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# Draft Labor code of Mongolia

In accordance with the “Basic direction of improving the legislation of Mongolia until 2020” approved by the Resolution No11 of the Parliament of Mongolia in November 2017, the revised draft of the current effective Labour code, which amended a total of 24 amendments and changes after approval in 1999, was submitted to the Parliament in March 2018. We have analyzed the amendments and new regulations to the revised draft of Labour code of Mongolia.

## Amendments

Term of employment agreement	<p>The employment agreement shall be concluded for an open-ended period except for the following cases:</p> <ul style="list-style-type: none"> <li>• Apprenticeship and probationary period;</li> <li>• One-time seasonal work;</li> <li>• Temporary employment;</li> <li>• Work under a contract with special conditions.</li> </ul>
Massive dismissal	<p>The employer shall notify each employee 30 days in advance of the termination of employment.</p> <p>The employer shall notify the respectively labour authority in writing about the decision on massive dismissal at least 30 days in advance.</p> <p>If the employee meets the requirements for the new job and the additional positions created by the employer within 1 year since the massive dismissal, the person dismissed in mass dismissal shall be hired by priority.</p>
Redundancy payment	<p>Redundancy payment to issue for termination of the employment relationship on the grounds specified in 45.1.1 - 45.1.3 of this Law shall be paid one-time depending on the worked year:</p> <ul style="list-style-type: none"> <li>• Equivalent to one month or more of basic salary for an employee who has worked from six months up to two years;</li> <li>• Equivalent to two or more month of basic salary for an employee who has worked from two years to five years;</li> <li>• Equivalent to three or more months of basic salary for an employee who has worked from five years to ten years;</li> <li>• Equivalent to four or more months of basic salary for an employee who has worked for ten years or more.</li> </ul>
Labor health and safety	<p>If the employee lost his/her work ability due to industrial accidents, acute poisoning, and occupational diseases, one - time compensation shall be paid in the following rates:</p> <ul style="list-style-type: none"> <li>• To increase five times of one month salary for 30-49 percent loss of work ability;</li> <li>• To increase seven times of one month salary for 50-59 percent loss of work ability;</li> <li>• To increase nine times of one month salary for 60-69 percent loss of work ability;</li> <li>• To increase eighteen times of one month salary for 70 and more percent loss of work ability.</li> </ul>

Labor dispute	The respective labor authority shall appoint the intermediary. If the dispute cannot be resolved with the participation of the intermediary, the disputing party shall apply to the relevant Tripartite Labour and Social Committee to resolve the dispute through labor arbitration.
Disciplinary Punishment	Disciplinary punishment which reduces the employee's salary up to 20 percent for not more than three months is being invalidated, and in the draft law, there are 3 types of disciplinary punishment such as closed warnings, open warnings and termination of employment.

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**For more information or any queries, please feel free to contact Bolormaa.V, Partner by [bvolodya@gratanet.com](mailto:bvolodya@gratanet.com) and Yanjmaa.B, Lawyer of GRATA International Law Firm by [ybumtsend@gmail.com](mailto:ybumtsend@gmail.com) or 976 70155031.**

*This legal information was prepared by Umguulliin GRATA International Mongolia LLP, the Mongolian office of GRATA International, an international law firm that has its branches in 20 countries around the world. The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.*

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