



Russia's days-off – what does it means for your business?

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Actions which you should take before the days-off

- Pay salary for March
- Prepare closing documents for the month
- Take care already of regular payments, especially if your activities depend on them (cellular services, expenses from business trips)
- Submit maximum declarations and reporting forms electronically or on paper.

Despite the fact that the government is likely to announce the official postponement of deadlines for reporting in accordance with Art. 193 of the Civil Code of the Russian Federation and Section 7, Article 6.1 of the Tax Code of the Russian Federation, we recommend clarifying subsequently, rather than contesting penalties for failure to submit a report if they are exposed due to a system error.

What will be next week?

The announcement of the national week off in Russia by the president led to some confusion in the public and businesses. It is unclear which businesses are affected and to whom applies the exemptions.

*“Naturally, all life support structures, including medical institutions, pharmacies, shops, **institutions providing banking, financial calculations, transportation, as well as authorities at all levels will continue to work.**”* president Putin said.

If this applies also for the front desk or online banking services of banks was not clarified. After contacting various banks in Moscow and St. Petersburg the feedback received is mainly, there is no official instruction from the Central Bank with this regards what may change the usual processes.

The information received today (26.03.2020) is:

Moscow

| Bank: | Status: |
|----------------|---------------------------|
| Raiffeisenbank | Standard working schedule |
| UniCredit Bank | Standard working schedule |

| | |
|---------------|---------------------------|
| Sberbank | Standard working schedule |
| Commerzbank | Standard working schedule |
| Deutsche Bank | Standard working schedule |
| Rosbank | Standard working schedule |
| HSBC | Standard working schedule |
| VTB | Standard working schedule |

St. Petersburg

| Bank: | Status: |
|----------------|---------------------------|
| Raiffeisenbank | Standard working schedule |
| UniCredit Bank | Standard working schedule |
| J.P. Morgan | Decision outstanding |
| Commerzbank | Decision outstanding |

How is the situation from legal perspective?

Such payable days-off are not established directly by the Russian Labor Code. However, as we read it, they still must be treated as days-off / weekends, not as public holidays or paid vacation.

These are additional days-off. They shall not be subtracted from principal annual and/or additional paid vacations.

What does it mean for employers:

- It applies to all businesses or organizations, unless they:
 - Operate continuously, i.e. their stop on days-off is impossible due to organizational and/or technical reasons (in practice: electric stations, telecommunication companies, public transport, etc.);
 - Are medical and pharmacy organizations;
 - Supply people with food and essential goods;
 - Perform urgent work in emergency situations, ensuring life and normal conditions of the population; or
 - Provide emergency repair and loading-unloading operations.
- Forcing of employees to work during these days is prohibited and might trigger negative reaction of employees, potential court claims and/or complaints to the state labor inspectorate.

The latter may trigger unscheduled audits of the company with imposing of potential administrative penalties on the company and its officers.

- There is no prohibition to conduct work on these days voluntarily, without direct orders or instructions from management. Many companies informally encourage their employees to continue business on a free will with regular pay and conditions of employment. If employees indeed work voluntarily, it shall not be treated as a violation of law. It would be especially vital for companies, who already transferred personnel to a remote work regime.
- However, if you require and demand that employees work on days-off, formalize it properly as foreseen by the Russian Labor Code:
 - Issue respective HR order;

- Obtain the motivated opinion of the representative primary trade union (if any) prior to such work;
- Familiarize affected employees with the HR order in writing;
- Get their written consent to such work; work on weekends without consent is permitted only in emergency situations (so far the today's situation is not treated as such for everyone by default);
- Make sure that disabled persons and women with children under 3 years of age have no medical restrictions for such work; notify them against their signatures on their right for refusal to show up at work;
- Do not allow work on days-off for pregnant women; the same generally applies to minor employees (under 18 years of age);
- Pay out for such work at least twice more than regular salary; provide employees with additional unpaid days of rest, if they request so in writing, and pay for worked-out days-off on regular basis (single pay).
- Make sure that payment of the relevant salary's portion is made on Friday (March 27, 2020), if the corporate's payday for the last half-month falls on the next non-working week.
- Check whether the dismissal date of any employee falls on the next non-working week. If so, double-check if it is allowed to terminate his/her employment on a weekend. Generally, if the expiry day of the term connected with employment termination falls on a weekend (e.g., the last day of employment due to staff redundancy or a resignation), the date of employment termination must be moved to next business day (for now, it is April 6, 2020).

We can consult you individually on necessary procedures.

Business representatives: Statements on the week off in Russia

Anton Greiler, Vice President Russia, China, CIS, Israel & APAC, Julius Meinl

We are still waiting for precise government regulations. Nevertheless, we have already adopted the state regulations this week and will continue to do so in the coming week. This means that our employees will work from home whenever possible. Unless there is a government regulation, top management will continue to come to the office. Basically, as a group of companies, and based on our experience in Europe, we were well prepared for the new scenario in Russia.

Dirk Grossmann, General Manager Sales, Lufthansa Group Russia

The health of the employees of the Lufthansa Group is currently the top priority, which is why we have been working in the "home office mode" since the beginning of last week. Basically, this works quite well and the employees are currently also busy with work. We will implement the regulation for the non-working week according to the rules, changes in salary payments are not planned until the end of the month.

Michael Germershausen, Managing Partner Russia and CIS, Antal

I think most business people were surprised by this decision. For the economy, this means a week of loss of revenue and a week of additional costs. It can be assumed that later holidays will be shorter. We are now also switching the remaining employees to home office because it is not clear whether you will still be coming to the office next week or what should happen in a week. The salary must now be paid on Friday. You should now analyse what will happen in your business and cash flow when you do not come to the office from Monday on. And you should communicate openly. I will contact my employees via YouTube.

Stefan Teuchert, CEO Russia, BMW

We are currently checking whether there will be a complete switch to home office in the coming week – also depending on whether our dealers can remain open. But most likely the staff will work in home office, and most can.

Oliver Hammer, Partner Russia & CIS, IGS

Home office, yes, salary yes, work on a voluntary basis. We are a small team. I appreciate loyal employees work at least about 50 percent and then the "deal" is ok.

Irina Kotschergina, Marketing & Communication department, Schaeffler Russia

The Moscow office has been working from home since last week: it was decided not to endanger people and to allow remote work. As for yesterday's presidential decree, as a Russian company, we must comply with Russian law so that the days from March 30th to April 3rd, 2020 are set as non-working days while maintaining employee salaries.

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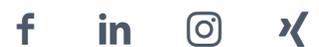


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