INVEST IN GEORGIA
GEORGIAN NATIONAL INVESTMENT AGENCY

Investor's Handbook

A Legal Guide to Business in Georgia

2013

Part 7: Labor Legislation

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Table of Contents

Labor Code of Georgia

One of the main issues businesses face after establishing themselves in Georgia, is related to employment and employees. These matters are addressed by the Labor Code of Georgia (the "Labor Code"), which regulates the various issues related to employment, such as the rights and obligations of employer/employee, the terms of a labor agreement, vacation and leave, working conditions, termination of a labor agreement, and so on.

The Georgian Labor Code is flexible enabling the employer to match the employment policy with the company's requirements in the most efficient way. Moreover, in most cases, the Labor Code gives the employer and the employee the freedom to stipulate the terms and conditions of the labor through a contract.

On 4 July 2013, the new version of the changes to the Labor Code has been published. Protection of an employee and the balance between the positions of the employer and the employee is the basic principle underlying the changes and amendments.

Prohibition of discrimination

Georgian legislation does not allow discrimination of parties within their labor relations *as well as during the pre-contractual relations* in any form. Any distinction made between persons and in the treatment of an employee shall be substantiated by the content, specificity and conditions of assigned work.

Employment Age

Georgian Legislation allows an employer to hire an employee from the age of 16. However, the employment of such a person is allowed only after obtaining the consent of his or her parent, legal representative, or guardian, and provided that the employment is not in conflict with interests of that person and does not hinder his or her moral, physical and mental development and does not limit his or her right and ability to receive compulsory, elementary and basic education.

A labor contract can also be entered into with a person under 14 years old, however, only for work related to sport, culture and art, as well as advertising related activities. At the same time, the Labor Code specifies a list of the spheres in which the employment of underage persons and pregnant women is not allowed.

Prior to hiring a person, an employer is allowed to obtain information about the candidate in order to make a decision on employment. At the same time, the candidate is obliged to inform the employer on any circumstances that may hinder his or her performance or endanger the interests of the employer or a third party.
The employer is entitled to check the accuracy of the information provided by the candidate.
The candidate is entitled to any information regarding working conditions. At the same time, the employer is obliged to disclose this information at the request of the candidate.

The employer enjoys free discretion in the course of selecting a candidate. He or she is entitled to set forth the criteria according to which candidate will be selected. The employer defines the selection

procedures (testing, interview, etc.) at his or her discretion as well. The employer is not obliged to substantiate the decision to refuse a candidate's employment.

Labor contract and commencement of labor relations

Labor relations between the employer and the employee are regulated by a labor contract. *Labor contract shall necessarily be made in writing if employment relations continue more than three months*, with the exception of cases where the labor contract term is one year or over one year a fixed-term contract shall only be concluded if work is subject to the following conditions (article 6.1[2].):

a) Specific work;
b) Seasonal work;
c) Temporary increase in the volume of work;
d) Replacement of an employee temporarily absent from work for reason of suspension of the employment relation;
e) Other objective circumstances under which the purpose to use a fixed-term contract is justified.

A labor contract is deemed to have been made for an indefinite period if the labor contract is concluded for a period of more than 30 months and if the employment relation continues based on two or more successive fixed term contracts and the aggregate duration of this employment relation exceeds 30 months. A fixed-term labor contract shall be deemed successive if the existing labor contract is prolonged, once the contract term is expired, or the time between the expiration of one labor contract and entry into the next labor contract is not more than 60 days.

Collective Labor Contract

The employer has the right to sign a collective labor contract with two or more employees. Such an agreement can be executed only in written form. The establishment of a collective labor contract is governed by the same rules applicable to that of an individual labor contract.

Probation Term

The employer is entitled to hire a person for a probation period. In such case, the contract must be executed in writing. The probation period may not exceed 6 months. *The work during the probation period is paid and the conditions of the payment will be agreed by the parties. During the probation period, the employer shall be authorized to conclude a labor contract with the applicant, or to terminate the labor contract concluded for a probation period.*

Certain aspects of hiring employees by the foreign investor

Georgian legislation does not restrict a foreign investor or impose any limitations on the investor in the process of recruiting staff for business activities. He is authorized to enter into labor contracts with individuals who do not have the Georgian citizenship (foreigners).
However, in particular cases, by virtue of an agreement signed with the government, the foreign investor may be obliged to hire Georgian citizens for his activities in Georgia in accordance with an agreed upon ratio.
Said obligations do not apply to individuals hired in the management bodies of a company (directors, members of the supervisory board, etc.)

Hiring of foreigners; work permits/visas for foreigners, residence permit

There is no restriction in Georgian legislation preventing Georgian companies from hiring foreigners. According to Georgian law, foreigners are entitled to conduct work/business activities under the rules established by Georgian legislation. It should be mentioned that there is no such concept as a Work Permit to be granted to foreigners. Three sole legal grounds for staying in Georgia are as follows:

- Visa;
- Residence Permit
    - Permanent Residence Permit
    - Temporary Residence Permit
- Refugee certificate

It is worth noting that no Visa is required for entry and a stay in Georgia up to 360 days for the citizens of the following states: EU, The United States of America, Canada, Japan, Swiss Confederation, Liechtenstein, Norway, Israel, Vatican, Andorra, San Marino, Iceland, United Arab Emirates, Kuwait, South Korea, Qatar, Kingdom of Bahrain, Sultanate of Oman, Brunei Darussalam, Singapore, Australia, Monaco, New Zealand, Bahamas, Barbados, Antigua and Barbuda, Trinidad and Tobago, Seychelles, Botswana, Croatia, Chile, Saint Kits and Nevis, Argentina, Malaysia, Mexico, Uruguay, Mauritius, Panama, Costa Rica, South Africa, Brazil, Thailand, Belize, Saudi Arabia.

The temporary residence permit is issued by a legal entity of public law under the Ministry of Justice of Georgia: the Civil Registry Agency (the "Agency"). A foreigner wishing to obtain a residence permit must submit an application personally to the Agency or through an authorized representative or if he/she is not present in Georgia, through Diplomatic or Consular representations of Georgia abroad.
The temporary residence permit is issued for not more than 6 years to a foreigner willing to stay in Georgia for more than 90 days and conducting business activities under Georgian legislation, also to a person of free profession, etc.
Documents issued abroad need to be legalized or apostilled and translated into Georgian.
The time for consideration of an application for the issuance of a residence permit shall not exceed 30 days from the date of submitting the necessary documents. The foreigner is obliged to present all the necessary documents along with the application. In case of the failure to do this, the Agency shall define a reasonable time period (not more than 2 weeks) in which the body responsible for the transfer of documents or the foreigner must present the documents.

Performance of work

Normally, an employee is individually responsible for carrying out the work specified in a contract, however the parties may agree that the work can be performed by a third party for a specified period.
In the process of performing the work specified in a labor contract, the employer is allowed to elaborate some aspects of ongoing work by instructing the employee, provided that the terms of the contract are not changed substantially. As for modification of the terms of the contract, it may be amended only by mutual agreement of the parties.
Unless otherwise provided by the labor contract, the terms of the labor contract are not modified substantially when:
a) The place of the work assigned to the employee is changed in a way that a round trip of the employee from home to a new working place by means of public transportation does not take more than 3 hours a day and is not related to unreasonable cost;
b) The starting/closing time of a working day is changed by not more than by 90 minutes;

c) There is a change due to the amendments to legislation, which make the exact fulfillment of a contract impossible, though this change does not modify its main essence.

However the terms of the labor contract shall be considered substantially changed if two changes mentioned above occur at the same time.

Work, Break and Rest Time

The Labor Code specifies the maximum duration of working time per week, which should not exceed *40 hours per week, while in the companies having specific working conditions where the operation/labor process requires more than 8 hours uninterrupted work regime – 48 hours per week.*. If this is the case, the employer must take into consideration that the duration of the recreation time between working days may not be less than 12 hours.

Despite the limitation on working hours, the employee is obligated to work overtime in case of prevention of and/or recovery from a natural disaster (without compensation) and for prevention of and/or recovery from an industrial accident. *Remuneration for overtime working hours should exceed remuneration for usual working hour. Amount of remuneration is determined by the agreement among parties.*

The Labor Code restricts overtime work for certain categories of employees. The conditions of overtime work can be defined by agreement between the parties.
The Labor Code restricts night work for particular categories of employees as well. Also, it provides an additional break for women who have a child of less than one year of age

The Labor Code regulates holidays. Holidays include religious, National celebrations and the New Year days.

The Right on a leave

The employee is entitled to paid leave for no less than 24 business days per year. The employee is also authorized to take at least 15 days of unpaid leave per year.

The employee is entitled to request a leave after 11 months from starting work. At the same time, the employee may use the leave prior to expiration of that term if the employer agrees.
By the agreement between the employer and the employee a leave may be used part by part.

Pursuant to the Labor Code, the employer may not refuse to grant leave when the employee requests leave for pregnancy, childbirth and maternity reasons, as well as due to adoption of infant.

The leave for pregnancy, maternity and childcare as well as due to adoption of a newborn child is remunerated from the State budget. The employer and the employee may agree on additional compensation.

The employee has the right to unpaid leave for childcare until the child is 5 years old.

Remuneration of Labor

Compensation for labor depends on the agreement with the employer. In this respect, the Labor Code does not impose any requirements.

Labor Conditions

The employer must provide an employee with safe working conditions, deliver objective information to him, establish a preventive system for ensuring safety and remunerate a loss incurred by the employee during work.
In case of heavy, hazardous and dangerous work, the law imposes additional responsibilities on an employer, subject to separate legal regulations. These responsibilities are basically related to compliance with special regulations of labor safety and health protection for employees.
The list of heavy, hazardous and dangerous works is provided in Decree Number 147 of the Minister of Health, Labor and Social Affairs of Georgia, dated May 3, 2007. According to the aforementioned decree, heavy and hazardous works predominantly include mining work, manufacture of coal, natural gas and oil operations, metallurgy, power generation, chemical industry and so on.

Suspension of labor relation

The Labor Code stipulates grounds for suspension of a labor contract by an employee. These are cases when temporary nonperformance of the work specified in a labor contract may not lead to the termination of employment and, thus, the dismissal of employee in such case is not allowed.

Grounds for suspension of labor relations are:
a) Strike;
b) Lockout;
c) Realization of the active or/and passive voting right;
d) Summoning in investigative and prosecutor's offices and courts in cases foreseen by the procedural legislation;
e) Conscription for mandatory military service;
f) Conscription for reserve military service;
g) Leave due to pregnancy, maternity and a childcare, leave due to adoption of a newborn and additional leave due to childcare;
h) Placement of victim of family violence to a shelter or/and a crisis center, when performance of working duties becomes impossible, however, duration of such nonperformance may not exceed 30 calendar days per year;
i) Temporary work disability, if the duration of such disability does not exceed 30 consecutive days or if the total duration does not exceed 50 calendar days during 6 months;
j) Improving professional skills, vocational training and education, which does not last more than 30 calendar days per year;
k) Unpaid leave;
l) Paid leave.
(Labor Code, Article 36, Part 2)

In case of suspension of labor relations an employee is not be compensated, unless otherwise provided by the labor agreement. There is an exception from this rule, namely, if the employee is recruited to military reserve service an employer is obligated to keep him on the payroll. The employer may not dismiss the employee in the course of suspension of labor contract.

Termination of labor relation

The basic nature of the changes and amendments is also reflected in the rules which regulate the termination of the employment relation. The new version of Labor Code Article 37 defines additional grounds for termination of an employment relation. In particular, according to the changes, a labor contract may be terminated due to the following reasons:

- Economic circumstances, technological or organizational changes entailing a reduction in the workforce required for production or service;
- Resignation of the employee;
- Joint written agreement of the employer and the employee;
- Incapacity of an employee to occupy his/her position due to a lack of qualification, professional skills and experience;
- Gross violation of the employee's obligations imposed by an employer un-der the labor contract, internal regulation or collective agreement;
- Misconduct or negligence of an employee in violation of his/her employment contract, internal labor regulations or collective agreements which took place within 1 year after previous administrative warning or disciplinary sanction;
- Unless otherwise provided in the labor contract, long-term disability if the period incapacity exceeds more than 40 consecutive calendar days or if, within 6 months, the period of incapacity exceeds more than 60 calendar days. In addition, the employee is entitled take a paid as well as unpaid leave of absence as provided by the Labor Code;
- Any other objective circumstances justifying dismissal.

On the other hand, the second part of the new version of Article 37 defines certain grounds that do not qualify as adequate for termination of an labor contract. In particular, they are:

a) Grounds other than specified in the first paragraph of this article;
b) Discrimination;
c) Due to a call up of an employee for military service in reserve or/and while an employee is in active military service;
d) Due to or/and while pregnancy, child delivery, adoption and/or child care leave;
e) Jury service.

The new version of Article 38 defines certain procedural rules for termination of the employment relation. According to these rules, in case of termination of an labor contract based on economic circumstances, incapacity of the employee to occupy the position, long-term disability and other objective circumstances the compensation for at least one month shall be paid to the employee within 30 calendar days. If the employer terminates the contract on the grounds mentioned above, he/she is entitled to give a 3-day prior written notice to the employee. In the given situation employer shall pay at least two months' severance compensation within 30 calendar days of the contract termination.

If an labor contract is terminated by the employee due to the resignation of the employee, the latter shall give a written prior notice of at least 30 calendar days to the employer. The employee has the right to give the employer a written request to substantiate the ground for termination of the labor contract within seven (7) calendar days of receiving the employer's notice of termination of the contract.

The employer shall substantiate in writing the basis for termination of the employment contract within seven (7) calendar days of service of a written request by the employee. After the employee is informed of the employer's reasoned decision, the employee has the right to appeal to court, challenging the employer's decision to terminate the labor contract.

If the employer does not provide a written statement on reasons for terminating the labor contract within 7 days, the employee has the right to appeal to court within 30 calendar days, challenging the termination of the labor contract. In such cases the employer must justify the actual reasons for terminating the employee. If court revokes the decision to terminate an labor contract, the employer must reinstate the employee in his/her previous position or in an equivalent position or give compensation determined by the court.

Termination of labor contract by intention of one party

Either party to the Labor contract may unilaterally terminate the contract without having grounds for termination as indicated above.
If the labor contract is terminated unilaterally by an employee, written notice should be served to the employer at least 30 calendar prior to termination.

Dispute Resolution Mechanism

If a dispute arises between an employer and an employee, reconciliation procedures can be initiated wherein one party has to send a written notification to the other party. The notification should outline details of the reasons for the dispute and related claims. The party receiving such a notification is required to review it and should notify the other party with a decision within 10 calendar days from the receipt of the notification.
Consideration of a dispute does not entail the cancellation of labor relations. If an accord cannot be reached, the dispute can be brought to the court for arbitration.

Strike and lockout

An employee is entitled to refuse full or partial fulfillment of obligations specified in a labor contract and go on strike, in a case of having a dispute with the employer.
Similarly, an employee enjoys the right to a lockout. The maximum duration of strike or lockout is 90 calendar days. During strike or a lockout, the employer is not required to compensate an employee. Prior to commencement of a strike or lockout the parties are obligated to hold a warning strike or lockout. In the course of a strike/lockout the parties shall continue reconciliation procedures (negotiations).
A labor contract may not be terminated on the ground of a strike/lockout. A court has the power to deter or suspend realization of the right on a strike or lockout. The court is authorized to rule on the legality of strike or lockout.

Legislative Base

Labor Code of Georgia

25 May 2006

Article 1. Scope of Coverage

1. This Code regulates labor and labor related relations on the territory of Georgia unless they are differently regulated by the other special law or the international agreements of Georgia.

Article 2. Labor Relation

3. Any kind of discrimination due to race, color, language, ethnic and social belonging, nationality, origin, property and official status, place of residency, age, gender, sexual orientation, limited capability, religious or other association membership, marital status, political and other conception, is not allowed in the process of labor relations as well as during the pre-contractual relations.

4. Direct or indirect oppression of a person aiming at or causing a hostile environment which intimidates and humiliates the person, threatens his/her self-respect or causes offense to him, or creation of such conditions which directly or indirectly impairs his/her status compared with that of the other person working under similar conditions shall be considered as discrimination.

5. Required distinction of individuals based on the essence or specifications of the employment or the conditions of its performance which serves to achievement of legitimate objective and is reasonable and necessary measure of its achievement shall not be considered as discrimination

Article 4. Minimum Employment Age and Beginning of Labor Capability

2. Labor capacity of person under 16 years arises under the consent of his/her legal representative or a guardianship/custodian body provided that the labor relation is not in conflict with interests of the underage person, does not hinder his/her moral, physical and mental development and does not limit his/her right and ability to obtain compulsory, elementary and basic education. The consent of the legal representative or the guardianship/custodian body is valid in respect of further similar labor relations.

3 *Labor contract may be signed with an underage person less than 14 years of age only in the field of sport, culture, arts and advertisement.*

4 *It is not allowed to sign a labor contract with an underage person for the purpose of accomplishment of works related to gambling business, night clubs, manufacturing, transportation and realization of erotic and pornographic products, pharmaceutical and toxic substances.*

5. It is not allowed to conclude a labor contract with an underage person, as well as with a pregnant or a breast feeding woman for the purpose of performing heavy, hazardous and dangerous works

Article 5. Pre-agreement Relation and Information Sharing Prior to Signing a Labor Contract

1. *Prior to hiring a person the employer is entitled to obtain the information about the candidate which he/she needs to make a decision on his/her employment.*

2. *A Candidate is obliged to inform the employer on any circumstance which may hinder him/her to perform his/her work or endanger interests of the employer and the third persons.*

3. *An Employer is entitled to examine accuracy of the information provided by a candidate.*

6. An employer shall fully inform an applicant regarding:

a) the tasks to be performed;

b) the nature of the labor contract (written or oral) and term (indefinite or fixed-term);

c) working conditions;

d) rights and obligations of the employee;

e) remuneration during the employment relation

8. An employer is not obliged to substantiate his/her decision for not hiring the applicant

Article 6. Signing a Labor Contract

1. Contract may be completed in a written form or verbally for a definite or an indefinite period.

1[1]. Labor contract shall necessarily be made in writing if employment relations continue more than three months.

1[2]. With the exception of cases when the labor contract period constitutes one year or exceeds one year a fixed-term contract shall only be concluded if the performance of work is related to the following conditions:

a) Performance of specific work;

b) Seasonal work;

c) Temporary increase in the volume of work;

d) Replacement of an employee temporarily absent from work for the reason of suspension of employment relations;

e) Other objective circumstances under which the purpose to use fixed-term contracts is justified.

1[3]. Labor contract is deemed to have been made for an indefinite period if the labor contract is concluded for a period of more than 30 months, as well as, if employment relation continues based on two or more successive fixed term contracts and the aggregate duration of this employment relation exceeds 30 months. Fixed-term labor contracts shall be deemed successive if the existing labor contract is prolonged once the contract term is expired or time between the expiration of one labor contract and entry into the next labor contract is not less than 60 days.

1[4]. Restrictions on fixed-term contracts defined by this article shall not apply to entrepreneurial entity envisaged by Article 2.1 of the Law of Georgia on Entrepreneurs, if the period from the public registration of such entity does not exceed 48 months ("start-up enterprise") and it accomplishes additional conditions established by the government (when such conditions are established), provided that for the purposes of this paragraph, the duration of fixed-term contract shall not be less than three months.

1[5]. Point 1[4]. of this Article shall not apply to entrepreneurial entity incorporated as a result of reorganization or based on assets' transfer.

1[6]. With the exceptions of circumstances envisaged by points "a"-"e" of Article 6.1[2], when employment relation is originated during the period of 48 months envisaged by point 1[4] of this Article, after expiration of this term labor contract shall be deemed to have been made for an indefinite period.

2. Labor contract made in writing shall be concluded in a language understandable for the parties. Labor contract made in writing can be made in more than one language. If labor contract made in writing is made in more than one language it should contain agreement indication which version (language) of a contract should be given priority in case of existence of differences in provisions of contracts.

3. An employee's application and a document issued by an employer based on the application to confirm his/her will to hire the applicant shall equal to signing a labor contract.

4. An employer is obliged to issue a letter of notification upon the request of an employee indicating data about the job carried out by an employee, his remuneration and duration of a labor contract.

5. The labor contract can specify that internal regulations will be covered in the contract. In this case, prior to signing a labor contract, an employer shall familiarize an employee with all internal regulations (if any exist) and with any modifications regarding these regulations.

6. If more than one labor contracts are concluded with an employee but each of these contracts contains additional information for other contracts, all of them are valid and are considered as one contract.

7. Previous contract is considered to be valid as long as its terms are not modified by following contract.

8. If more than one contract concerning same terms is concluded with one person, contract concluded later takes priority.

9. The essential terms of a labor contract are:

a) Start date and duration of the labor contract;
b) Working time and rest time;
c) Workplace location;
d) Position and type of work to be performed;
e) Amount of remuneration and payment procedure;
f) Payment procedure for overtime work;
g) Duration of paid and unpaid leave and procedures for granting leave of absence.
10. Any term and condition of a labor contract or of the document envisaged by the 3rd point of this Article which contradicts a statutory legal provision or a collective agreement, except the case when the individual labor contract improves the position of the employee, shall be considered null and void.

Article 8. Limitation of a Labor Contract on a Part time Work
1. labor Contract on a part time work may be signed with a person is capable to perform another paid work during the period of time when he/she is free from his/her primary work.
2. The employee's right to perform other work may be limited by terms of labor contract, if such work prevents the employee from fulfilling the duties and responsibilities of the primary job or/and if the person for which he/she performs work is a competitor to the employer.

Article 9. Probation Term
1. In order to ascertain the capacity of an applicant to carry out a job, by mutual agreement of the parties, a labor contract for a probation period can be concluded with an applicant only once, provided that the probation period does not exceed 6 months. A labor contract for a probation period can only be concluded in writing.
2. The work for a probation period is paid and the conditions of the payment will be agreed by the parties.
3. During the probation period the employer shall be authorized to conclude a labor contract with the applicant, or to terminate the labor contract concluded for a probation period.
4. In case of termination of a labor contract concluded for a probation period, the norm envisaged by the third part of Article 38 shall not be applied unless otherwise envisaged by the labor contract concluded for a probation period. In case of termination of a labor contract concluded for a probation period, employee's work will be reimbursed in accordance with working hours.

Article 11. Employer's Right to Instruct, Essential and Inessential Modification of Contract Terms
2. Modification of the terms of a labor contract is possible only by agreement between the parties. If the labor contract does not envisage any of the basic conditions, the definition of such condition is possible with the consent of the employee.

Article 14. Duration of a work period
1. The period during which an employee performs work defined by the employer shall not exceed 40 hours per week, while in the companies having specific working conditions where the operation/labor process requires more than 8 hours uninterrupted work regime – 48 hours per week. The list of specific working conditions is established by the government. Rest and break time is not considered as working time.
2. The duration of rest time between working days (shifts) shall not be less than 12 hours.

Article 17. Overtime Work
1. The employee is obligated to work overtime in the following cases:
a) prevention and/or liquidation of the results of natural disaster -- without any remuneration;

b) prevention and/or liquidation of the results of industrial accident -- with consequent remuneration.
2. Overtime employment of pregnant woman, a breastfeeding woman or a person with limited capabilities is not allowed without their consent.
4. Remuneration for overtime working hours should exceed remuneration for usual working hour. Amount of remuneration is determined by the agreement among parties.
5. Parties may agree on giving employee additional resting time instead of remuneration over-time work.

Article 18. Limitation on Night Work

Employment of underage persons, pregnant women or women who just gave birth or breast-feeding women in evening hours (from 22:00 p.m. till 6:00 a.m.) and employment of persons taking care of child under three years or with limited capabilities without his/her consent is prohibited.

Article 20. Holidays

3. Performance of work on holidays by employee is considered to be an overtime work and its terms shall be specified by the agreement of the parties and shall be reimbursed according to the paragraph 4 of the Article 17 of this Code

Article 21. Duration of Leave

1. An Employee is entitled to use a paid leave which includes no less than 24 business days per year.
2. An Employee is entitled to use an unpaid leave with the number of calendar days no less than 15.
3. Periods and conditions different from those anticipated in this article may be identified in a labor contract of using a leave can be specified by a labor contract provided they do not worsen the status of an employee.
4. In case of termination of an labor contract based on Article 37 (1) (a), (f), (g), (h) and (n) the employer is obliged to compensate the unused leave to the employee in proportion to the labor relation

Article 22. Rule of Granting a Leave

1. An Employee's right to request a leave gets activated after expiration of 11 months of work however the employee may use his/her leave before that time if agreed between the parties.
3. Leave may be used part by part at the agreement between the parties.
4. The leave does not include a temporary incapability period, a leave due to pregnancy, childbirth and maternity, adoption of infant and an additional leave for taking care of child.
5. Unless otherwise provided by the labor contract, the employer is entitled to specify the order of granting paid leaves to employees for the year.

Article 27. Leave due to pregnancy, post natal period and child care

1. An employee is entitled to request a maternity leave of 477 calendar days for the reason of pregnancy, childbirth and childcare.
2. 126 calendar days are payable from the leave taken for the reason of pregnancy, childbirth and childcare, while in case of a complicated childbirth or delivery of twins 140 calendar days of paid leave shall be granted.

Article 28. Leave due to adoption of an infant

An employee who has adopted a child under 12 months, upon his/her request, is entitled to take a leave for the reason of adoption of the newborn for 365 calendar days, out of which 70 calendar days will be paid leave.

Article 29. Remuneration of leaves due to pregnancy, maternity and child care as well as adoption of an infant

Leaves due to pregnancy, maternity and child care as well as adoption of an infant shall be remunerated from the State budget in accordance with the regulation established by the law. Additional pay may be agreed on by/between the employer and the employee.

Article 31. Form and amount of labor remuneration, time and place of payment

1. The form and the amount of labor remuneration are determined by labor contract. The provisions of this article shall apply only in the case when the labor contract does not provide otherwise.

Article 35. Right on a safe and healthy working environment

1. An employer is required to ensure maximum safety of working conditions for an employee's life and health.

2. An employer is required to, in a reasonable period of time, provide an employee with the complete, objective, timely and comprehensive information available to him/her regarding all circumstances that influence the employee's life and health or the safety of natural environment.

4. An employer is required to implement the prevention system for ensuring labor safety; and inform an employee in proper time and appropriate manner of the risks and preventive measures related to labor safety, as well as of the rules of using hazardous equipment. If necessary, an employer shall provide an employee with personal protective facilities; and along with the technological progress replace the hazardous equipment with safe or less hazardous appliances, also take all the other reasonable measures for protecting the safety and health of an employee.

5. An employer shall take all the reasonable measures for timely localization and liquidation of a professional accident, as well as for providing first medical assistance and evacuation.

6. An employer is required to fully reimburse an employee damages resulted from the worsening of the employee's health due to his/her labor duties, as well as the expenses of necessary medical treatment.

7. An employer is required to ensure protection of a pregnant woman from such work that endangers the welfare, physical and psychical health of the woman and of the fetus.

8. The list of heavy, hazardous and dangerous works, labor safety regulations, including the cases and the rules of periodic and compulsory medical check up of employee carried out at the expense of employer, are stipulated by the Georgian legislation.

Article 36. Suspension of a labor relation

1. Suspension of labor relations is a temporary non-fulfillment of the work envisaged by a contract, which does not cause termination of a labor relation..

Article 37. Grounds for cancellation of a labor relation

1. The grounds for termination of an labor contract are:

a) Economic circumstances, technological or organizational changes entailing a reduction the workforce required for production or service.

b) Expiration of a labor contract;

c) Performance of the work considered under the labor contract;

d) Resignation of the employee based on the written application;

e) Joint agreement of the employer and the employee;

f) Incapacity of an employee to occupy his/her position due to a lack of qualification, professional skills and experience;

g) Gross violation of the employee's obligations imposed by an employer under labor contract, internal regulation or collective agreement;

h) Violation of his/her labor contract, internal labor regulations or collective agreements by the employee, which took place within 1 year after previous administrative warning or disciplinary sanction;
i) Unless otherwise provided in the labor contract, long-term disability if the period incapacity exceeds more than 40 consecutive calendar days or if, within 6 months, the period of incapacity exceeds more than 60 calendar days. In addition, the employee is entitled take a paid as well as unpaid leave of absence as provided by the Labor Code;
j) Enforcement of a court judgment or decision which makes performance of work impossible;
k) Illegal strike as determined by the Court;
l) Death of the employer being a physical person or death of employee;
m) Commencement of liquidation of the employer being a legal entity;
n) Any other objective circumstances justifying dismissal.
3. It is prohibited to terminate an labor contract if the principal reason for it involves:
a) Grounds other than specified in the first paragraph of this article;
b) Discrimination as prohibited in Article 2;
c) Due to or/and while pregnancy, child delivery, adoption and/or child care leave, except the "b"-"e", "g", "h", "j" and "l" points of the first part of this Article;
d) Due to a call up of an employee for military service in reserve or/and while an employee is in active military service, except the "b"-"e", "g", "h", "j" and "l" points of the first part of this Article;
e) Jury service, except the "b"-"e", "g", "h", "j" and "l" points of the first part of this Article.

Article 38. Termination of a labor contract
1. In case of termination of an labor contract based on Article 37 (1) „a" "f", "i" and "n" the compensation for at least one month shall be paid to the employee within 30 calendar days. The employee will be granted with the remuneration of not less than 1 month of work during 30 calendar days after the termination of the labor contract;
2. If employer terminates the contract on the grounds of points a), f), i), n) of Article 37.1, employer is entitled to send 3 days prior written notification to the employee. In the given situation employer shall pay at least two month severance compensation within 30 calendar days from the contract termination.
3. In case of termination of a labor contract by an employee based on Article 37 (1) „d" the employee shall send a written prior notice of at least 30 calendar days to the employer.
4. The employee has the right within thirty (30) calendar days from receiving a notification from the employer on the termination of contract to submit a written request to substantiate the ground of termination of the labor contract to the employer.
5. The employer shall substantiate in writing the basis for termination of the labor contract within seven (7) calendar days from submission of a written request by the employee.
6. From the moment of informing the employee about the employer's reasoned decision during the 30 calendar days an employee has the right to appeal to court the decision of the employer to terminate the labor contract.
7. If the employer is not providing a written justification for terminating the labor contract within a period of 7 days, the employee has the right to appeal to court the termination of the labor contract within 30 calendar days. In such case, the employer shall justify the factual reasons for terminating the employee.
8. When a court annulled a decision to terminate an labor contract, the employer shall reinstate the employee in his/her previous position or in an equivalent position or give compensation determined by the court.

Article 39. Termination of a labor contract with an underage person

A legal representative of an underage person or his/her guardian/custodian body is entitled to require derangement of labor contract with underage if continuation of the work threatens his life, health or other important interests.

Article 41. Concept of a Collective Labor Contract

1. A collective contract is concluded between an employer and two or more employees or an association of employees.

Article 42. Representation

1. While concluding, terminating, changing or cancelling a collective contract, or for the purpose of protecting the employees' rights, the unions of employees shall act through their representatives.

Article 43. Collective Contract

1. A collective contract shall be concluded only in writing.

5. Existence of collective contract does not limit the right of an employee or an employer to terminate the labor relation. Such termination shall not result in cancellation of labor relation with other employees who are the parties to the contract.

Article 46. Limitations foreseen in a labor contract

3. A labor contract may specify an obligation for the employee not to use knowledge and qualification acquired while fulfilling the terms of the labor contract in favor of a competing employer. The present obligation can be maintained during 6 months after termination of the employment relationship with the condition that during the application of this restriction the employer pays to the employee the reimbursement not less than the amount existed during the termination of labor relations.

Article 47. Dispute

1. A dispute is a disagreement that may arise during labor relations between the parties of the labor contract settlement of which represents the legal interests of the parties.

2. A dispute shall arise based on a written notice about disagreement sent by one party to the other.

5. Consideration of a dispute shall not cause suspension of a labor relation.

6. An individual dispute may be settled through conciliatory procedures or/and applying to the court, according to the Article 48[1] of this law.

Article 48. Resolution of individual disputes

1. An individual labor dispute shall be resolved by means of an amicable settlement procedure providing for direct negotiations between the employee and the employer;
2. One party to a dispute shall send a written notice to the other party which shall precisely state the reasons for the dispute and the party's claims.
3. The other party shall discuss the written notification and inform the party of its decision by sending a written notice within 10 calendar days after receiving the notification.
4. If an agreement is reached, the parties shall put it in writing and the decision becomes an integral part of the labor contract.
5. If no agreement has been reached within fourteen (14) calendar days following the written notice under the Paragraph 2 of this article, the other party is entitled to apply to court.
6. If a party has avoided participating in the amicable settlement procedure, within fourteen (14) calendar days following the written notice under the Paragraph 2 of this article, the burden of proof is imposed to this party.

7. Parties may agree on the assignation of the dispute to the arbitration.
8. The matter and claims of a dispute shall not be changed during its examination.

Article 48[1]. Resolution of Collective Labor Disputes

1. A collective labor dispute shall be resolved through direct negotiations between the concerned group of employees (at least 20 employees) and the employer or between the concerned professional union and the employer or through direct negotiations and/or mediation in case if a written notification has been sent to the Minister of Labor, Health and Social Affairs of Georgia.
2. One party sends the written notification about the beginning of the negotiation procedures to the other party, in which the ground of dispute and the demands of the parties have to be defined precisely.
3. At any stage of negotiation and in order to reach an agreement, either of the parties may request in writing the Minister of Labor, Health and Social Affairs of Georgia to designate a mediator to undertake mediatory procedures. Written notice of such request must be given to the other party on the same day.
4. Upon receipt of such request, the Minister shall designate a mediator in accordance with the mediatory procedure established by a Government Decree. At any stage of a collective labor dispute, if there is a high public interest, the Minister of Labor, Health and Social Affairs may, ex officio, designate a mediator and must inform the parties in writing of such appointment.
5. At any stage of dispute, the Minister can terminate mediatory procedures.
6. Parties are bound to participate in mediatory procedures and attend the meetings held by the mediator for the mentioned purposes.
7. At the request of the Minister, a mediator shall report to the Minister regarding the dispute.
8. At any stage of the dispute, the parties can agree on referring the dispute to arbitration.
9. A mediator shall not disclose any information or document that is known to him/her as a mediator.

Article 49. Strike and Lockout

1. Strike is a temporary and voluntary refusal of employee partially or fully to fulfill his/her obligations under a labor contract. The Georgian legislation specifies the persons who are not allowed to participate in strike

2. Lockout is a temporary and voluntary refusal of an employer to perform partially or fully his obligations under a labor contract.

3. In case of collective dispute, the right to strike or lockout is acquired twenty-one (21) calendar days from the moment of sending the written notification to the Minister pursuant to Paragraph 2 of Article 481 of this Code or twenty-one (21) calendar days from the moment the Minister has appointed a mediator pursuant to the Paragraph 3 of the Article 481 of this Code.

4. Prior to commencement of a warning strike or a warning lockout the parties shall in no less than three calendar days inform each other in writing on the grounds and subject of the dispute, as well as on the time, location and the nature of the strike or the lockout.

5. In case of collective dispute, the parties must send a written notification to each other and to the Minister of Labor, Health and Social Affairs of Georgia regarding the time, location and character of a strike/lockout within not less than three (3) calendar days prior to starting of strike/token.

During the period of strike or lockout the parties shall continue with the conciliatory procedures. A strike or lockout cannot continue for more than ninety (90) calendar days.

6. During the period of a strike/lockout an employer shall not have any obligations to pay remuneration to an employee.

7. A strike or lockout cannot continue for more than ninety (90) calendar days.

8. During the period of a strike/lockout an employer shall not have any obligations to pay remuneration to an employee.

9. A strike/lockout shall not serve as the grounds for termination of labor relations.

Article 50. Postponing or Suspension of a Strike and a Lockout

The Court has the right to postpone a strike/lockout for no more than thirty days or suspend an already started strike or lockout for the same period if there exists a danger to a human life or health, environment safety or the property of the third person, as well as to the activity of an institution of vital importance.

Article 51. Illegal Strike and Lockout

1. During the state of emergency or martial law, the right to strike or lockout can be limited based on a presidential decree.

2. The right to strike during the working process shall not be enjoyed by the employees whose work is related to human life and health; or whose working process cannot be suspended due to its technological feature.

3. If either party of the labor relation avoids participation in the conciliatory commission and conducts a strike or a lockout, such a strike or a lockout shall be considered illegal.

6. The decision on illegality of a strike or lockout is taken by the court about which the parties shall be immediately informed. Decision of court on illegality of a strike or lockout shall be executed without delay.