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CURRENT CHANGES IN LABOR LAW

Dear Colleagues,

in our new article, we would like to inform you about noteworthy changes in the regulation of labor relations with company employees.

We have previously touched upon the topic of these changes in our informational bulletin.

New Regulation on Business Trips

As of September 1, 2025, the new Regulation on the Specifics of Assigning Employees on Business Trips, approved by <u>Decree of the Government of the Russian Federation No. 501 dated April 16, 2025</u>, comes into force. On this date, the previous regulation approved by <u>Decree of the Government of the Russian Federation No. 749 dated October 13, 2008</u>, also ceases to be effective.

The new decree does not introduce radical changes in the processing and payment of business trips; it only clarifies a number of previously existing provisions.

However, employers need to **update** their internal company Regulation on Business Trips, as well as remove references to Government Decree No. 749 and add **references to the new Government Decree No. 501**.

Within the framework of the introduced changes, a clarified definition of "travel documents" is provided: now they include not only tickets but also other documents confirming the travel route (cash receipts, waybills, etc.).

Furthermore, to reimburse travel expenses, it will be sufficient to simply notify the company executive about them. The employer must reimburse the employee for expenses incurred "with the permission or knowledge of" the head of the organization, meaning expenses can be either pre-approved by the executive or simply reported to the executive without obtaining such prior approval.

Changes in Employee Bonus Conditions

Also effective from September 1, 2025, are <u>changes</u> to Article 135 of the Labor Code of the Russian Federation regarding the establishment of employee bonus conditions.

The new amendments oblige companies to **clearly specify** all elements of the bonus system in their internal documents (local regulations): types, amounts, timing, grounds, and conditions for bonus payments.

Employers need to promptly **adjust their internal bonus documents** (Regulation on Employee Bonuses) to comply with the new requirements, if the specified elements of the bonus system were not included or were not fully included therein.

In particular, the following must be clearly defined:

- · Categories of incentive payments;
- Criteria for their accrual, frequency, as well as reasons and requirements for their provision to employees, including assessment based on parameters such as productivity, length of service in the company, and performance;
- The impact of disciplinary measures on the right to receive bonus payments (if the employer wishes such an impact);



• The exact method for calculating monetary incentives (a fixed amount, a percentage of the salary or completed work volume, a coefficient, etc.).

It should be separately noted that the company's internal documents must now clearly establish the criteria for **reducing the amount or depriving employees of bonuses (dis-bonusing)**, an exhaustive list of grounds, and a clear algorithm for reducing payments.

Importantly, a reduction in bonus for a disciplinary offense must not exceed 20% of the employee's monthly salary and must only apply to payments for the period during which the disciplinary sanction is in effect.

The use of vague formulations such as "at the discretion of management" or "depending on the employer's discretion" in dis-bonusing is now prohibited.

This initiative is a consequence of the legal position of the Constitutional Court of the Russian Federation formulated back in 2023. The Constitutional Court recognized that the practice of automatically depriving an employee of incentive payments for the entire duration of a disciplinary sanction is illegitimate and leads to an unjustified reduction in guaranteed earnings.

At the same time, the employer has received the right, but not the obligation, to stipulate in local regulations the provision on the impact of disciplinary sanctions on the amount of employee bonuses, i.e., linking sanctions to a reduction in bonuses remains at the employer's discretion.

Conclusions: What the Company Needs to Do

- 1) Review and update the Regulation on Business Trips;
- 2) Review and update the Regulation on Employee Bonuses.

If necessary, we will be happy to provide additional comments and advise you, as well as review and adjust your company's internal documents in accordance with the new norms.

Contacts:

Maria Matrossowa, Project Leader

M: <u>maria.matrossowa@swilar.ru</u>, T: + 7 495 648 69 44 (ext. 308)

Nadezhda Maskaeva, Senior Project Manager

M: nadezhda.maskaeva@swilar.ru, T: +7 495 648 69 44 (ext. 306)