



Labour Law and Employment in the Ukraine - 2017 Guide



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ENTITLEMENT TO WORK IN UKRAINE

For residents

According to the labour law of Ukraine there are two possible ways of employment:

- a labour agreement or labour contract
- a civil contract on performing certain services

Residents do not need a work permit in order to work in Ukraine but they need to be at least 18 years old at the time of employment.

Employment of underage individuals is allowed only if they are over 14 years old, the studies are not affected and if the parents have given their permission.

For non-residents

Non-residents have the same rights to work in Ukraine as any Ukrainian has.

However, non-residents have to provide certain documentation before starting to work in Ukraine. The first one is the work permit. Because Ukraine does not belong to the EU, the work permit is mandatory for both EU and Non-EU citizens. After obtaining a work permit, the non-resident can apply for a residence permit, which is the second mandatory document required for employment.



EMPLOYMENT CONTRACTS

Regular employment

Considering the regular employment contracts we can single out the following types:

Labour agreement for indefinite term

This type of contract is the most common in Ukraine. The indefinite term labour agreement is regulated by the labour law of Ukraine, internal rules of a Company and collective agreement.

Fixed-term labour agreement

The only difference between this type of contract and the first one is that the Parties limit their collaboration on a specific period of time, based on the type of activity performed.

Seasonal work

In order to perform services on a seasonal base, a special type of agreement is concluded. This special form of contract is actually a service agreement. By using this sort of agreement the Parties agree and acknowledge that all conditions of their collaboration are conveyed in the agreement.

Mandatory contractual specifications

The contract should have at least the following information:

- the identification details of the employer and employee
- the type of work
- contract duration
- the place where the work is performed
- the remuneration corresponding to the type of work (salary*)
- working time, vacation days and other days off entitlement
- probationary period
- notice period

**The min salary in Ukraine is UAH 3,200 (approx. EUR 110).*



Probationary period

The probationary period according to Ukrainian legislation cannot be longer than 3 consecutive months for regular employees. In some cases it can be up to 6 consecutive months, but it must be agreed with the Primary Trade Union Organization.

Workers (blue-collar occupation) are the subject of a maximum 1 month probation period.



TERMINATION OF EMPLOYMENT

Cases

According to the Ukrainian law, the employment may be terminated due to a few reasons, in particular:

- staff reduction
- liquidation
- discharge for the violation of labour agreement, labour law, internal rules etc. but only in accordance with the procedure set by the labour law
- voluntary termination of one's labour agreement with previous two-week notification of Employer
- by default, at the date specified in the contract, in the case of a fixed-term agreement

In addition, it is worth mentioning that until the day of termination the Employer must accomplish its obligations and provide the Employee with all payments, including compensation for the vacation days the Employee was entitled to, if they were not used.

Notice period

The notice period for the employer must be at least 2 months in the special cases of staff reduction or liquidation.

As for the employee, it must be at least a two-week notification in the case of voluntary termination of the labour agreement.



SOCIAL CONTRIBUTIONS AND INCOME TAX

Contributions paid by employers for each employee

The social security contribution in Ukraine is 22% of the gross earnings.

This percent is applied to salaries which are less than 25 subsistence minimums for able-bodied persons. If the salary is higher, then only the amount up to 25 subsistence minimums for able-bodied persons is taxable, while the rest is non-taxable.

The subsistence minimum for able-bodied persons in Ukraine is UAH 1,600 (approx. EUR 55) starting January 1st, 2017.

Contributions paid by employee

Each employee pays a military tax of 1.5% of the gross earnings.

Personal income tax

Income tax is paid by the employee at a flat rate of 18% applicable on a gross salary.



WORKING TIME AND VACATION

Working time

Generally the length of a working week is restricted to 40 hours. Usually, it is a five-day working week, but the **employer may introduce a six-day working week and in this case employees may not work more than seven hours per day.**

The day before a national holiday is one hour shorter.

Some categories of employees are entitled to work shorter weeks. For employees performing work under harmful working conditions the working week is limited to 36 hours. Employers must also, if requested, grant a short workday or workweek (with proportional payment) to a pregnant woman or to a woman having a child under the age of 14, a disabled child or for those who take care for sick family member based on a medical recommendation.

Vacation right

According to current legislation in Ukraine, the periodicity of annual leave is determined according to schedules, which are prepared at the beginning of the year and take into account the interests of both the employer, as well as the employee's wishes.

An employee has the right to a minimum annual leave of 24 calendar days. However, if the employee has worked for the company for less than a year, then the annual leave shall be granted in proportion to the time actually worked, based on the approximate rate of 2 vacation days allotted for each month that one has worked.

While an employer may choose to grant an employee annual leave of a **longer duration**, there are certain categories of workers for which he is simply obliged to do this:

- For persons considered to be in the third category of disabled persons, the annual leave should be 26 calendar days.
- For persons in the first or second category of disabled persons, 30 calendar days should be allocated.
- For minors, a vacation period of 31 calendar days should be granted.
- For educators, the vacation right should amount to 56 calendar days.



Employees who have irregular working hours shall be provided with additional annual leave of up to 7 calendar days per year.

Unpaid leave

Ukrainian legislation provides two types of leave without pay:

- on a mandatory basis
- offered according to the mutual agreement of the employer and employee

The leave without pay is **mandatorily provided by the employer** to an employee at his/her request, in the following cases:

- employee's wedding (10 calendar days)
- death of a relative (with up to 7 days granted in the case when the deceased was a relative by blood or by marriage, and up to 3 days for other persons)
- to a father whose wife is taking maternity leave, for which a total of 14 calendar days shall be granted
- to a mother in order to take care for a child in need of care until the child reaches the age of 6
- for shift/part-time work until the end of the annual leave at the main job site

Leave without pay can be granted to the employee by **mutual agreement** with the employer specifically for family reasons, and for other legitimate reasons. The duration of such leave shall be determined by agreement between the parties, but it cannot amount to more than 15 days per year.

MOST COMMON EMPLOYEE BENEFITS

The most common benefits for employees are:

- bonuses in terms of financial rewards
- professional trainings
- language courses
- the option to work from home
- additional days off (extra holidays)
- discounts on company products
- flexible working hours
- company phone
- company car

Financial bonuses are added to the gross earnings and taxed accordingly.

Benefits such as professional trainings, language courses, company phone or company car (used for business purposes) are considered company expenses and are deducted from the tax base, therefore decreasing the taxes paid by company.

Any personal (individual) benefits are taxable from the gross earning of the employee.



TEMPORARY WORK CHARACTERISTICS

This kind of work may be framed by agreement on performing permanent services. Under permanent services we mean seasonal works.

The seasonal work refers to the activity that, due to climate or season conditions, may be performed only during special periods of time.

Temporary work is also considered the work performed for the substitution of an Employee who is temporarily unavailable (ex: due to illness), but also the work performed under a fixed-term labour agreement.

The Employer also may hire employees in order to send them to perform some services for other employer.



OVERVIEW OF APPLICABLE LEGISLATION

The main sources of the labour law are the following acts:

- Labour Code of Ukraine № 322-VIII
- Civil Code of Ukraine № 435-IV
- On Employment of Population № 5067-VI
- On Remuneration of Labour 108/95-BP
- On the working conditions of employees employed on seasonal work № 310-09
- On Private International Law № 2709-IV



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ABOUT ACCACE

With more than 330 professionals and branches in 7 countries, Accace counts as one of the leading outsourcing and advisory services providers in Central and Eastern Europe. During the past years, while having more than 1,400 international companies as customers, Accace set in motion its strategic expansion outside CEE to become a provider with truly global reach.

Accace offices are located in Czech Republic, Hungary, Romania, Slovakia, Poland, Ukraine and Germany. Locations in other European countries and globally are covered via Accace's trusted network of partners.

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