional obligations for non-citizens?

They must notify if they have non-citizens working for them as well as notify once the labor relationship ends.

5 What to do when things go wrong

Is the process of termination of an employment contract for non-citizens different than for citizens? If yes, please explain here.





On labor matters there isn't any difference. Nevertheless, the employer must notify the Immigration Office.

Is the process of resignation for non-citizens different than for citizens? If yes, please explain here.

No, it is not different.

Are non-citizens entitled to the equal protection of employment laws in the event of employment-related disputes?

Please take into consideration that non-citizens can claim for their labor rights even if they don't have authorization from the Immigration Office.





3. Addendums

A. LABOR CONTRACT

The subscribers, (FULL NAME OF EMPLOYER), (MARITAL STATUS, PROFESSION, DOMICILE AND IDENTITY DOCUMENT), **in the name and representation of** (COMPANY NAME) in their capacity as Legal Representative of said Company, as stated in the following documents: XXX; and XXX; and (FULL NAME OF EMPLOYER), (MARITAL STATUS, PROFESSION, DOMICILE AND IDENTITY DOCUMENT), who hereinafter will be called "THE EMPLOYER" and "THE WORKER" respectively, we have agreed the following LABOR CONTRACT, which will be governed by the clauses established below:

FIRST CLAUSE: OBJECT OF THE CONTRACT

THE WORKER undertakes to perform for THE EMPLOYER the position of XXX. In the performance of said position will be obliged to perform the functions established in the "Job Description" of the company, which is part of this contract.

SECOND CLAUSE: PLACE OF PERFORMANCE OF WORK

The work will be provided in the City of XXX, in the facilities of THE EMPLOYER.

THIRD CLAUSE: WORKING HOURS

The ordinary working day will be daytime from Monday to Friday from 8 a.m. to 5 p.m., with one hour to rest, time that is not considered effective work; and Saturdays from 8 a.m. to 12 p.m.

FOURTH CLAUSE: SALARY

THE EMPLOYER undertakes to pay THE WORKER for the provision of the agreed services a monthly salary of XXX. This salary will be paid on the 15th and 30th of each month, in legal tender, in the workplace or in the way agreed later by the parties. If the payday coincides with a non-business day, the salary will be paid on the previous business day. The Employer will make the legal deductions to the salary, such as INSS and IR when it corresponds.

FIFTH CLAUSE: OBLIGATIONS

The obligations of THE WORKER are those established in the "Job Description", in this individual employment contract, in the Labor Code especially those contained in Art. 18, and in the Internal Labor Regulations.

The obligations of THE EMPLOYER are those established in this individual employment contract, in the Labor Code especially those contained in Art. 17, and in the Internal Labor Regulations.

SIXTH CLAUSE: TERM OF THE CONTRACT

This individual employment contract is concluded for an indefinite period, from date XXX.





SEVENTH CLAUSE: TERMINATION OF THE CONTRACT

This contract can be concluded by resignation of THE WORKER (Art. 44CT) or by unilateral decision of THE EMPLOYER (Art. 45 CT), and also by mutual agreement between THE EMPLOYER and THE WORKER (Art. 43 CT).

This labor contract also might terminate as dismissal with fair cause, the causes are:

1. Breach to the employee's obligations established in this labor contract.
2. All the causes established in Art. 48 of the Labor Code.
3. All the causes established in the Internal Labor Regulations.

Under these circumstances, THE EMPLOYER will request authorization to the Ministry of Labor to terminate the labor contract due fair causes.

Managua, (date).

EMPLOYER
XX

WORKER
XX





B. LABOR CONTRACT

The subscribers, (FULL NAME OF EMPLOYER), (MARITAL STATUS, PROFESSION, DOMICILE AND IDENTITY DOCUMENT), **in the name and representation of** (COMPANY NAME) in their capacity as Legal Representative of said Company, as stated in the following documents: XXX; and XXX; and (FULL NAME OF EMPLOYER), (MARITAL STATUS, PROFESSION, DOMICILE AND IDENTITY DOCUMENT), who hereinafter will be called "THE EMPLOYER" and "THE WORKER" respectively, we have agreed the following LABOR CONTRACT, which will be governed by the clauses established below:

FIRST CLAUSE: OBJECT OF THE CONTRACT

THE WORKER undertakes to perform for THE EMPLOYER the position of XXX. In the performance of said position will be obliged to perform the functions established in the "Job Description" of the company, which is part of this contract.

SECOND CLAUSE: PLACE OF PERFORMANCE OF WORK

The work will be provided in the City of XXX, in the facilities of THE EMPLOYER.

THIRD CLAUSE: WORKING HOURS

The ordinary working day will be daytime from Monday to Friday from 8 a.m. to 5 p.m., with one hour to rest, time that is not considered effective work; and Saturdays from 8 a.m. to 12 p.m.

FOURTH CLAUSE: SALARY

THE EMPLOYER undertakes to pay THE WORKER for the provision of the agreed services a monthly salary of XXX. This salary will be paid on the 15th and 30th of each month, in legal tender, in the workplace or in the way agreed later by the parties. If the payday coincides with a non-business day, the salary will be paid on the previous business day. The Employer will make the legal deductions to the salary, such as INSS and IR when it corresponds.

FIFTH CLAUSE: OBLIGATIONS

The obligations of THE WORKER are those established in the "Job Description", in this individual employment contract, in the Labor Code especially those contained in Art. 18, and in the Internal Labor Regulations.

The obligations of THE EMPLOYER are those established in this individual employment contract, in the Labor Code especially those contained in Art. 17, and in the Internal Labor Regulations.

SIXTH CLAUSE: TERM OF THE CONTRACT

This individual employment contract is entered into for an indefinite period of time, as of the date XXX.

SEVENTH CLAUSE: TERMINATION OF THE CONTRACT





This contract can be concluded by resignation of THE WORKER (Art. 44CT) or by unilateral decision of THE EMPLOYER (Art. 45 CT), and also by mutual agreement between THE EMPLOYER and THE WORKER (Art. 43 CT).

This labor contract also might terminate as dismissal with fair cause, the causes are:

1. Breach to the employee's obligations established in this labor contract.
2. All the causes established in Art. 48 of the Labor Code.
3. All the causes established in the Internal Labor Regulations.

Under these circumstances, THE EMPLOYER will request authorization to the Ministry of Labor to terminate the labor contract due fair causes.

Managua, (date).

EMPLOYER
XX

WORKER
XX





C. LABOR CONTRACT

The subscribers, (FULL NAME OF EMPLOYER), (MARITAL STATUS, PROFESSION, DOMICILE AND IDENTITY DOCUMENT), **in the name and representation of** (COMPANY NAME) in their capacity as Legal Representative of said Company, as stated in the following documents: XXX; and XXX; and (FULL NAME OF EMPLOYER), (MARITAL STATUS, PROFESSION, DOMICILE AND IDENTITY DOCUMENT), who hereinafter will be called "THE EMPLOYER" and "THE WORKER" respectively, we have agreed the following LABOR CONTRACT, which will be governed by the clauses established below:

FIRST CLAUSE: OBJECT OF THE CONTRACT

THE WORKER undertakes to perform for THE EMPLOYER the position of XXX. In the performance of said position will be obliged to perform the functions established in the "Job Description" of the company, which is part of this contract.

SECOND CLAUSE: PLACE OF PERFORMANCE OF WORK

The work will be provided in the City of XXX, in the facilities of THE EMPLOYER.

THIRD CLAUSE: WORKING HOURS

The employee will work part-time, which will be from Monday to Wednesday from 8 am to 12 pm.

FOURTH CLAUSE: SALARY

THE EMPLOYER agrees to pay THE WORKER for rendering the services a salary of XXX for each hour worked. Said salary shall be paid biweekly on the 15th and 30th of each month, in legal tender, at the work center or in the manner subsequently agreed upon by the parties. If the day of payment coincides with a non-business day, the salary shall be paid on the previous business day. This salary will be subject to the deductions of the law, such as INSS and IR when applicable.

FIFTH CLAUSE: OBLIGATIONS

The obligations of THE WORKER are those established in the "Job Description", in this individual employment contract, in the Labor Code especially those contained in Art. 18, and in the Internal Labor Regulations.

The obligations of THE EMPLOYER are those established in this individual employment contract, in the Labor Code especially those contained in Art. 17, and in the Internal Labor Regulations.

SIXTH CLAUSE: TERM OF THE CONTRACT

This individual employment contract is entered into for an indefinite term as of the date XXX.

SEVENTH CLAUSE: TERMINATION OF THE CONTRACT

This contract can be concluded by resignation of THE WORKER (Art. 44CT) or by unilateral decision of THE EMPLOYER (Art. 45 CT), and also by mutual agreement between THE EMPLOYER and THE WORKER (Art. 43 CT).





This labor contract also might terminate as dismissal with fair cause, the causes are:

1. Breach to the employee's obligations established in this labor contract.
2. All the causes established in Art. 48 of the Labor Code.
3. All the causes established in the Internal Labor Regulations.

Under these circumstances, THE EMPLOYER will request authorization to the Ministry of Labor to terminate the labor contract due fair causes.

Managua, (date).

EMPLOYER
XX





D. PROFESSIONAL SERVICES CONTRACT

We, (Full name), (Marital status, profession, domicile and identification document), in the name and representation of (Name of the company), representation that accredits with the following documents: a) xxx and b) xxx, and who **will be called "THE CONTRACTING PARTY"** and (Full name), (Marital status, profession, domicile and identification document), who appears in his own name and interest, and who for the purposes of this contract will be called **"THE CONTRACTOR"**. **"THE CONTRACTING PARTY"** and **"THE CONTRACTOR"** will be jointly referred to as **"THE PARTIES"**, this **PROFESSIONAL SERVICES CONTRACT** being regulated by the Civil Code of the Republic of Nicaragua, as well as by the following declarations and clauses in particular:

DECLARATIONS

1.- Declares the Legal Representative of "THE CONTRACTING PARTY".

- a. It is in the free exercise of his civil rights.
- b. The related personal identification data is correct.
- c. That it has sufficient powers to bind **"THE CONTRACTING PARTY"** in the terms of this contract, powers that to date have not been revoked or limited in any way.

2.- Declares "THE CONTRACTOR":

- a. It is in the free exercise of his civil rights.
- b. The related personal identification data is correct.
- c. That is (PROFESSION) and provides professional consulting services professionally, independently and without direct subordination, to individuals and legal entities that require it.

FIRST CLAUSE: REGARDING THE PROVISION OF SERVICES

We, **"THE PARTIES"**, in the qualities related to which each one acts, declare by this act that we celebrate this **PROFESSIONAL SERVICE CONTRACT**, and **"THE CONTRACTOR" will provide, for the benefit** of **"THE CONTRACTOR"** the **services of (Detail of the services)**. **THE CONTRACTOR** shall be obliged to provide all services that are a direct or indirect consequence of the contracted service.

SECOND CLAUSE: OBLIGATIONS OF "THE CONTRACTOR"

The obligations of **"THE CONTRACTOR"** are the following:

- a. Provide, in the free exercise of their time and activity, without being subject to working hours or legal subordination, the services contracted according to the terms of this contract, attending to the commitments assumed with responsibility and diligence, and allocating their specialized knowledge, skills and experience to the execution of this contract. **"THE CONTRACTOR"** will be responsible for the damages caused by fraud, fault or inexcusable ignorance while is providing the service, or by the disclosure of the secrets of **"THE CONTRACTING PARTY"** and / or third parties with which **"THE CONTRACTING PARTY"** has **commercial relations or of any other nature**.
- b. **"THE CONTRACTOR"** undertakes not to subcontract, delegate, assign in whole or in part the services agreed in this contract if it is not with the express authorization of **THE CONTRACTING PARTY**.





THIRD CLAUSE: TERM OF CONTRACT

The term of this contract is for (number of days) counted from (start date), ending (final date).

FOURTH CLAUSE: VALUE OF THE CONTRACT

"THE CONTRACTING PARTY" will pay to the "THE CONTRACTOR" the amount of **XXX**, as honorariums for the services to be rendered, which will be paid monthly on the 30th of each month.

Such payments will be made the corresponding IR deductions.

CLAUSE FIVE: CAUSES OF TERMINATION AND / OR EARLY TERMINATION OF THE CONTRACT

"THE PARTIES" agree that this contract may be terminated early, without the need for prior judicial declaration or any formality, in the following cases:

- A. Without liability of "THE CONTRACTING PARTY":
 - a.i) If "THE CONTRACTOR" breaches any obligation, condition or term established in this contract and / or the Law.
 - a.ii) If "THE CONTRACTOR" does not provide the services with responsibility and diligence and in accordance with the agreed conditions.
- B. Without responsibility of "THE CONTRACTOR", for the breach of "THE CONTRACTING PARTY" in the payment for the provision of services, agreed in this contract.
- B. Without liability of any of "THE PARTIES":
 - c.i) If there is mutual agreement of the parties expressed in writing.
 - c.ii) If the object of this contract disappears.
 - c.iii) If "THE CONTRACTING PARTY" and/or "THE CONTRACTOR" give ten days' written notice of their decision to cancel it without indicating any cause.
 - c.iv) By fortuitous event or force majeure.

To terminate this contract, the party alleging a cause for termination must give written notice to the other party, in which it will establish the decision to terminate this contract and detail the cause of termination, in which case the termination will take effect on the next day of receipt of the notification by the other party.

In cases where "THE CONTRACTING PARTY" owes honorariums to "THE CONTRACTOR" for the service already provided, it will be paid within a maximum period of **TEN (10) CALENDAR DAYS** from the date of cancellation of the contract. And otherwise if "THE CONTRACTING PARTY" had paid, to "THE CONTRACTOR" a service that has not received at the date of cancellation of the contract, "THE CONTRACTOR" will be obliged to return to "THE CONTRACTING PARTY" the corresponding amount within a maximum period of **TEN (10) CALENDAR DAYS** from the date of cancellation of the contract.

SIXTH CLAUSE: PROVISION OF SERVICES

THE CONTRACTOR shall not present itself in any way, expressly or implicitly, as associate, agent or partner of or with "THE CONTRACTING PARTY", and "THE CONTRACTOR" must present itself only as "THE CONTRACTOR" of "THE CONTRACTING PARTY". "THE





CONTRACTOR" expressly accepts and acknowledges that nothing in this Contract authorizes or empowers it to grant or enter into contracts, agreements, guarantees or representations on behalf **"THE CONTRACTING PARTY"**, or to incur in any debt or other obligation on behalf **"THE CONTRACTING PARTY"**, and that **"THE CONTRACTING PARTY"** assumes no responsibility, nor **"THE CONTRACTING PARTY"** shall be held liable for any act or omission of **"THE CONTRACTOR"**. No agreement or contract intended to bind **"THE CONTRACTING PARTY"** shall be effective unless executed by a duly authorized official and who holds the legal representation of **"THE CONTRACTING PARTY"**.

SEVENTH CLAUSE: APPLICABLE LAW AND DISPUTE RESOLUTION

The parties agree that:

- A. This contract is subject to the Laws of the Republic of Nicaragua, such as: existence, validity, interpretation, fulfillment, breach or termination.
- B. In case of divergences or controversies of any nature arising from this contract, the Parties shall try to reach an agreement through direct negotiation, within a maximum term of 15 calendar days counted from the day following the notification of one party to the other requesting direct negotiation.
- C. Once the direct negotiation has been exhausted in the terms previously outlined, and if the conflict between the Parties persists, both agree to submit any controversy resulting from this contract or related to it, regarding its interpretation, breach, termination or nullity, to an Ad Hoc arbitration process in accordance with the Mediation and Arbitration Law of the Republic of Nicaragua, Law Number 540, approved on May 25, 2005, published in La Gaceta, Diario Oficial Number 122 of June 24, 2005.
- D. The place of arbitration shall be in the city of Managua before an Arbitral Tribunal constituted by one (01) arbitrator who shall decide according to Law. The language to be used shall be Spanish, the applicable material Law shall be the Laws of the Republic of Nicaragua.
- E. Regarding the designation of the sole arbitrator, the parties shall be free to agree on his designation within a term not exceeding fifteen calendar days computed from the date on which the arbitration request was notified. In the absence of agreement between the parties within the term, the judicial appointment of the sole arbitrator shall be requested. Once the arbitrator has been appointed and installed by agreement of the parties or by judicial appointment, the arbitral tribunal may determine the procedure to be followed to settle the dispute submitted to it, on which it shall rule. This power conferred upon the arbitral tribunal is enunciativa and not limitative, and includes, among others, the power to determine the need to hold hearings, admissibility, relevance, and value of evidence.
- F. The arbitral award is final and binding on the parties.
- G. Notwithstanding the foregoing, the parties expressly agree that the party initiating the arbitration process shall have the right to establish in the arbitration request that the arbitration process must be institutional, based on the provisions of this clause and the Rules of the Arbitration Process Administration Center authorized by the Alternative Dispute Resolution Center (DIRAC) chosen by the party initiating the arbitration process.
- H. Finally, the parties expressly agree not to submit to the ordinary jurisdiction any of the controversies arising between them derived from or related to this contract.





EIGHTH CLAUSE: SPECIAL.

- A. "THE PARTIES" declare that the amounts agreed with "THE CONTRACTOR" include all the costs and expenses involved in the provision of its service without being able to claim any additional amount from "THE CONTRACTING PARTY".
- B. "THE CONTRACTOR", may not subcontract for the partial or total execution of this contract without the prior written consent of "THE CONTRACTING PARTY" and even with the prior written consent of "THE CONTRACTING PARTY", this will not exempt the responsibility of "THE CONTRACTOR" with "THE CONTRACTING PARTY".
- C. "THE CONTRACTOR", may not for any reason commit "THE CONTRACTING PARTY" through other contracts or obligations that it acquires in the execution of this contract, in addition it may not execute any action in which representation of "THE CONTRACTING PARTY" is arrogate for the effect of the execution of this contract.
- D. "THE CONTRACTING PARTY" may carry out the monitoring it deems appropriate to ensure that everything established in this contract is being complied. The monitoring will be carried out at the appropriate time and will be carried out unilaterally or in conjunction with "THE CONTRACTOR".
- E. If "THE CONTRACTING PARTY" considers that "THE CONTRACTOR" is not complying with the provisions of this contract, it will proceed in accordance with the provisions of the fifth clause thereof.

NINTH CLAUSE: INTELLECTUAL PROPERTY.

Any document or material resulting from the service established in this contract will be the exclusive property of "THE CONTRACTING PARTY".

TENTH CLAUSE: NON-EXCLUSIVITY

Given the independent nature of the legal relationship that has been agreed, "THE CONTRACTOR" has no obligation of exclusivity with "THE CONTRACTING PARTY".

ELEVENTH CLAUSE: NATURE OF THE CONTRACT AND LEGAL REGIME

"THE PARTIES" contracting, in the qualities with which each one acts, expressly declare that this is a **SERVICE CONTRACT** as defined, known and works in Civil Law. For its interpretation and compliance, the literal provisions contained in this contract and applicable to the provisions of the Civil Code of Nicaragua and other laws applicable to the matter will be applied. Consequently, we undertake not to vary the civil legal nature of this contract with the aim of claiming additional benefits to those expressly established and set in this contract, since the express intention of "THE PARTIES" contracting is to govern the contract of professional services by the text of this instrument according to the nature of said contract. Consequently, the parties waive to apply to the execution and fulfillment of this contract, any law that contravenes the express will of the parties contained in the text of this document.

In witness of the above, we signed two goals of the same tenor in the city of Managua, (Date)

THE CONTRACTING PARTY

THE CONTRACTOR





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