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Key takeaways from the ongoing reform of labour law in Ukraine

August 2022 – Due to the challenges of martial law and the continued need to adapt labour rules to the modern needs of businesses and employees in Ukraine, Ukrainian labour law is undergoing comprehensive reform.

The first part of the reform was implemented in March 2022 with the adoption of the Law of Ukraine “On the Organisation of Employment Relations During Martial Law”, [key peculiarities of which we analysed earlier](#). Ukraine’s parliament recently proceeded with the reform of labour legislation by adopting the Law of Ukraine “On Introduction of Amendments to Certain Laws of Ukraine on the Optimisation of Employment Relations”. This law, which became effective on 19 July 2022, includes (1) amendments to the Labour Code of Ukraine and other general labour laws, as well as (2) some changes to the regulation of employment relations effective during martial law only.

We have prepared a brief [overview of the recent amendments to Ukrainian labour laws](#) and also highlight some main changes that are expected to be introduced in the near future.

01. CHANGES TO THE GENERAL PROVISIONS OF LABOUR LAWS



New grounds for the termination of employment agreements

- death of an employer (who is an individual), or declaring such employer missing/deceased;
- death of an employee, or declaring an employee missing/deceased;
- absence of an employee at work and lack of information on the reasons for such absence for more than four consecutive months;
- termination of an employment agreement upon the initiative of the employer in case of the impossibility to provide an employee with work due to the destruction (absence) of necessary conditions, means of production or the employer's property as a result of warfare (additional guarantees and a special redundancy procedure are provided).



Reduced scope of rights of mobilised employees

- employers are no longer required to pay the average monthly salary to mobilised employees, those who entered military service under a contract, or to reservists (this change is not applicable to persons who concluded a contract with the Territorial Defence Forces);
- the period of time that employees are in military service, during which the average monthly salary is not paid, is not included in the time record that entitles employees to annual leave.



Amendments regarding vacation

- no transfer of unused vacation time or of corresponding monetary compensation upon an employee's transfer to a new place of work;
- the law specifies that the employment or collective agreement may establish different rule on the payment of vacation pay (general rule – it should be paid before the start of vacation).



Other changes

- the procedure for instructing employees before the start of work is provided in more detail, and the remote procedure for instructing employees and their acknowledgment of the employer's documents is specified;
- employers are required to inform employees engaged under fixed-term employment agreements of the possibility of employment for an indefinite term;
- employers are required to issue a notification on the amounts accrued and paid to employees upon dismissal by specifying each type of payment separately, while the maximum compensation period for the delayed payment of salary-related amounts upon dismissal is limited to six months;
- the limitation period in labour disputes regarding the payment of all sums due to employees upon dismissal amounts to three months from the date of receipt by the employee of the written notice on the sums accrued and paid to the employee upon dismissal.

02. CHANGES TO LABOUR LAWS, VALID ONLY DURING MARTIAL LAW



Exchange of documents during martial law

- parties to an employment agreement may agree on any method of electronic communication for the exchange of documents.



Amendments regarding vacations during martial law

- introduction of a new type of unpaid leave (up to 90 calendar days) to employees who have left Ukraine or obtained the status of internally displaced persons;
- employers may limit the term of an employee's annual basic leave to 24 calendar days.



Enhancement of the mechanism for the suspension of employment agreements

- the law now defines the procedure for the implementation of a suspension, the mechanism for resuming a suspended employment agreement, and some restrictions on the applicability of suspension to certain categories of employees;
- the law also stipulates the procedure for appealing a suspension, as well as for the revocation of the order on suspension.



Changes regarding certain aspects of labour organisation during martial law

- change of rules for establishing increased normal working hours and a five- or six-day work week - in particular, increase of the normal working hours to 60 hours per week is allowed only for employees employed at critical infrastructure facilities;
- resumption of rules on compensation for work on a day off;
- specification of the time period to notify about changes to essential working conditions and payment conditions (no later than with the introduction thereof).



Partial resumption of inspections by the State Labour Service

- inspections have resumed on certain limited grounds and matters only;
- in case of elimination of detected violations, fines will not be applied.

03. NOTA BENE: FURTHER AREAS OF LABOUR LAW REFORM



Law of Ukraine No.2421-IX “On Introducing Amendments to Certain Legislative Acts of Ukraine for the Regulation of Employment Relations with Non-Fixed Working Hours”

Status: The Law came into force on 10 August 2022

- A new form of an employment agreement (with non-fixed working hours) has been introduced - i.e., without a specific time of work performance, and without a guarantee from the employer that the work will be provided on a permanent basis.
- The Law also limits the number of such agreements concluded by one employer, provides minimum working time per month, special guarantees on remuneration, special grounds for the termination of such agreements and for the liability of parties, etc.
- The Ministry of Economy should approve a recommended form of such an employment agreement.



Draft Law No. 5371 (on the contractual regime for the regulation of employment relations)

Status: The Law was adopted on 19 July 2022 and is now waiting to be signed by the President

- It is planned to introduce a special contractual regime for the regulation of employment relations, applicable to certain categories of employers (small- and medium-sized enterprises with up to 250 employees) and employees (with a monthly salary exceeding eight minimum salaries).
- Some peculiarities are suggested regarding the conclusion and termination of employment agreements, vacations, salary payments under such regime, etc.



Draft Law No. 5795 (on the employment of foreigners)

Status: The draft law was adopted as a whole in the first reading on 8 July 2022 and is now being prepared for the second reading

- It is suggested to establish equal pay conditions for all employees, regardless of citizenship, by cancelling the requirement to provide a foreign national or a stateless person with a salary amounting to 5 or 10 minimum statutory salaries.
- It is also proposed to enhance the grounds for issuing or extending the validity of work permits, as well as for the refusal to issue or extend such permits, etc.



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