



LIABILITY FOR THE MOST COMMON LABOR LAW VIOLATIONS

Russian companies often face the problem of being audited by the Labor Inspection (mainly due to complains from either current employees or former employees). The labor laws are not always violated intentionally. Often such violations are committed due to incompetence of the officials and managers of the HR department.

For violating labor laws not only an official may be held liable (subject to fine or suspension), but also the company itself (subject to fine or, in the case of gross or repeated infringements – suspension of the company's activities for a period of up to 90 days). Therefore it is highly important for any company to inspect company's HR related documents in order to identify their compliance with the requirements of the labor laws and prevent the most common mistakes for which the labor inspection may hold the employers liable.

The employer may be held administratively liable for any violation of labor laws if the period of limitations for such violation has not expired (the general limitation term is **one year from the date of committing an administrative offense** – Part 1, Article 4.5 of the Administrative Offences Code of the Russian Federation (hereinafter – **AOC**). However, there are certain categories of continuing offenses for which the period of limitations is calculated not from the date of committing an offense, but from **the day of discovery that such an offence has been committed**. When such violations are identified during the audit the employer nearly always shall be held liable.

Below please find the most common labor law violations for which legal entities – employers – may be held liable by the labor inspections. Please note that the fines can be imposed on each case of breach with regard to each employee and the fines can be summed up.

VIOLATION	REF. TO THE LAW	OFFICERS' LIABILITY (FINE - RUB)	LEGAL ENTITY'S LIABILITY (FINE - RUB)
Illegal deprival of an employee from the opportunity to work	5.27 of AOC	1.000-5.000	30.000-50.000 Financial liability – the employer

<i>Comm.: illegal suspension from work (Art. 76 of the Labor Code of the RF (LC RF), illegal transfer to another job (Art. 72.1 and Art. 72.2. of LC RF), illegal termination of labor contract (Art.81 of LC RF).</i>			shall be obliged to reimburse the employee the unreceived remuneration in all cases of an illegal deprival of work
Absence of a specific assessment of working conditions	5.27.1 p. 2 of AOC	5.000-10.000	60.000-80.000
Conclusion of a civil contract instead of an employment agreement and/or non-conclusion of the employment agreement	5.27, p. 3 of AOC	10.000-20.000	50.000-100.000
Violation of the requirements for executing employment agreements	5.27 p. 3 of AOC	10.000-20.000	50.000-100.000
Non-notifying the former employer about hiring of a former public official	19.29 of AOC	20.000-50.000	100.000-500.000
Illegal engagement of a foreign citizen or stateless person in labor activities in the Russian Federation Comm.: without obtaining a permission for attracting foreign citizens and/or a work permit	18.15 of AOC	25.000-50.000	250.000-800.000 (administrative suspension of company's activities for the period from 14 to 90 days)
Unreasonable refusal to hire or unjustified dismissal of a pregnant woman or a woman with children under the age of three	145 of the Criminal Code of the Russian Federation	0-200.000 (a penalty in the amount of remuneration or other income for the period of up to 18 months or compulsory works for a term of up to 360 hours)	
Delayed payment of remunerations (salary), vacation pay, severance pay and other payments to employees	5.27 of AOC	1.000-5.000 or a warning	30.000-50.000 Financial liability - financial compensation (payment of interest) shall be calculated at the refinancing rate of the Bank of Russia in relation to unpaid amounts for each day of delay (Art. 236 of LC RF)
Non-payment of remunerations, allowances and other payments (partial non-payment)	145.1 of the Criminal Code of the Russian Federation	0-120.000 (a penalty in the amount of remuneration or other income for the period of up to one year or deprivation of the right to occupy certain positions or engage in certain activities for up to one year or community services for up to two years or imprisonment for up to one year)	
Non-payment of remunerations, allowances and other payments (entire non-payment)	145.1 of the Criminal Code of the	100.000-500.000 (a penalty in the amount of remuneration or other income for the period up to 3 years or community services for up to 3	

	Russian Federation	years with disqualification to hold certain positions or to be engage in certain activities for up to 3 years or without it, or imprisonment for up to 3 years with disqualification to hold certain positions or to be engaged in certain activities for up to 3 years or without it)	
Establishing an employee remuneration in a foreign currency and payment of such remuneration based on currency rate	5.27 p. 1 of AOC	1.000-5.000 (or a warning)	30.000-50.000
Payment of employees remuneration by bank transfer to the bank account without specifying it in the employment contract or without obtaining the employee's consent	5.27 p. 1 of AOC	1.000-5.000 or a warning	30.000-50.000
Non-establishment in an employment agreement and internal labor regulations of the payment days for remuneration <i>Comm.: an employment agreement or internal labor regulations must establish payroll days (twice a month). A penalty may be also imposed if a period for payment of remuneration is established instead of specific days (for example, remuneration shall be paid from the 1 to 5 day of the month)</i>	5.27 p. 1 of AOC or 5.27 p. 3 of AOC	1.000-5.000 or a warning 10.000-20.000	30.000-50.000 50.000-100.000
Improper maintenance of labor books <i>Comm.: applies if the wrong wording of the basis and/or the reasons for dismissal in the labor book prevented the employee from entering another job</i>	394 p. 8 Labor Code of the Russian Federation		Financial liability - compensation to the employee of the average remuneration for the time of enforced absence without leave
Absence of a register of labor books, or it is not sealed by wax seal	5.27 p. 1 of AOC	1.000-5.000 (or a warning)	30.000-50.000
Absence of mandatory local regulations in the company (internal labor regulations, rules for labor protection, etc.) and familiarization of employees with such document	5.27 of AOC	1.000-5.000	30.000-50.000
Lack of time sheets or non-completion of the time sheets with hours workout of the employees <i>Comm.: applies if employers do not keep records of time actually worked by each employee. Both absence of time sheets and non-completion of the time sheets with hours workout of the employees are considered the violation</i>	5.27 of AOC	1.000-5.000	30.000-50.000

<i>of the stated requirement</i>			
Absence in the company of an approved form of a payroll sheet and/or non-issuance of the payroll sheets to the employees	5.27 p. 1 of AOC	1.000-5.000 or a warning	30.000-50.000
Violation of the rules and order of the collection, storage, use or dissemination of the personal data	13.11 of AOC	500-1.000	5.000-10.000
A person responsible for the conduct of introductory training on labor safety with the newly hired employees is not appointed; a program for introductory training on labor safety is not approved; the registers on carrying out the respective training are not kept	5.27.1 p. 1 of AOC	15.000-25.000 or a warning	110.000-130.000
Repeated violation of labor laws by a person previously subjected to administrative punishment for a similar administrative offense	5.27, p. 4 of AOC	10.000-20.000 (disqualification from one year up to 3 years)	50.000-70.000

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