



Behnam Khatami
Managing Partner

+98 21 2240 0434
behnam.khatami@namiassociates.com



Mansour Vesali
Senior Associate

+98 21 2240 0434
mansour.vesali@namiassociates.com

Iran War and Labour Law Implications

8 May 2026

Background

The outbreak of the Israeli–US conflict against Iran has destroyed several major industrial facilities, both public and private, as well as numerous business sites, inevitably disrupting workplaces and labour conditions in the cities affected by the war. Additionally, wartime economic turbulence has contributed to layoffs occurring around the start of the Persian new year, the time when employers normally decide on the renewal of employment contracts. Although a ceasefire is now in effect, the broader social and economic repercussions for Iran’s industrial sector and labour market persist, and specific aspects of labour law have become increasingly relevant both during the conflict and in its immediate aftermath.

Labour relations extend beyond the contractual bond between employee and employer, encompassing a network of legal and regulatory provisions tied to key governmental bodies. Given the wide-ranging impact of warfare on the national workforce, it is crucial to examine these interactions through the lens of labour law and established legal practice.

In view of the profound effects of wartime conditions on employment, employers (from small and medium-sized enterprises to large corporations) must carefully consider their legal obligations and closely monitor guidance issued by the competent governmental authorities. Doing so ensures lawful and effective management of human resources both during the conflict and throughout the period that follows, including the ceasefire.

Media sources have reported that certain foreign companies operating in Iran arranged for some of their expatriate employees to leave the country during the conflict. Rosatom, for instance, reportedly required some foreign personnel to depart while others remained on duty within Iran.

This article examines two principal aspects of wartime labour conditions: first, continuation of employment duties and personal safety during the war, and second, employers’ payment obligations and their continuity during wartime circumstances.

Wartime Implications

Work conditions

The primary obligation of an employee, arising from legal subordination to the employer and forming an essential feature of the employment relationship, is to comply with the organisation and schedule of work as determined in accordance with the Labour Law 1988 (**Labour Law**).

The Labour Law contains no explicit provisions addressing wartime conditions, though certain articles may be interpreted to apply by analogy. War inevitably creates situations in which employees may not feel safe attending their workplaces. In such contexts, employers must strike a careful balance between operational needs and employees' duty to attend work.

Should an employer require attendance and an employee refuse without a lawful excuse, such refusal constitutes a breach of contractual obligations. Nevertheless, many employers have maintained operations through remote work arrangements where feasible. Others, particularly industrial units that require physical presence, have adopted reduced staffing models, allowing employees to attend on a rotational basis to minimise exposure to risk while maintaining production.

In case of remote working or reduced staffing, contracts remain in force and employees must perform their duties upon the employer's instructions. Accordingly, employees' refusal to perform their job duties will be deemed a breach of their labour contracts. Correspondingly, the employer will also be deemed bound to its obligations.

The Labour Law also addresses overtime work and related payment obligations. Nevertheless, overtime conditions arising from war effects are different and may come into play in the context of the ceasefire and the post-conflict period, when arrangements and activities are required for the resumption of operations. Notably, Article 60 permits employers to require additional work, subject to overtime payment under Article 59(b), for the period necessary to overcome exceptional circumstances, including unforeseeable events and the repair of ensuing damage. These provisions may therefore be invoked to restore operations following disruptions caused by the war.

The employer must notify the labour office within forty-eight hours to seek confirmation of the necessity and duration of such overtime. Should the labour office disapprove the request, the employer must compensate the employee for any resulting harm. Under normal circumstances, overtime assignments shall be subject to the employee's consent, and may not exceed four hours per day. However, in relation to Article 60, the Labour Law does not mention the employee's consent. Article 60 only refers to the employer's discretion, and provides that the maximum overtime in such conditions may not exceed eight hours, unless the employee agrees.

War-induced employment termination and layoffs

During wartime, employees are entitled to statutory leaves in accordance with provisions of Part 3 of the second Chapter of the Labour Law. They may also use unpaid leave only upon the employer's approval.

If an employee chooses to resign rather than comply with an employer's requirement to attend the workplace during wartime, where no official government instruction has mandated workplace closure, and there is no imminent risk from war operations impacting the workplace, provisions on employee resignation will apply.

Article 21(f) of the Labour Law designates resignation as one of the lawful grounds for termination of an employment contract. Resignation must be submitted in writing. However, employees are afforded a fifteen-day period to withdraw it. Furthermore, employees are generally required to continue performing their contractual duties for one month following notice, unless otherwise agreed with the employer. Accordingly, resignation remains an available option, provided statutory and contractual requirements are respected.

While a labour contract may be suspended due to force majeure or other unforeseen events such as war (which will be discussed below), there are also situations where employees may lose their jobs as a direct consequence of the war. According to the Deputy Minister of Labour, as reported by the [media](#), preliminary estimates indicate that the war has resulted in the loss of more than one million jobs, leaving two million people directly or indirectly unemployed.

Employees who lose their employment because of unforeseen circumstances, including war, are afforded specific legal protection. Under Note 2 to Article 2 of the Unemployment Insurance Law 1990, insured persons who become unemployed due to force majeure or unforeseen events such as floods, earthquakes, war, or fire, are entitled to unemployment insurance benefits upon referral by the local labour office.

Where war damage results in job loss, affected employees may therefore claim such benefits. Although eligibility for unemployment insurance ordinarily requires at least six months of paid social security contributions, this condition is waived for those rendered jobless by extraordinary events such as war. According to recent [media reports](#) citing the Minister of Labour, nearly 150,000 people have registered for unemployment insurance following the 40-day war.

As war-induced economic conditions have led to inevitable layoffs through the non-renewal of employment contracts for a large number of employees, the Tehran Chamber of Commerce, Industries, Mines, and Agriculture (**Tehran Chamber**), in a [statement](#), called on economic activists and the country's entrepreneurial community to protect human capital and prevent workforce layoffs. The statement described maintaining and sustaining employment as the most important action in the spirit of national guardianship during this sensitive period, and considered solidarity with the working class as among the duties of the private sector. The

Tehran Chamber encouraged enterprises to avoid laying off workers not just as a matter of corporate governance duty but as an act of patriotic responsibility and a vital step for overcoming today's pivotal circumstances.

Work safety

If employees sustain injuries resulting from strikes or attacks during military operations, a pertinent legal question arises: do such injuries constitute "accidents at work"? The concept is defined in Article 60 of the Social Security Law 1975 as any accident occurring during the performance of duty and because of that. The term "during the performance of duty" refers to all periods in which the insured person is working at the workplace, its affiliated institutions, or within its buildings and premises, as well as any time spent carrying out an assignment outside the workplace on the employer's instructions. Time spent attending a clinic or hospital, or receiving medical or rehabilitation treatment, as well as the time spent travelling between the insured person's home and the workplace, is also considered part of the period of performing duty for the purpose of defining accidents at work.

Accordingly, accidents may occur either within the workplace or elsewhere in connection with work, for instance, during travel to work. However, damage directly caused by acts of war may not neatly fall within the statutory definition, since it may not be directly attributable to the performance of job duties. Given that classification as a workplace accident triggers specific consequences, such as insurance coverage and obligations for the employer to report to the relevant authorities, this distinction is legally significant.

Even where such damage may not be covered under the definition of an accident at work, it will be covered by other specific schemes, as the government has established procedures for compensating individuals affected by wartime harm. These may operate under the auspices of national authorities (such as the Crisis Management Organisation), which administer broader compensation frameworks for civilian damages arising from armed conflict.

Payment Security for Employees

Continuation of the Employer's payment obligation

During wartime, the employer's obligation to pay salary, wages and other statutory payment obligations arising from the labour contract in principle remains untouched, even in the case of remote working or reduced staffing. In workplaces where the extent of disruption has been low, this raises no significant legal considerations. Employers must pay wages and other entitlements to employees and at the same time comply with other statutory obligations, including withholding taxes and social security insurance contributions.

Although the statutory payments remain outstanding during wartime, relevant authorities may address the prevailing circumstances and allow further time to employers to pay statutory obligations during wartime conditions. In the same vein, the Social Security Organisation (**SSO**)

and the Iran National Tax Administration (**INTA**) have extended time-limits for payment of statutory obligations for both social security insurance contributions and employees' withholding taxes, considering the war outbreak.

That said, in exceptional cases, payment obligations may be held to be suspended in wartime, which requires exploring the scenario.

Employer's obligations suspension

Although labour contracts remain in principle valid and in force during wartime, it is conceivable that wartime circumstances may impact the performance of the obligations of both parties to labour contracts. Article 15 of the Labour Law states: "In cases where, due to force majeure or the occurrence of unforeseeable events beyond the control of the parties, the entire workplace or part of it is closed, and the fulfilment of the employee's or employer's obligations becomes temporarily impossible, the labour contracts with the employees of the entire workplace or the part that is closed shall be suspended. The determination of the aforementioned cases shall be with the Ministry of Labour and Social Welfare."

Accordingly, in order for the suspension of the labour contract, an impossibility must be supervening and temporary. This provision appears to apply to situations where the workplace operation ceases due to damage caused by war. In such circumstances, the labour contract is deemed suspended, and once the impediment is removed, the contract returns to its original state.

In the case of suspension, since no work is performed by the employee, no wages are payable. Nevertheless, in certain cases, the employee may be eligible to benefit from unemployment as discussed above. Upon the resumption of operations, however, the employer is obliged, under Article 30 of the Labour Law, to reinstate the unemployed individuals in the same reconstructed unit and in the positions that become available.

Although not expressly stated in Article 30, the reinstatement of the employment is linked to the remaining period of the labour contract term, since the contract including its term was suspended upon the occurrence of the unforeseen event such as war. In other words, the suspension period will be added to the original contract term.

While the suspension affected by the damage directly caused by war is beyond doubt, it is questionable whether other circumstances affected by war, rendering the performance impossible, may also lead to suspension, for instance the frustration of economic purpose or viability of the operation of an industrial unit or part of it for reasons of unavailability of raw materials, etc. In the absence of the express inclusion of such circumstances in Article 15, the Ministry of Labour will determine whether the relevant labour contracts will be suspended.

* * *

Disclaimer: The content of this article is provided for informational purposes only and does not constitute legal advice. While every effort has been made to ensure the accuracy and relevance of the information presented, Nami Associates Law Firm accepts no liability for any errors, omissions, or reliance on the content herein. Readers are strongly advised to seek professional legal consultation tailored to their specific circumstances before making any decisions or taking any action based on the information provided in this article. The content should not be interpreted as creating a lawyer-client relationship or as a substitute for personalised legal advice.

Nami Associates is a leading full-service law firm licensed by Iran's Central Bar Association and based in Tehran.¹ With decades of collective experience, the firm is widely recognised for its exceptional expertise in advising on complex and high-value legal matters in the Iranian market. Nami Associates provides comprehensive legal services across a broad spectrum of practice areas, including corporate and M&A, projects and finance, intellectual property, regulatory compliance, and dispute resolution.

For further information about our practice and experience, please feel free to reach out to us.

Nami Associates Law Firm

37 Asef (Ejazi) Street, Unit 4 South
Zafaraniyeh, Tehran 1988893433, Iran

+98 21 2240 0434 +98 21 2241 8899

info@namiassociates.com

www.namiassociates.com

¹ Central Bar Association licence number 26300099, registration number 53221 and national identification number 14010847783.