

Increased fines for labor law violations

On 6 December 2016, the Parliament of Ukraine adopted the Law of Ukraine on amendments to labour legislations of Ukraine, which came into force on 1 January 2017.

The Law includes amendments to Article 265 of the Labor Code of Ukraine, which provides a liability for violation of labour legislation.

Thus, according to this Law, the legal entities and individual entrepreneurs using hired labour shall be liable to a fine:

- 100 minimum wages (USD 11,500) – in the case of non-admission of the state labour inspector to check when it is carried out to identify employees without issued employment contracts; payroll without payment of a single fee for obligatory state social insurance (payment of wages in an envelope);
- 10 minimum wages (USD 1,150) – for each employee in case of non-compliance with minimum state guarantees of labour compensation (for example, failure to pay for work at a weekend or holiday);
- 3 minimum wages (USD 350) – for violation of terms of wage payment and other payments stipulated by labour legislation, more than for a month; if wages are not paid in full; for preventing inspectors to conduct inspections for compliance with labor legislation, creating obstacles to its conduct;
- 30 minimum wages (USD 3,500) – in the case of admission of the employee to work without issuing an employment agreement (contract), hiring an employee as a part-time worker when actually he is doing the full-time job, according to hours, established by the company; and paying wages (remuneration) without calculation and payment of a single fee for obligatory state social insurance and taxes;
- 10 minimum wages (USD 1,150) – for each employee in the event of non-compliance with statutory guarantees and benefits to employees who are involved in the execution of duties under the laws of Ukraine "On Military Duty and Military Service", "On alternative (non-military) service", "On mobilization preparation and mobilization";
- 1 minimum wage (USD 115) – for other violations of labor laws, in addition to the abovementioned ones. This type of fine applies also to a fine for non-notification or late notification about hiring of an employee.

The right to conduct inspections for compliance with labor laws, and apply financial penalties to the employers have the Inspection of Labor, local governments and the Fiscal Service of Ukraine (in part related to taxes).