



Employment & Pensions

/ Slovakia: Covid-19 – Employment aid project

28 April 2020

Project of Employment Aid during Extraordinary Situation or State of Emergency, or Mitigation of Consequences:

- Aid under Section 54 (1) (e) of Act No 5/2004 Coll. on Employment Services as amended:
 - ▷ employment protection including positions occupied by self-employed;
 - ▷ employment protection with regard to extraordinary situation, state of emergency or state of heightened emergency (hereinafter jointly as “extraordinary situation”);
- Project participants receive financial contributions (Section 54 (7) of Act on Employment Services);
- Extraordinary situation declared on 11 March 2020 (by resolution no. 111 of the Government of the Slovak Republic);
- Employment promotion contribution for employers, employees and self-employed approved by the Government of the Slovak Republic on 31 March 2020; modification of the conditions regarding contribution provision adopted on 14 April 2020;
- Applications for contributions can be submitted only using the online form via:
www.pomahameludom.sk;
- Eligibility period: starting 13 March 2020.

Financial aid measures adopted by the Slovak government:

- Employers with mandatorily closed businesses;
- Self-employed with mandatorily closed businesses or drop in revenues;
- Employers without mandatorily closed businesses but affected by extraordinary situation:
 - ▷ Wage compensation due to impediments at work;
 - ▷ Flat-rate contribution;
- Support to a selected group of natural persons with no income (self-employed, sole proprietorship, employees outside employment – all with no other income since 13 March 2020).

What businesses are mandatorily shut down?

All businesses that had to close their premises under a measure issued by the Public Health Office of the Slovak Republic. Measure of the Public Health Office on mandatorily closed businesses – fifth update currently effective, no. OLP/ 3461/2020, from 21 April 2020

(http://www.uvzsr.sk/docs/info/covid19/22_04_2020_otvorenie_prevadzok_rezimize_opatrenia_HH_SR.pdf)

Who is considered to be an employer?

- **legal entity** (company, civic association etc.) **having its registered office or its branch's registered office in Slovakia**, or natural person with permanent residency in Slovakia employing a natural person;
- **branch of a foreign legal entity** or of a foreign natural person with labour law status authorised to operate its business in Slovakia according to a special regulation;
- **legal entity or natural person carrying out activities according to Act on Employment Services, in particular recruitment for consideration**, temporary employment business, supported employment, provision of specialist advice, provision of vocational education and training for jobseekers, job applicants and employees in Slovakia.

Prerequisites:

- **Tax and insurance contribution obligations are fulfilled, prohibition of illegal employment not breached for two years prior to applying for contribution, no fiscal obligations towards the labour office, solvent, not in liquidation or subject to administration, eligible to receive subsidies and aid from EU funds, no record of any employees' outstanding claims.**
- **Business operation commenced no later than 1 February 2020!**

Who is considered to be a self-employed?

- **operates business as independent trader** according to Act No 455/1991 Coll. on Entrepreneurial Activities Conducted under a Trade Licence (Trade Licensing Act);
- **operates business under specific legislation** (e.g. Act No 78/1992 Coll. on Tax Consultancy and Slovak Tax Consultants Association, Act No 323/1992 Coll. on Notaries and Notarial Activities (Notarial Code), Act No 586/2003 Coll. on Legal Profession, Act No 540/2007 Coll. on Auditors, Auditing and Audit Oversight, Act No 185/2015 Coll. on Copyright, Act No 103/2014 Coll on Theatrical and Music Activities);
- **operates agricultural production** according to Act No 105/1990 Coll. on Citizens' Entrepreneurship.

Whilst at the same time:

- had commenced its business operation before 1 February 2020 and its trade license is valid (no suspension or interruption);
- receives no income from employment;
- had pension and sickness insurance until 31 March 2020 and still maintains the insurance or applies contribution exemption.

Note: Non-eligible acceptance of the financial aid is subject to criminal penalties (Section 221 – fraud, Section 225 – subsidy fraud, Section 261 – offence adversely affecting the financial interests of the European Communities).

MEASURE: Contribution for employers that have had to mandatorily shut down their businesses or reduce their business activities during the extraordinary situation under a measure issued by the Public Health Office of the Slovak Republic

Eligible: employers (legal entity, self-employed) with mandatorily shut-down businesses

Purpose: employment protection

Employees: impediments at work (Section 142 of Labour Code)

Contributions of 80 per cent of each employee's paid wage compensation due to other impediments on part of the employer (Section 142 (3) or Section 142 (4) of Labour Code)

Note: from 4 April 2020 the wage compensation in case of impediments according to amendment of Labour Code amounts to 80 per cent pursuant to Section 250b (6) of Labour Code (until 3 April 2020 the wage compensation amounted to either 100 per cent or as agreed with employees' representatives)

Maximum contribution per employee: **EUR 1,100 monthly**

- ▷ aid ceiling of EUR 800,000 per employer has been removed
- ▷ condition regarding maximum number of 200 employees has been lifted

Prerequisites:

- ▷ employer **cannot terminate employment** with the concerned employee within two months following the month for which they apply for contribution, nor conduct any other legal action which would lead to the termination of employment by notice or agreement for reasons on part of the employer (Section 63 (1) (a) and Section 63 (1) (b) of Labour Code) – i.e. winding up of business or organisational changes
- ▷ submission of employment data as of 31 March 2020

Launch: 6 April 2020

Note: The application should cover only those days on which impediments at work on part of the employer arise. No contribution will be provided for days on which the employee is at work, works from home, takes sick leave or leave, cares for a sick relative etc.

MEASURE: Contribution for self-employed with shut-down businesses or drop in revenues during the extraordinary situation

Eligible: self-employed (including e.g. notaries, auditors, artists) with mandatorily shut-down businesses that:

- ▷ have either suspended or restricted the performance or operation of their activities as self-employed, or
- ▷ have recorded drop in revenues of at least 10 per cent in March or 20 per cent in April.

Prerequisite: self-employed had pension and sickness insurance until 31 March 2020 and still maintains the insurance or applies contribution exemption until 1 July 2021

Exemption: self-employed being simultaneously in an employment relationship or having its trade license cancelled or suspended

Launch: 8 April 2020

Maximum contribution:

Drop in revenues March 2020	Contribution
≥ 10 %	90 EUR
≥ 20 %	150 EUR
≥ 30 %	210 EUR
≥ 40 %	270 EUR

Drop in revenues April, May 2020	Contribution
≥ 20 %	180 EUR
≥ 40 %	300 EUR
≥ 60 %	420 EUR
≥ 80 %	540 EUR

The revenues shortfall is calculated as compared to last year's figure from the same period (or to 2019 average); where the self-employed had not carried out its business activities in 2019, current figures are compared with those from February 2020.

MEASURE: Aid for employers affected by extraordinary situation

Eligible: employers without mandatorily shut-down businesses

Purpose: employment protection (therefore does not apply to e.g. sale proprietorship without employees) regarding employees who took up work before 1 March 2020

- ▷ does not apply to workers outside employment, shareholders, managing directors with no employment contract, volunteers
- ▷ does not apply to employees with notice period running!
- ▷ while receiving the contribution, employees cannot be transferred to another operation premises!

Prerequisite:

- ▷ employer **cannot terminate employment** with the concerned employee within two months following the month for which they apply for contribution, nor conduct any other legal action which would lead to the termination of employment by notice or agreement **for reasons on part of the employer (Section 63 (1) (a) and Section 63 (1) (b) of Labour Code) – i.e. winding up of business or organisational changes,**
- ▷ **submission of employment data as of 31 March 2020.**

Launch: 17 April 2020

Note: Each employer chooses **ONLY ONE** of the options below (3A or 3B) to apply for the **WHOLE DURATION** of contributions.

3.a: Kurzarbeit

- Employers who cannot assign any work to their employees due to impediments on part of the employer can apply for a contribution in an amount exceeding the fixed rate.
- If impediments on serious operational grounds as stipulated in a written agreement concluded with the employees' representatives under Section 142 (4) of Labour Code exist, the contribution will be provided in the amount of employees' wage compensation as agreed on with the employees' representatives (where by law the amount cannot be lower than 60 per cent of employees' average

earnings), but not more than 80 per cent of average earnings and, at the same time, in the maximum amount of EUR 880 per month.

Employees: impediments at work (Section 142 of Labour Code) as no work can be assigned to them

Contribution of max. 80 per cent of each employee's paid wage compensation

Maximum contribution per employee: EUR 880 monthly.

Note: Application for contribution 3A can only cover those days on which impediments at work on part of the employer arise. No contribution will be provided for days on which the employee is at work (including work from home), takes sick leave or leave, cares for a sick relative etc.

3.b: Drop in revenues

- Flat-rate contribution to partially compensate wage costs depending on the actual drop in revenues

Drop in revenues March 2020	Contribution
≥ 10 %	90 EUR
≥ 20 %	150 EUR
≥ 30 %	210 EUR
≥ 40 %	270 EUR

Drop in revenues April 2020 and following months	Contribution
≥ 20 %	180 EUR
≥ 40 %	300 EUR
≥ 60 %	420 EUR
≥ 80 %	540 EUR

Note: Application for contribution 3B can only cover those employees who could not work due to impediments on part of the employer, as well as employees who did work (including from home). Contribution 3B will be granted under the condition that the duration of impediment at work on part of the employee (e.g. taking care for a sick relative, sick leave) did not exceed 50 per cent of the respective employee's monthly working time nor did the employee take leave.

Support to a selected group of natural persons with no other income during the extraordinary situation

Measures adopted by the Government of the Slovak Republic:

Each natural person who has no income from business activities, non-business activities or employment since 13 March 2020 and

- is self-employed and has suspended or restricted performance or operation of its business activities,
- is self-employed and has suspended its authorisation to conduct business activities,
- is employed under an agreement outside of employment which is valid during the extraordinary situation,

is eligible for a contribution. The flat-rate contribution for March 2020 amounts to EUR 105 and for April and May 2020 to EUR 210.

Retirement pension, early retirement pension, disability pension, and military and police retirement pension are also considered to be income.

Purpose: compensation for loss of income from gainful activities

From 22 April 2020 applications can be submitted by only the following:

- ▷ self-employed who have suspended or restricted performance or operation of their business activities,
- ▷ natural person being the sole shareholder in a s.r.o. company (Ltd) and, at the same time, its managing director and not its employee (sole proprietorship)

Contribution: flat-rate contribution for March 2020 of EUR 105 and for April and May 2020 of EUR 210.

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