



Concluding and Terminating Labor Contracts

The latest changes to the Labor Code of the Russian Federation came into effect on Oct. 6, 2006. Despite the number of changes made, none were revolutionary or conceptually new. The changes were aimed at correcting problems with the Labor Code, which was adopted in 2002.

The standards for all labor law institutions, including labor contracts, have been revised. This article will discuss the main changes in concluding and terminating labor contracts.

Required Elements in Labor Contracts

Revised Article 57 of the Labor Code obliges parties to include the following additional information in labor contracts: details of the identification documents (ID), the name of the employer's representative signing the contract and the basis on which this representative acts, and where and when the contract was signed. Legal entities also have to provide their Taxpayer Identification Number (INN).

There have also been changes to the mandatory items required in labor contracts. It is no longer obligatory to state the internal organization departments of the employer when agreeing upon the place of work. It is required to state only separate structural divisions (branch office, representative office, etc.). Such norms provide for employee mobility by allowing an employer to transfer employees to different departments, work places or pieces of equipment. The consent of an employee to a transfer is required when an employee is transferred to another separate structural division if a particular internal organization department (working place or piece of equipment) was specified in the labor contract.

Absence of any obligatory information or terms in a labor contract is not considered sufficient grounds to invalidate a labor contract and the parties should appropriately complement the labor contract with the necessary provisions.

Additional Changes

Cases for concluding fixed-term labor contracts are also clearly stipulated in the new legislation. They are divided into two groups. The first group includes cases when the labor relations cannot be established for indefinite term because of the type or conditions of work and therefore fixed-term contracts can be concluded. The second group includes cases when non fixed-term contracts as well as fixed-term contracts can be concluded by mutual agreement.

The list for both types is limited by law. The state labor inspectorate no longer has the right to declare such fixed-term contracts invalid. This is now left up to courts to decide.

Age discrimination, including refusal to conclude a labor contract, is prohibited by the revised version of Article 62 of the Labor Code. However, age limits can be set by federal law.



Earlier, only organizations were obligated to maintain labor books of its employees. In the revised Labor Code, individual entrepreneurs must now also keep them. Records must include all promotions and causes for severing labor contracts.

According to Article 68 of the Labor Code, an employer is obliged to familiarize an employee with internal labor regulations, other internal documents and collective agreements before concluding a labor contract. Connected with this, the labor contract may state that an employee had been acquainted with these documents.

New categories of employees are introduced to whom trial periods cannot be applied. These include women with children under 18 months old and men raising children of the same age alone. At the same time, recent graduates have the right to be hired without a trial period for one year after graduation. When a trial period is stipulated, the law obliges the parties to agree upon its terms in writing before the actual start of work, even if a labor contract is not yet signed.

As before, a labor contract is signed in duplicate. Signature serves as proof of receipt of a labor contract by an employee on the labor contract that is kept by the employer.

Terminating Contacts

Changes to the Labor Code also concern contract termination. Dismissal due to health-related reasons has been eliminated as a valid reason for dismissal by an employer. An employee may be dismissed if he is considered fully disabled. In other cases, when health problems arise, an employee should be transferred to a more suitable job.

The definition of “absence from work” considered to be grounds for dismissal has been once again revised. Absence from work is seen not only as absence with an unreasonable excuse during four hours, but also during the whole working day. This definition includes cases when a working day or a shift is less than four hours.

The Labor Code also specifies consequences for working while intoxicated. An employee cannot be intoxicated at his/her working place or on the territory of an organization where an employee is assigned.

Disclosure of personal employee data has been introduced as a reason for dismissal. This was established as a result of the increased concern of the government about personal data protection in all fields. This point not only applies to those employees with access as part of their job to personal data, but to anyone in the organization.

To dismiss an employee due to violations, employers need a decision of the Labor Protection Committee or Labor Protection Commissioner. The main problem here is that the corresponding institution is not controlled by the employer. The Labor Protection Committee consists of representatives of the employer and representatives of trade unions or any other representative body of employees. The Labor Protection Commissioner is a public institution typical of trade unions and other employee representative bodies. Many organizations lack such institutions. All of the above complicate the application of this reason for dismissal.



Loss of the necessary access to state secrets is no longer a reason for dismissal at the employer's initiative. In such cases, the law refers to termination of labor contracts due to circumstances which are beyond the control of the parties. To some extent, this makes things easier for the employer who obtains the right to dismiss an employee during the period of his temporary disability or leave.

At the same time, the list of reasons for dismissal due to circumstances beyond control of the parties was supplemented with three new articles. First, a labor contract may be terminated if the employee is disqualified or any other administrative penalty is imposed on him/her that prevents him from fulfilling his duties. Second, dismissal can be based on expiration, suspension of more than two months or deprivation of the right that prevents him/her from doing the job. For example, for a driver losing the write to drive a machine would constitute such a case. Finally, canceling a decision about restoration to work has been introduced as a reason for dismissal. Earlier an employer didn't know how to dismiss a restored employee when a higher body had cancelled the decision to restore an employee.

Compensation when Terminating Contracts

An employer has to pay two weeks average wages when dismissing an employee under the following: Refusal of an employee to perform another job due to a medical report; declaration that an employee is fully disabled; refusal of an employee to work further due to terms of the labor contract predetermined by the parties. A minimum compensation for an employee is also assigned in cases when there is no employer fault in the termination of a contract by an employee. Such compensation can not be less than three average monthly wages.

In conclusion, it should be noted that the revised Labor Code regulates the order of concluding and termination of a labor code on a higher quality level. New regulations provide additional guarantees not only for employees, but employers as well. However, there is left much for improvement in the sphere of optimal agreement between an employee and an employer.