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First Session Thirteenth Parliament Republic of
Trinidad and Tobago

SENATE

BILL

AN ACT to amend the Retrenchment and Severance
Benefits Act, Chap. 88:13

THE RETRENCHMENT AND SEVERANCE BENEFITS
(AMENDMENT) BILL, 2026

Explanatory Note

(These notes form no part of the Bill but are intended only to indicate its general purport)

The Bill seeks to amend the Retrenchment and Severance Benefits Act, Chap. 88:13.

The purpose of the Retrenchment and Severance Benefits (Amendment) Bill, 2026, is to modernise the statutory framework governing termination on account of redundancy, to strengthen consultation and notice requirements, to provide for payment of wages in lieu of notice, to revise severance benefit rates, and to replace obsolete retrenchment terminology with redundancy terminology.

The Bill further makes consequential amendments to the Industrial Relations Act, the Companies Act, the Central Bank Act and the Bankruptcy and Insolvency Act, to preserve Industrial Court jurisdiction, protect workers' severance entitlements in insolvency and financial resolution proceedings, ensure consistency across written laws, and to give effect to recent judicial decisions.

Clause 1 of the Bill would provide the short title of the Bill.

Clause 2 of the Bill would provide for the coming into force of the proposed Act on the date fixed by the President by Proclamation.

Clause 3 of the Bill would provide for the interpretation of the words "the Act" to mean the Retrenchment and Severance Benefits Act.

Clause 4 of the Bill seeks to amend the long title of the Act.

Clause 5 of the Bill seeks to amend section 1 of the Act by deleting the word "Retrenchment" and substituting the word "Redundancy".

Clause 6 of the Bill would seek to amend section 2 of the Act to revise the definition of "redundancy" in order to expand and modernise the circumstances in which redundancy may arise,

including reorganisation, restructuring, technological change, insolvency and other operational requirements. The clause would also introduce new and revised definitions to support the revised redundancy regime and to remove references to retrenchment.

Clause 7 of the Bill seeks to amend section 3 of the Act to revise the application of the Act and to remove references to retrenchment.

Clause 8 of the Bill seeks to repeal and replace section 4 to modernise the procedure to be followed where an employer proposes to terminate the services of workers on account of redundancy. The clause would introduce clearer notice requirements, expand the information to be supplied to workers, recognised majority unions and the Minister, and also provide that the statutory notice period would not commence until the Minister has acknowledged receipt of the notice and any requested information has been supplied.

Clause 9 of the Bill seeks to amend the Act by inserting a new section 4A to provide that a temporary lay-off shall not exceed ninety days and that severance benefits become payable where the lay-off exceeds that period.

Clause 10 of the Bill seeks to repeal and replace section 5 to strengthen the statutory duty of consultation prior to termination on account of redundancy. The clause would define the scope of consultation, specify the matters to be discussed, regulate disclosure of information subject to confidentiality protections and establish timelines for the consultation process. Provision would also be made for consultation on what constitutes reasonable time off for workers to explore alternative employment.

Clause 11 of the Bill seeks to amend section 6 to align the commencement of the statutory notice period with the revised procedure under section 4, so that the notice period would run only after acknowledgement by the Minister and completion of any information requests.

Clause 12 of the Bill seeks to amend section 7 to provide expressly for the payment of wages in lieu of notice where an employer gives less than the prescribed minimum period of notice, thereby ensuring that workers are compensated for any shortfall in notice.

Clause 13 of the Bill seeks to repeal and replace section 16 to harmonise the entitlement to time off with the new consultation regime. The clause would provide that reasonable time off shall be determined through consultation, having regard to operational requirements, and would preserve the worker's entitlement to full terms and conditions of service during the notice period.

Clause 14 of the Bill seeks to insert a new section 16A to provide for priority rehiring of redundant workers where an employer intends within six months to engage workers to perform the same or substantially the same duties.

Clause 15 of the Bill seeks to amend section 17(a) of the Act to delete the words "to retrench" and substitute the words "of the redundancy".

Clause 16 of the Bill seeks to amend section 18 of the Act to revise the rates and structure of severance benefits payable on termination on account of redundancy, and to insert a new subsection to provide a clarification of continuous service for severance purposes, so as to ensure that entitlement is not defeated by the renewal of fixed-term contracts, temporary cessations of work or re-employment by the same employer.

Clause 17 of the Bill seeks to amend section 24 of the Act to update the statutory reference to the Companies Act, Chap. 81:01. The amendment clarifies that severance benefits payable to redundant workers shall enjoy the priority afforded under the Companies Act in the event of a winding up or the appointment of a receiver.

Clause 18 of the Bill would amend section 25 of the Act to revise the penalty provisions.

Clause 19 of the Bill would provide for the deletion throughout the Act of references to "retrenchment" and "retrenched" and their substitution with references to "redundancy" and "redundant", respectively.

Clause 20 of the Bill seeks to amend section 58 of the Bankruptcy and Insolvency Act, Chap. 9:70, to provide that stays of proceedings shall not operate to prohibit or restrict proceedings by workers or trade unions for the recovery or enforcement of severance benefits arising from redundancy. The amendment would ensure continued access to the Industrial Court and preservation of severance entitlements in insolvency proceedings.

Clause 21 of the Bill seeks to repeal section 44E(5) of the Central Bank Act, Chap. 79:02, and to insert a new provision to ensure that proceedings by workers and trade unions for severance benefits are not prohibited or stayed during periods of control exercised by the Central Bank. The amendment would give effect to recent judicial decisions and preserve workers' rights during financial institution resolution proceedings.

Clause 22 of the Bill seeks to amend section 435 of the Companies Act, Chap. 81:01, by repealing and replacing subsections (1) and (2) and repealing subsection (5), so as to provide that wages and severance benefits shall constitute the first class of preferential debts in a winding up, ranking equally among themselves and in priority to other preferential claims.

Clause 23 of the Bill seeks to amend section 2(1)(d), of the Industrial Relations Act, Chap. 88:01, in the definition of "worker" by substituting references to "retrenchment" with references to "redundancy". The amendment would preserve the jurisdiction of the Industrial Court and the standing of workers and trade unions in redundancy-related disputes.

Clause 24 of the Bill would provide transitional and savings provisions to preserve accrued rights, pending proceedings and vested entitlements arising before the commencement of the Act.

THE RETRENCHMENT AND SEVERANCE BENEFITS
(AMENDMENT) BILL, 2026

Arrangement of Clauses

Clause

1. Short title
2. Commencement
3. Interpretation
4. Long title amended
5. Section 1 amended
6. Section 2 amended
7. Section 3 amended
8. Section 4 amended
9. New section 4A inserted
10. Section 5 amended
11. Section 6 amended
12. Section 7 amended
13. Section 16 amended
14. New section 16A inserted
15. Section 17 amended
16. Section 18 amended
17. Section 24 amended
18. Section 25 amended
19. Chap. 88:13 amended
20. Consequential amendment to Bankruptcy and Insolvency Act, Chap. 9:70
21. Consequential amendment to Central Bank Act, Chap. 79:02
22. Consequential amendment to Companies Act, Chap. 81:01
23. Consequential amendment to Industrial Relations Act, Chap. 88:01
24. Transitional and savings

BILL

AN ACT to amend the Retrenchment and Severance
Benefits Act, Chap. 88:13

[, 2026]

ENACTED by the Parliament of Trinidad and Tobago as Enactment
follows:

1. This Act may be cited as the Retrenchment and Short title
Severance Benefits (Amendment) Act, 2026.

2. This Act comes into operation on such date as is Commencement
fixed by the President by Proclamation.

- Interpretation **3.** In this Act, “the Act” means the Retrenchment and Severance Benefits Act.
- Long title amended **4.** The long title of the Act is amended by deleting the word “retrenched” and substituting the word “redundant.”.
- Section 1 amended **5.** Section 1 of the Act is amended by deleting the word “Retrenchment” and substituting the word “Redundancy”.
- Section 2 amended **6.** Section 2 of the Act is amended—
- (a) by deleting the definition of “redundancy” and substituting the following definition:
- “redundancy” means the termination of the employment of a worker in whole or in part as a result of a reduction in the work force that is a direct result of—
- (a) the employer modernising, automating, digitising, introducing artificial intelligence systems, or mechanising all or part of the business;
 - (b) the employer discontinuing to carry on all or part of the business;
 - (c) the sale or otherwise disposal by the employer of all or part of the business;
 - (d) the re-organisation of the business by the employer, to improve efficiency;
 - (e) it becoming impossible or impracticable for the employer to carry on the

business at the usual rate or level or at all due to—

- (i) a shortage of material;
 - (ii) a mechanical breakdown;
 - (iii) a force majeure; or
 - (iv) an act of God; or
- (f) reduced operation in the business of the employer has been made necessary by economic conditions, including a lack of or change in markets, contraction in the volume of work or sales, reduced demand or surplus inventory;”;

(b) by deleting the definition of “retrenchment”;

(c) by inserting in the appropriate alphabetical sequence, the following definitions:

“ “consultation” means a process of meaningful engagement conducted in good faith between the employer and the recognised majority union, or where there is no recognised majority union, the involved workers, with a view to exchanging relevant information, considering representations, and exploring possible alternatives to the proposed redundancy; and

“temporary lay-off” means the suspension of employment for a period not exceeding ninety days without termination of the contract of employment;”.

Section 3 amended **7.** Section 3 of the Act is amended in subsection (1)—

- (a) by inserting after the words “Industrial Relations Act” the words “, whose services are terminated on account of redundancy;”;
- (b) in paragraph (c), by inserting after the words “casual workers” the words “unless such workers are employed as part of the regular work force for at least one hundred days per annum with the same employer and for at least three consecutive years”; and
- (c) in paragraph (e), by inserting after the words “engagement,” the words “and whose termination is not on account of redundancy;”.

Section 4 amended **8.** The Act is amended by repealing section 4 and substituting the following section:

“Procedure for redundancy” 4. (1) Where an employer proposes to make a worker or workers redundant, the employer shall, prior to effecting any redundancy, comply with the procedure set out in this section.

(2) The employer shall give formal notice in writing of the proposed redundancy to—

- (a) each involved worker;
- (b) the recognised majority union; and
- (c) the Minister.

(3) The notice referred to in subsection (2) shall state—

- (a) the names and classifications of the involved workers;
- (b) the length of service and current wage rates of the involved workers;
- (c) the reasons for the redundancy;
- (d) the proposed date of termination of employment;
- (e) the criteria used in the selection of the workers whose services are redundant; and
- (f) any other information prescribed or reasonably required by the Minister.

(4) Upon receipt of a notice under subsection (2), the Minister may—

- (a) acknowledge receipt of the notice; or
- (b) require the employer to supply such further information as the Minister considers necessary for the proper assessment of the proposed redundancy.

(5) The period of notice prescribed under section 6 shall not commence until—

- (a) the Minister has acknowledged receipt of the notice; and
- (b) any request for further information made under subsection (4)(b) has been satisfied.”.

Section 4A inserted

9. The Act is amended by inserting after section 4, the following section:

“Temporary lay-off not to exceed ninety days” 4A. (1) Where a worker is placed on temporary lay-off, the period of temporary lay-off shall not exceed ninety days.

(2) Where the temporary lay-off exceeds ninety days, the worker shall be deemed to have been made redundant on the ninety-first day and the employer shall be liable to pay severance benefits in accordance with section 18.

(3) Nothing in this section shall prevent an employer and a recognised majority union, or where no such union exists, the involved workers, from agreeing in writing to an extension of the period of temporary lay-off.”.

Section 5 amended

10. The Act is amended by repealing section 5 and substituting the following section:

“Consultation prior to formal notice” 5. (1) An employer who proposes redundancy under section 4 shall, prior to the giving of formal notice under that section, enter into consultation with the recognised majority union, where such a union exists, and such consultation shall include discussions on—

- (a) the reasons for the proposed redundancy;
- (b) measures to avert or reduce the number of workers to be terminated on account of redundancy;
- (c) measures to mitigate the adverse effects of the redundancy on the involved workers;

- (d) the criteria used in the selection of workers whose services are to be terminated;
- (e) what constitutes reasonable time off for involved workers to explore the possibility of obtaining alternative employment in accordance with section 16; and
- (f) possible alternatives to the proposed redundancy, including redeployment, reduced hours or temporary lay-off.

(2) Subject to section 9(1), in the course of consultation, the employer shall disclose such information as is reasonably necessary to facilitate meaningful consultation, and nothing in this section shall be construed as requiring the disclosure of information where such disclosure is likely to prejudice the employer's undertaking.

(3) Consultation under this section shall—

- (a) commence prior to the giving of notice under section 4;
- (b) continue for a period not exceeding twenty-one days thereafter, unless the parties mutually agree in writing to extend the consultation period; and
- (c) consist of genuine and meaningful engagement, including such meetings as are reasonably necessary in the circumstances.

(4) Where consultation is concluded within the period specified in subsection (3), or upon the expiration of that period without agreement, the employer may proceed in accordance with this Act, without prejudice to the rights of the parties under sections 8 to 13.”

Section 6 amended **11.** Section 6 of the Act is amended by deleting the words “shall be forty-five days before the proposed date of retrenchment” and substituting the words “shall be a period of forty-five days, commencing in accordance with section 4(5), before the proposed date of redundancy.”.

Section 7 amended **12.** Section 7 of the Act is amended by—

- (a) renumbering section 7 as section 7(1); and
- (b) inserting after section 7(1), as renumbered, the following subsection:

“(2) Where an employer gives less than the minimum period of notice required under section 6, the employer shall, in addition to any other obligation under this Act, pay to each involved worker wages in lieu of notice equal to the remuneration the worker would have received for the unexpired portion of the minimum notice period.”.

Section 16 amended **13.** The Act is amended by repealing section 16 and substituting the following section:

“Time off to seek alternative employment **16.** (1) Subject to the operational requirements of the employer’s undertaking, an employer shall not unreasonably refuse the request of an involved worker whose services are to be terminated on account of redundancy for reasonable time off with pay from work in order to explore the possibility of obtaining alternative employment.

(2) For the purposes of subsection (1), what constitutes reasonable time off shall be a matter for consultation under section 5 and shall take into account—

- (a) the nature of the employer's operations;
- (b) the number of involved workers;
- (c) the duration of the notice period; and
- (d) the need to minimise undue disruption to the employer's undertaking.

(3) Where agreement is reached through consultation under section 5 as to what constitutes reasonable time off, the employer shall give effect to that agreement.

(4) Where no agreement is reached, the employer shall determine what constitutes reasonable time off, subject to the right of the worker or recognised majority union to invoke the procedures under sections 8 to 13.”.

14. The Act is amended by inserting after section 16, Section 16A inserted the following section:

“Priority in rehiring redundant workers 16A. (1) Where an employer has made a worker redundant and subsequently intends, within a period of six months following the date of redundancy, to employ a person to perform duties that are the same as, or substantially the same as those formerly performed by that worker, the employer shall give first preference to the redundant worker, where that worker has expressed a desire to be rehired.

(2) Where subsection (1) applies, the employer shall make every reasonable effort to notify the redundant worker of the opportunity for re-employment.”.

Section 17 amended **15.** Section 17 of the Act is amended in paragraph (a), by deleting the words “to retrench” and substituting the words “of the redundancy”.

Section 18 amended **16.** Section 18 of the Act is amended by—

(a) repealing subsection (3) and substituting the following subsection:

“(3) Where a redundant worker is not covered in the manner set out in subsection (2), the minimum severance benefits payable by the employer are as follows:

(a) where the worker has served the employer without a break in service for not less than one year but less than five years, the worker is entitled, for each such completed year of service, to—

(i) three weeks’ pay at the basic rate if the worker is an hourly, daily or weekly-rated worker; or

(ii) one month’s pay at the basic rate if the worker is a monthly-rated worker;

(b) where the worker has served the employer without a

break in service for five years or more, the worker is entitled—

(i) if the worker is an hourly, daily or weekly-rated worker, for each completed year of service—

(A) four weeks' pay at the basic rate for each of the first four years; and

(B) six weeks' pay at the basic rate for the fifth year and for each succeeding completed year; or

(ii) if the worker is a monthly-rated worker, for each completed year of service—

(A) one and one-quarter month's pay at the basic rate for each of the first four years; and

(B) one and three-quarters month's pay at the basic rate for the fifth year and for each succeeding completed year.

(b) inserting after subsection (3), the following subsection:

“(3A) For the purposes of this section, a worker shall be deemed to have served without a break in service notwithstanding—

- (a) the renewal or successive renewal of fixed-term contracts;
- (b) any change in the nature of the worker's engagement or in the manner of payment; or
- (c) any interruption of service where the worker is re-employed by the same employer within a period not exceeding three months after such interruption.”.

Section 24 amended

17. The Act is amended by repealing section 24 and substituting the following section:

“Preferential
payments

24. In the event of a winding up or the appointment of a receiver, all severance benefits including terminal benefits referred to in section 18(6), due to a redundant worker shall enjoy the same priority as wages or salary due to any clerk or servant in respect of services rendered to a company under the Companies Act, but without limitation.”.

Chap. 88:01

18. Section 25 of the Act is amended, in subsection (1)— Section 25 amended

- (a) in paragraph (a), by deleting the words “ten thousand dollars” and substituting the words “not exceeding one hundred thousand dollars”; and
- (b) in paragraph (b), by deleting the words “five thousand dollars” and substituting the words “not exceeding fifty thousand dollars”.

19. The Act is amended—

- (a) by deleting the word “retrenchment” wherever it appears and substituting the word “redundancy”; and
- (b) by deleting the word “retrenched” wherever it appears and substituting the word “redundant”.

20. The Bankruptcy and Insolvency Act, is amended Consequential amendment to Bankruptcy and Insolvency Act, Chap. 9:70 in section 58 by inserting after subsection (2), the following subsection:

“(3) Section 55, 56 or 57 shall not prohibit, restrict or stay the bringing or continuation of any proceedings by a worker or trade union for the recovery or enforcement of severance benefits payable in respect of redundancy under the Redundancy and Severance Benefits Act.”.

Chap. 88:13

21. The Central Bank Act is amended in section 44E, Consequential amendment to Central Bank Act, Chap. 79:02 by repealing subsection (5) and substituting the following subsection:

“(5) Nothing in this Part shall be construed so as to prohibit, restrict or stay the bringing or continuation of any proceedings by a trade union or worker for the recovery or enforcement of severance benefits payable in respect of redundancy under the Redundancy and Severance Benefits Act.”.

22. The Companies Act is amended in section 435(1)—

(a) by repealing subsections (1) and (2) and substituting the following subsections:

“(1) In the winding up of a company, the following debts and claims shall be paid in priority to all other debts and claims:

(a) firstly—

- (i) all wages or salary (whether or not earned wholly or in part by way of commission or for time or piece work) of any employee, not being a director, in respect of services rendered to the company during four months next before the relevant date; and
- (ii) all severance benefits, including terminal benefits referred to in section 18(6) of the Redundancy and Severance Benefits Act, due or accruing to an employee, not being a director, whether retrenched by an employer, a receiver, a liquidator or some other person whether terminated on account of redundancy by an employer, a receiver, a liquidator or some other person;

- (b) secondly, all rates, charges, taxes, assessments or impositions, whether imposed or made by the Government or by any public authority under the provisions of any Act, and all contributions due and payable to the National Insurance Board under the National Insurance Act, if such rates, Chap. 32:01 charges, taxes, assessments, impositions or contributions became due and payable within twelve months next before the relevant date;
- (c) thirdly, unless the company is being wound up voluntarily merely for the purposes of reconstruction or of amalgamation with another company, or unless the company has at the commencement of the winding up under such a contract with insurers as is mentioned in section 16 of the Workmen's Compensation Act, rights capable of Chap. 88:05 being transferred to and vested in the workman, all amounts that in respect of any compensation or liability for compensation under the said Act accrued before the relevant date.

(2) The debts and claims in each class specified in subsection (1) shall—

- (a) rank in the order mentioned in that subsection but debts

and claims of the same class shall rank equally among themselves, and shall be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportions among themselves; and

(b) so far as the assets of the company available for payment of general creditors are insufficient to meet them, have priority over the claims of holders of debentures under any floating charge created by the company, and be paid accordingly out of any property comprised in or subject to that charge.”;

(b) in subsection (3), by deleting the words “(1)(d)” and substituting the words “(1)(c)”; and

(c) by repealing subsection (5).

Consequential
amendment to
Industrial Relations
Act, Chap. 88:01

23. The Industrial Relations Act is amended in section 2(d) in the definition of the term “worker”—

(a) in subparagraph (i), by deleting the word “retrenched” and substituting the word “terminated on account of redundancy”; and

(b) in subparagraph (ii), by deleting the word “retrenchment” and substituting the words “redundancy”.

Transitional and
savings

24. (1) Nothing in this Act shall operate to invalidate, affect or prejudice—

(a) any termination of employment, retrenchment, redundancy, dismissal or discharge effected before the commencement of this Act;

- (b) any right, entitlement, obligation or liability accrued or incurred before the commencement of this Act; or
- (c) any proceedings, arbitration, appeal or other matter commenced before the commencement of this Act.

(2) Any retrenchment or redundancy proceedings effected before the commencement of this Act shall be continued and determined as if this Act had not been enacted.

Passed in the Senate this day of , 2026.

Clerk of the Senate

I confirm the above.

President of the Senate

Passed in the House of Representatives this day
of , 2026.

Clerk of the House

I confirm the above.

Speaker

No. 6 of 2026

FIRST SESSION
THIRTEENTH PARLIAMENT
REPUBLIC OF
TRINIDAD AND TOBAGO

BILL

AN ACT to amend the Retrenchment and
Severance Benefits Act, Chap. 88:13

Received and read the

First time

Second time

Third time