

LABOUR AGREEMENT UNDER THE UZBEK LEGISLATION

(1) **O**bjects of labour relations

According to the labour legislation of the Republic of Uzbekistan, objects of labour relations shall be citizens of the Republic of Uzbekistan, foreign citizens and stateless persons having reached the age of 16 (employees)¹ on one side and the employer on the other side.

The following could be an employer:

- (i). enterprises including their affiliates and representative offices represented by their managers;
- (ii). private enterprises, in which the owner is at the same time the director;
- (iii). Individuals, having reached eighteen, when provided by the legislation.

In certain instances labour collectives and representative organs of employees are also acknowledged to be objects of labour relations.

The labour agreement shall serve as a ground for occurrence of labour relations between employer and employee.

(2) Concept, content and form of the labour agreement

The labour agreement is an agreement between an employer and an employee on performance of work of a certain specialization, qualification and position against a remuneration in compliance with internal labour regulations. The labour agreement shall be concluded between the employer and the employee.

Substantial terms of the labour agreement, without consent on which the agreement shall be deemed as unconcluded, are the following:

- place of work (enterprise or a department thereof);
- work functions of the employee – speciality, qualification and work position;
- date of commencement of work;
- term of validity of the agreement in case of conclusion of the agreement for a definite term;
- size of remuneration and other work conditions;
- addresses of the parties.

The labour agreement shall be executed in written form in at least 2 original copies (one for each party) and signed by the employee and the employer, with specification of the date of execution. The signature of the employer's representative shall be certified by corporate seal.

(3) Language of the labour agreement

In accordance with Article 10 of the Uzbek Law "On State Language" corporate documentation in enterprises shall be produced in Uzbek language, and if the majority of employees does not comprehend Uzbek language, such documents could be made in Uzbek and in another language simultaneously.

Thus, the labour agreement shall be made in Uzbek language, and in case the majority of employees do not comprehend Uzbek language, the labour agreement

¹ Before reaching age of 18 years, labour relations with stated persons carry a special regime.

can be made in two languages: in Uzbek and another language. Forcing an employee to sign the labour contract in the language which he/she does not comprehend may be considered as violation of the employee's labour rights.

(4) Term of the labour agreement

According to the labour legislation of the Republic of Uzbekistan, labour agreements shall be concluded for an indefinite term (*agreements with indefinite timeframe*), for a definite term not exceeding 5 years, or for the period of fulfillment of a certain work (*agreements limited by term*).

An agreement is deemed to be concluded for indefinite term if:

- a) the term of the agreement is not specified in its provisions;
- b) upon expiry of the term of *an agreement limited by term*, the employee is not officially dismissed.

An agreement limited by term shall be concluded in case if labour relations could not be established for an indefinite term for the following reasons:

- character of the contemplated work;
- conditions of performance of the work;
- interests of the employee(s); or
- when it is expressly stipulated by the applicable legislation.

(5) Registration of labour relations

The concluded agreement shall serve as a ground for employment.

For being employed, the employee shall submit upon employer's request the following documents:

- (i) passport or a substituting document;
- (ii) work record book;
- (iii) certificate of registration as reservist;
- (iv) diploma on graduation from higher or secondary educational institution and/or qualification certificates confirming professional qualification;
- (v) certificate from the main place of work for those who combine works (part-time work).

The Employer is prohibited to demand documents in addition to those provided by the legislation.

After execution of the labour agreement and receipt of above stated documents, the employer shall issue a written decision on hiring the employee for a specific work position (i.e. issue the *corporate order* on employment). The labour agreement shall serve as a ground for issuing of the employment order. The order shall be signed by the employer and submitted to the employee for his/her signing. The order shall be filed in the employer's company.

On the basis of the issued order the employer makes a record to the employee's *work record book* on employment in the manner prescribed by the applicable legislation. The employer must keep *work records books* in relation to each employee who has worked in the company for over 5 days, excluding employees combining works.

(6) Cessation of labour agreement

The labour legislation contemplates that the labour agreement can be ceased in the following instances:

- a) upon the parties' consent (any labour agreement could be ceased at any time based on this ground);
- b) under initiative of one of the parties;
- c) upon expiry of the term of the agreement;
- d) based on the circumstances not depending on the parties' will (conscription, death of the employee or others);
- e) on the grounds stipulated by the agreement. A condition on cessation of labour relations can be specified in the labour agreement concluded between the employer and the director of enterprise, his deputies or chief accountant, or in the absence of the chief accountant, with an employee performing functions of chief accountant, and in other instances admitted by the law.
- f) due to none-election (none-passing the competition for a position) for a new term or refusal to participate in the election (competition).

Cessation of the labour agreement under initiative of the employee:

According to the labour legislation, the employee is entitled to cease the labour agreement concluded for an indefinite term, as well as the agreement limited by term before expiry of its term, by presenting written notification to the employer two weeks in advance.

Upon expiry of the notification term the employee is entitled to cease the work and the employer is obliged to deliver to the employee the *work record book* and to settle payment with him/her. Upon consent between the employer and the employee the labour agreement can be ceased before expiry of the notification term. During the notification term contemplated by the applicable legislation or agreed by the parties, the employee is entitled to recall the application.

Cessation of the labour agreement upon initiative of the employer:

The employer has the right to dissolve the labour agreement with the employee under its own initiative for the following reasons:

- 1) change in the technology or arrangement of production, reduction of volume of work;
- 2) non-compliance of the employee to the fulfilled work (job position) due to lack of qualification or health condition;
- 3) systematic violation by the employee of his/her work responsibilities;
- 4) committed once severe breach of work responsibilities by the employee;
- 5) termination of labour contract with the part-time employees, if the latter are replaced by full-time employees;
- 6) termination of the labour contract with the management of enterprise due to change of the owner of enterprise.

The employee can not be dismissed at a time he/she was on the leave or during his/her temporary incapability to work.

Termination of labour contract at the initiative of the employer must be coordinated with the local unit of trade-union or other representative organ of employees, if such coordination is stipulated in the agreement of the employer with the workers' collective.

The Employer must notify the employee on dismissal as follows:

- 1) two months in advance in the event of change of technology, arrangement of production or deduction of volume of production (output), as well as in the event of dismissal of the manager of enterprise due to change of the owner of enterprise;
- 2) two weeks in advance in the event of dismissal of the employee based on the lack of professional qualification or health condition;
- 3) three days in advance in the event of faulty (culpable) conduct (i.e. breach or violation of regulations).

The Labour Code of the Republic of Uzbekistan comprises a list of professions in which employees have priority rights to keep their position in case of changes in the production arrangement.

In the event of termination of the labour agreement prior to expiry of the initially established term of agreement, the employer must pay a compensation (if the latter was provided in term of agreement, except the events when dismissal of the employee is made for the reason of his/her faulty (culpable) actions), make payment of remuneration, pay compensation for unused leave, as well as to pay to the dismissed employee a dismissal wage, with the exception of events when employee performs faulty (culpable) actions.

Termination of the labour agreement due to expiry of the term

The *agreement limited by term* shall be terminated upon expiry of the term. If on the expiry of the term, labour relations continue and none of the parties demands cessation thereof within a week, the agreement shall be deemed as continued for indefinite term.

(7) Registration of cessation of the labour agreement

Cessation of the labour agreement shall be executed by the persons entitled to employ and shall be reflected in the corporate order. The date of termination of the labour agreement shall be deemed last day of the work.

In the *corporate order* the employer must specify reasons for termination of labour agreement in line with requirements of the applicable legislation.

On the date of termination of the labour agreement the employer must deliver to the employee his/her *work record book* and a copy of the *corporate order* on dismissal, as well as to pay a dismissal wage, to settle payment of salary and pay compensation for unused leave in accordance with requirements of legislation.

(8) Labour Contract vs Economic Contract

Under the Uzbek laws a physical person may sell his/her labour under labour contract or economic contract.

Labour Contract

Following are the main criteria of the labour contract:

- a) a person is obliged to perform functions referred to certain profession, qualification or position which are provided in the company's staffing plan;
- b) a person shall observe internal labour regulations;

c) a person must be included to the list of employees of the company.

Uzbek Labour Code secures the following rights of the employees working under the labour contract:

- right for fair labour conditions,
- right for adequate compensation of labour at the level not lower than the minimum wage established by the Uzbek legislation and
- other rights and benefits established by the Uzbek labour laws and regulations.

Labour contract regulates process of performance of work, whereas an economic contract regulates results of the work.

Economic Contract

In the event of economic contract internal labour regulations are not applied. Under the economic contract the worker himself bears all commercial risks relating to the contractual work.

Limitation on the minimum wage to be observed by employers under the labour contracts does not apply to the fees payable to the workers under the economic contract.

A person fulfilling work(s) under the economic contract must acquire a *certificate on registration as an entrepreneur* with the local government authorities (khokimiyat).

Benefits and protection granted to employees secured under the Uzbek labour regulations are not applied to the workers performing their work under the economic contract.