



## Legal news

### Deloitte Legal – Considering future

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#### **Payment of compulsory medical insurance premiums has been postponed until January 2021**

According to the Law of the Republic of Azerbaijan “On Amendments to the Law of the Republic of Azerbaijan On Medical Insurance” dated 30 March 2020 (“Law”), the completion of implementation of compulsory medical insurance has been extended until 2021. Also, according to the Law, the payment of compulsory medical insurance premiums for the following groups has been postponed until 1 January 2021:

- individuals working based on employment agreements, military servants, individuals appointed by the National Parliament of the Republic of Azerbaijan or the relevant executive authority and individuals holding elected paid positions;
  - individuals registered as taxpayers (individual entrepreneurs, private notaries, members of the bar);
  - individuals performing works (services) on the basis of civil-law contracts;
  - each litre of motor gasoline, diesel fuel and liquefied gas produced in the territory of the Republic of Azerbaijan and directed to domestic consumption (wholesale) as well as imported to the territory of the Republic of Azerbaijan;
  - co-financing related payments.
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Provisions on compulsory medical insurance for insured persons other than the ones listed above shall enter into force on 1 January 2023.

According to the Law, application of 50 percent discount on the amount of insurance premiums to be paid from the salaries up to AZN 8,000 in the non-oil/gas sector and the private sector will be extended until 1 January 2022.

### **Decision on concluding the General Collective Agreement for 2020-2022 between the Cabinet of Ministers of the Republic of Azerbaijan, the Confederation of Trade Unions of the Republic of Azerbaijan and the National Confederation of Entrepreneurs (Employers) of the Republic of Azerbaijan has been adopted**

On 19 March 2020, in accordance with Article 36 of the Labor Code of the Republic of Azerbaijan, the Cabinet of Ministers of the Republic of Azerbaijan, the Confederation of Trade Unions of the Republic of Azerbaijan and the National Confederation of Entrepreneurs (Employers) of the Republic of Azerbaijan have signed the General Collective Agreement (the "Agreement") defining the agreed positions and joint activities on socio-economic and labor relations for 2020-2022.

The priority objectives of the Agreement are to ensure employment, create new jobs, increase income and improve the material well-being of citizens, strengthen the social protection of socially vulnerable groups.

The Agreement is an integral part of the social partnership system and forms the basis for the development and conclusion of specific field agreements.

According to the Agreement, the following are defined among the obligations of the Parties:

- to prevent the conclusion of unjustified fixed-term contracts in order to ensure the labor rights of employees on an ongoing basis, and to establish appropriate measures in the legislation on penalties for employers who commit such acts taking into account the requirements of the laws of the Republic of Azerbaijan "On regulation of inspections in the field of entrepreneurship and protection of the interests of entrepreneurs" and "On the suspension of inspections in the field of entrepreneurship";
- to strengthen control over the use of the right on annual leave by employees in enterprises, organizations and departments;
- to strengthen joint control over the timely and full transfer of social insurance contributions by employers;
- to ensure initial and periodic medical examinations of employees in cases stipulated by the legislation and to strengthen control in this direction;
- to make changes in the relevant legislation in order to include the period of partial paid social leave for a childcare up to the age of three into the labor and insurance seniority of the employee;
- expanding the list of persons to be covered by the compulsory state social insurance system;
- strengthening joint control over the development of physical education and sports;
- preparation of proposals on improvement of the Law of the Republic of Azerbaijan "On Social Insurance";
- to take appropriate measures to increase the allowance for the childcare under the age of three;
- to ensure the recruitment of persons with special needs for social protection and difficulties in finding job through the referral of employment entities or "DOST" centres, as well as taking measures to create social enterprises and jobs in addition to quotas in accordance with the Law of the Republic of Azerbaijan "On Employment";
- to impose liability to the employers who fail to recruit individuals with disabilities referred by the employment entities or "DOST" centres as specified in the quota;
- to prepare the draft Law of the Republic of Azerbaijan "On labor protection";

- to ensure the continuous participation of employees in cultural, social, tourism-excursion and sports events for the effective organization of leisure time;
- to establish commissions with the participation of representatives of the trade unions in order to ensure the compliance of enterprises with the labor protection, technical and environmental safety regulations; etc.

The provisions included in the Agreement shall apply to all enterprises operating in the territory of the Republic of Azerbaijan, regardless of the form of ownership, unless otherwise is provided by international agreements to which the Republic of Azerbaijan is a party.



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