

MGB Law Offices



Azerbaijani Legal Updates

2 September 2024

Recent Important Changes to the Labor Code of the Republic of Azerbaijan

The Labor Code of the Republic of Azerbaijan (the “**Labor Code**”) was significantly amended by the Law No. 1195-VIQD of the Republic of Azerbaijan dated June 28, 2024 (the “**Law**”). These amendments are mainly related to the employment contracts’ execution and registration matters.

I. Establishment of Labor Relations and Legal force of the Employment Contracts

- a) The concept of the employment contract notification was abolished.
- b) Labor relations are considered established from the moment of conclusion of an employment contract in an electronic document form in the electronic information system.

The exceptions for the above rule concern only the cases of employment at the state bodies and individuals mentioned in the application for electronic state registration of a locally-invested limited liability company¹.

- c) Unless otherwise stipulated by law, in the case of signing an employment contract with an enhanced electronic signature of the parties, this contract is considered concluded or amended and enters into force from the date of the last signature.

II. The Process of Conclusion and Amending Employment Contract

- a) The employment contracts shall be concluded in an electronic document form.
- b) The registration of the contracts concluded in electronic document form, any amendments to them, orders (instructions, decisions) related to such contracts, as well as other orders, record of the employee’s work activity, and the archiving of the information related to them, will be ensured through the electronic information system.

¹ The employment contract to be concluded for the first time with the individuals indicated in the application for the electronic state registration of a limited liability company (legal representative, director) is automatically generated in electronic document form in the State Tax Service’s electronic information system. The contract must be signed with an enhanced electronic signature of the parties no later than 3 business days from such formation date. In this case, the employment contract enters into force from the moment the registration documents are sent to the company’s electronic cabinet.

- c) In the process of concluding employment contracts, employees are required to submit only a document confirming their identity.
- d) The conclusion of collective employment contracts and the norms regulating them were abolished.
- e) It is prohibited to request additional documents, from an employee who enters into labor relations, which can be obtained from relevant state information systems and resources.
- f) In case of making amendments to the employment contracts concluded in electronic document form, the original employment contract must be re-drafted and approved.
- g) After the conclusion of the employment contract, transfer of the information related to the labor activity of the employees available in the electronic information system to other persons (other than an employer) will be subject to the Law of the Republic of Azerbaijan on *Personal Data* and Law of the Republic of Azerbaijan on *Access to Information*.

III. Termination of the Employment Contract

- a) The termination of the employment contract enters into force from the date the order (decision) regarding the termination is entered into the electronic information system by the employer and signed with an enhanced electronic signature. Except for the cases provided by law, the date of termination of the employment contract cannot be set earlier than the date the order (instruction, decision) regarding the termination of the employment contract is signed.
- b) As per the amendment, either party is allowed to terminate the employment contract before the end of probation period by providing three days' written notice not only on paper, but also through the electronic information system.
- c) In case if the employee has written consent (*either on paper or through the electronic information system*) regarding entering labor relation with another employer, the employment contract may be terminated on the day specified in the employee's application.
- d) As a default rule, a fixed-term employment contract is considered terminated at the end of its term. If neither party provides the other party with written notice (*either on paper or through the electronic information system*) of termination of the contract due to the expiration of its term at least one week before the term ends, the contract is extended for the period specified in the employment contract or, in cases when it uninterruptedly continues to be in force for more than 5 years, is considered to be indefinite.
- e) When employment contracts concluded in electronic document form are terminated, the order (instruction, decision) of the employer is signed in the electronic information system with an enhanced electronic signature and placed in the employee's electronic cabinet created in the information system.
- f) Several amendments were made to the content of the employer's order (order, decision) on the termination of the employment contract.

IV. Employer's key responsibilities

- a) In addition to the compulsory medical insurance, employers are required to ensure the timely and full payment of compulsory social insurance, unemployment insurance, and compulsory insurance for loss of professional work capacity resulting from industrial accidents and occupational diseases;
- b) Employers are required to ensure that the information related to employment contracts entered into the electronic information system is complete and accurate;
- c) Employers are required to enter staffing units into the electronic information system in accordance with its structure and the hierarchy of professions and positions.

Please contact us for further information at:

Rasul Rza Street 15, apt 28-30, Baku AZ1095, Baku, Azerbaijan

TeI: +994 12 493 6669 or 493 2939

Fax +994 12 4987132

mail to: office@mgb-law.com

www.mgb-law.com



* Information in our updates does not constitute legal advice.