



## Employment & Pensions

# / Regional Updates: Selected Employment Matters II

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The CEE region is also affected by the downturn of the economic activities and governments across CEE have introduced various measures to mitigate adverse consequences of such situation on employers and employment relationships. This short overview summarises measures taken in the region with respect to employment matters up to now. We keep updating this overview regularly due to dynamic developments.

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### Czech Republic

**Reimbursements offered by government:** The Czech government so far introduced the following reimbursements (further implementing regulations are still expected at the beginning of April):

#### Regime A

- Employees in mandatory quarantine are entitled to 60% of their average earnings - the employer can request a full reimbursement of such costs from the state;
- Employees of employers who were ordered to close their business premises due to mandatory restrictions are entitled to 100% of their average earnings - the employer can request a reimbursement of 80% of such costs from the state for the period of such restrictions and in the maximum amount of CZK 39,000 (approx. EUR 1,400) per month per employee.

#### Regime B

- Employees unable to work due to (i) business operations disruption caused by mandatory quarantine or (ii) care of child affecting at least 30% of employees, the remaining employees are entitled to 100% of their average earnings - the employer can request a reimbursement of 60% of such costs from the state in the maximum amount of CZK 29,000 (approx. EUR 795) per month per employee;
- If the production of an employer is disrupted or reduced due to a lack of supplies, the employees are entitled to 80% of their average earnings - the employer can request a reimbursement of 60% of such costs from the state in the maximum amount of CZK 29,000 (approx. EUR 795) per month per employee;
- If employees are not fully utilized due to a temporary decrease of employer's sales or demand for employer's services/goods, the employer may under certain circumstances reduce the salary by up to 40% (so-called "*partial unemployment*": an agreement has to be reached with trade unions; where no trade unions are established, the employer may introduce such decrease by internal regulation which can however be challenged by the employee and is subject to judicial review by competent courts) -

the employer can request a reimbursement of 60% of such costs from the state in the maximum amount of 29,000 (approx. EUR 795) per month per employee.

**Dismissals:** No changes introduced so far in respect of grounds for and conditions of termination as well as mass dismissal. In the current situation, a termination could be justified in particular by redundancy or the dissolution of the employer.

The reimbursements referred to above are expected to be subject to restrictions of termination of the employees for whom the reimbursements are intended. Currently, such prohibition applies only for reimbursements received in connection with the so-called partial unemployment.

**Other:** The Ministry of Labour is preparing some other forms of subsidies to be presented in the coming days.

## Hungary

**Reimbursements offered by government:** No reimbursements have been introduced so far by the Hungarian Government. However, the Hungarian Government has implemented a range of economic measures in order to mitigate the negative effects of the coronavirus outbreak. Amongst others, repayment moratorium has been introduced until the end of the year for all loans taken out by individuals and companies until midnight, 18 March 2020. The payment moratorium shall apply also for financial undertakings, investment funds and also for employer's loans, and mother corporate guarantees. In addition, in the most vulnerable industries (e.g. tourism, hospitality, sports, culture, and passenger transportation etc.) certain employer contributions will be done away with or reduced significantly, and / or the tax burden will be significantly lowered, until June 30.

**Child care:** Only one significant change has been introduced so far in respect of child care which affects the eligibility periods for mothers now on child leave. Accordingly, the Government has extended the payment of maternity leave and childcare benefits that are due to expire until the end of the state of emergency.

**Dismissals:** No changes introduced so far in respect of grounds for and conditions of termination as well as mass dismissal. In the current situation, a termination could be justified in particular by reasons in connection with the operation of the employer, such as redundancy or dissolution of the employer due to the financial crisis.

## Poland

**Reimbursements offered by government:** The government introduced funding of the employees' remunerations (for a total period of 3 months from the date of conclusion of the agreement on granting funds) with regard to employees affected by the economic standstill or short-time work as a result of the pandemic. The measure is applicable in the following situations:

- (i) employee affected by the economic standstill shall receive a reduced remuneration by no more than 50% (however, the employee's remuneration may not be lower than the statutory minimum remuneration), taking into account the total working hours; this remuneration shall be funded from the Guaranteed Employment Benefit Fund up to the amount of 50% of the statutory minimum remuneration along with the social security contributions from the granted funds paid by the employer (i.e. PLN 1,533.09/approx. EUR 356), taking into account the total working hours;
- (ii) in the event of a decreased turnover due to Covid-19 (by 15% or 25% towards applicable references periods), the employer may reduce working time by 20%, however no less than to 1/2 full-time working time (however, the employee's remuneration may not be lower than the statutory minimum remuneration, taking into account the total working hours); the remuneration shall be funded from the

Guaranteed Employment Benefit Fund up to 50% of its amount, however, not more than 40% of the average monthly remuneration in Poland in the previous quarter (as published by the Polish Statistical Office - GUS) along with the social security contributions from the granted funds paid by the employer (i.e. PLN 2,452.27/approx. EUR 570).

Funding shall be made on request of the employer which is affected by a decrease in turnover and until the funds allocated for this purpose are available. In order to apply, the employer must have no arrears in payments of public liabilities (tax, social security, etc. until the end of Q3 of 2019).

The above subsidies shall not be granted in case of the employee's whose remuneration for the month preceding submission of the application for the funds exceeded 300% of the projected average monthly remuneration from the previous quarter (as published by the Polish Statistical Office), current at the moment of submission of the application.

**Capital plans:** The implementation of the Employees' Capital Plans (PL *Pracownicze Plany Kapitałowe*) in medium-sized enterprises is postponed. New deadline for conclusion of the agreement on management of the Employees' Capital Plan is 27 October 2020 and for conclusion of the agreement on conducting the Employees' Capital Plan is 10 November 2020.

**Other:** In the event of a decrease in employer's turnover due to Covid-19, it shall be possible to shorten daily uninterrupted employee's rest from the current 11 hours to 8 hours, and weekly time of uninterrupted employee's rest from 35 to 32 hours. It shall also be admissible to extend daily working time to 12 hours (equivalent working time) and to extend settlement period to 12 months.

## Romania

**Reimbursements offered by government:** Romanian government introduced reimbursements for the employees in quarantine or self-isolation at home under the conditions provided by law, receive an allowance of 75% of their average income over the last six months, up to a maximum of 12 gross monthly salaries at the national minimum wage. The government pays the full allowance for those in quarantine. The costs of self-isolation are borne by the same entities for medical leave; there is no express provision in this regard.

Concerning the technical unemployment, the Government Emergency Ordinance no. 32/2020 amended and supplemented the GEO no. 30/2020 regarding the measures in the field of social protection in the context of the epidemic situation. The most relevant amendments are the following:

- No further distinction between employers who had the activity suspended following the measures of the authorities and employers who were economically affected by the spread of the new coronavirus. Accordingly, the condition regarding the proof of a decrease by 25% of the incomes of the company in comparison with January-February average incomes **was eliminated**;
- The need for obtaining the certificate of emergency state, before applying for the subsidies, **was eliminated**;
- All the employers having the activity interrupted or reduced following the effects of the new coronavirus may benefit of the Government subsidies of 75% of the monthly basic gross salary of each employee, but not more than 75% of the gross national average salary (RON 5,429 );
- Employees having several employment agreements, out of which at least one full time agreement is active, will not benefit of the said indemnities; if all the agreements are suspended based on the same legal ground and context, such employee will benefit of the indemnity computed based on the agreement comprising the most favourable salary rights;

- In addition to the indemnity, employers who dispose of the necessary financial capacities may pay to the employees additional amounts of money up to the difference between the value of the indemnity and minimum of 75% of the gross monthly basic salary of the employee, in case their salary is higher than the national average salary;
- The payment of the subsidies will be performed in maximum 15 days as of the filing date of the application and the employers are obliged to pay the indemnities to the employees in maximum 3 working days as of receipt of the money from the authorities.

**Child care:** Romanian government has approved the manner in which paid leave is granted to parents with children up to 12 years old or up to 18 years old for children with disabilities. Thus, the government approved the resolution stating that working days until the end of the state of emergency (except for those considered school holidays) will be considered paid leave granted to one of the parents upon request. Such paid days off are only granted if the work performed by the employee is not suitable for working from home. Moreover, persons in “*technical unemployment*”, those on leave to take care of their child and employees whose spouses do not record any income cannot benefit from the paid leave. With regard to the allowance which will be paid to the employees, whose value is 75% of the wage for one day of work for each paid day of leave, but no more than 75% of the gross average earnings used for setting the social security budget, this allowance is treated as taxable income and subject to payment of taxes and contributions under the Romanian Tax Code. Employers can only claim settlement of amounts representing the net allowance actually received by the parent.

**Dismissals:** No changes introduced so far in respect of grounds for and conditions of termination as well as mass dismissal. In the current situation, and having the current situation as justification/cause for the termination, a termination could be justified in particular by redundancy or the dissolution of the employer.

**TBA:** Draft of Emergency Ordinance regarding the grant of legal bonus for particularly dangerous working conditions for the personnel from the authorities and institutions involved in the prevention, limitation and treatment of Covid-19 and regulating the financing of the influences determined by the salary increases for the non-medical personnel.

## Russia

**Reimbursements/support offered by government:** The Russian President announced on 25 March 2020 a number of social measures aimed at supporting business and Russian citizens which are now being adopted. Among these measures is the increase of sick pays and the unemployment compensations, deferral of certain taxes for smaller businesses and of state social contributions for micro enterprises. There is a simplified (online) procedure for arrangement of sick leave certificates.

**Child care:** Additional child supplements for the families having children under 3 years old have been declared by the Russian President.

**Dismissals:** The Mayor of Moscow addressed the business community with a request to refrain from dismissals in the rough times.

**Other:** In response to the new work environment, it is widely discussed in mass media that the Russian labor law will be amended to allow a mix of office and remote work.

## Slovakia

**Reimbursements offered by government:** The Slovak government submitted to the parliament on 1 April 2020 two new contributions (application forms for applying for reimbursements are expected on 6 April 2020):

- Contribution of 80 % of employee's salary - employers who were ordered to close their business premises due to mandatory restrictions can apply for reimbursement of 80 % of employee's average earnings, in the maximum amount of EUR 1100 per month per employee;
- Contributions for companies with revenue shortfall - employers who were not subject to the obligation to close or restrict the business operations but your company has recorded a drop in revenues are entitled to apply for reimbursement in the amount depending on the shortfall in revenues:
  - ▷ by at least 20 % and less than 40 %: contribution of EUR 180 per employee or self-employed,
  - ▷ by at least 40 % and less than 60 %: contribution of EUR 300 per employee or self-employed,
  - ▷ by at least 60 % and less than 80 %: contribution of EUR 420 per employee or self-employed,
  - ▷ by at least 80 %: contribution of EUR 540 per employee or self-employed.

The maximum amount of the contribution per the employer (applicable to both types) will be EUR 200 000 per month and the maximum amount per employer in total will be EUR 800 000. In case of receiving the contribution, the employer cannot terminate the employment relationship with the employee by notice or by agreement due to the organizational changes in two months after the month for which the contribution is paid.

**Child care:** For parents of children in quarantine or at home due to closing of a childcare facility or school in whose care the child otherwise is, the government extended the age of such children to 11 years and prolonged the period of care from 14 days to the entire duration of quarantine or for the entire duration of closure of schools or childcare facilities. One of the parents will be entitled to care leave benefits from the first day onwards (until now, the first 10 days were paid by the employer). Moreover, application for the care leave benefits is to be done electronically through the form available on website of the Social Insurance Agency.

**Vacation:** The government is currently discussing possibility to shorten the statutory period for imposing of vacation by employer from 14 to 7 days ahead of the vacation.

**Wages reduction:** The employers whose operations are closed or restricted should pay wage compensation in the amount 80 % (until now 100 %) of the employee's average earnings unless agreed with trade unions on lower compensation (not less than 60% of employee's average earnings).

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We hope you find this helpful and feel free to contact any of our advisors listed below.

*Updated as of 02.04.2020*

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