

Globalization Partners provides [employer of record](#) services for customers that want to hire employees and run payroll without first establishing a branch office or subsidiary in Russia. Your candidate is hired via Globalization Partners' Russia PEO in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

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Our comprehensive solution and Global PEO service enable customers to run payroll in Russia while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in Russia.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness the talent of the brightest people in more than 185 countries around the world, quickly and painlessly.

Russia is the largest country in the world by land area, spanning 11 time zones. The country is home to 144 million people, making it the 9th most populated country in the world.

When negotiating terms of an employment contract and offer letter with an employee in Russia, it may be useful to keep the following standard benefits in Russia in mind:

### **Basic Facts About Hiring in Russia**

Russian labor laws are very strict, grounded in their origins with the country's communist roots, and favor the employee. Due to socialism, there is a far greater focus on the employee's wellbeing rather than facilitating streamlined processes for employers or business growth.

Also due to the country's roots in communism, there are high levels of bureaucracy and red tape in Russia. Employers must follow a strict disciplinary process which requires substantial paperwork. Every detail of an employment relationship must be documented very clearly to remain in compliance with local labor laws.

When negotiating terms of an offer letter or an employment contract with a candidate in Russia, it may be useful to keep the following standard benefits in Russia in mind:

### **Russian Holidays**

The first week of January, Russia celebrates the New Year and Orthodox Christmas, and the entire country virtually shuts down.

Additionally, Russia celebrates six other paid, public holidays:

- Defenders of the Fatherland Day
- International Women's Day
- Spring and Labour Day

- Victory Day
- Day of Russia
- National Unity Day

### **Bonus in Russia**

Incentive bonuses are common in Russia, and some companies provide a 13th month bonus.

### **Russia Working Hours**

The work week is 40 hours and employees must provide written consent to work overtime. Overtime should not exceed four hours over two consecutive days.

### **Vacation in Russia**

Both the standard market norm and the minimally required vacation days are 28 calendar days per year.

- At least one segment of the total vacation time must be taken as 14 consecutive calendar days.
- In cases when labor legislation or the employment agreement establishes that total vacation time is in excess of 28 calendar days, the employee may be entitled to request payment of a cash compensation for the portion of unused vacation time that is in excess of 28 calendar days.
- Only vacation time in excess of 28 calendar days can be “paid out”.

### **Sick Leave in Russia**

Under Russia’s labor law, workers temporarily unable to work and in need of medical assistance due to illness or accident will receive payment of 60-100% of their salary. The exact amount is calculated on the basis of a complex formula. The employee must provide proof of illness, such as a doctor’s note, upon his or her return to work.

## Russian Maternity Leave

Female employees are generally entitled to 140 days of paid maternity leave, 70 days to be taken before the birth and 70 days after. If there are multiple births or complications, the leave may be extended to 194 days.

Employees may return to work during the leave and can extend their leave to a maximum of three years and still have job protection.

There is no statutory paternity leave in Russia.

## Termination/Severance in Russia

The maximum probation period in Russia is fixed at three months. An employer must still provide reason for dismissal of an employee if the contract terminates during the probation period.

Outright termination of an employee in Russia is almost impossible under normal circumstances and thus, it is common practice to negotiate a peaceful termination when and if an employer determines that an employee is inadequate at fulfilling his or her job duties.

Depending on length of service, position, and other factors, most professional employees successfully negotiate for approximately three months' severance pay plus 1-2 month's pay in lieu of notice.

Employees who believe they have been terminated unfairly may contest against termination in a labor court, which is becoming a more frequent practice against foreign employers. In all cases, professional legal support is recommended when terminating an employee in Russia.

## Russia Tax

Russia has social security which covers old age pension, disability, and survivors benefits. Employers are expected to contribute 22% of payroll. The maximum annual earnings used to calculate contributions are 624,000 rubles plus 10% of payroll exceeding this ceiling for general categories of employers.

## Health Insurance in Russia

In Russia, all citizens have a right to free medical services.

## Additional Benefits in Russia

Supplementary health insurance may be provided by an employer to employees as a supplementary benefit in Russia. Customers retaining employees on our [Global Employer of Record](#) solution in Russia are offered the opportunity to access our Group Benefits plan, which is considerably more reasonable than individual health plans.

## Employment Contracts in Russia

It is legally required to put a strong employment contract in place in Russia, in the local language, which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in Russia should always state the salary and any compensation amounts in rubles rather than a foreign currency.

- Employment contracts may provide for a probationary period to test the employee's aptitude for the job
- Contracts may be fixed-term or indefinite
- Employment contracts must contain certain minimum information and terms, including
  - names and details of the employee and the employer
  - the employee's job function and start date
  - the terms of remuneration
  - working hours and holidays
  - mandatory social insurance
  - protection against occupational hazards

- In general, the terms of an employment contract may be amended only by written agreement between the employer and employee

This information is a general summary and is not intended as legal advice.

## Why Globalization Partners

Establishing a branch office or subsidiary in Russia to engage a small team is time-consuming, expensive and complex. Russian labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into Russia. We can help you hire your candidate of choice, handle HR matters and payroll, and ensure that you're in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our Russia PEO and [Global Employer of Record](#) solution provides you peace of mind so that you can focus on running your company.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in Russia, please [contact us](#).