



## Employment & Pensions

# / Regional Updates: Selected Employment Matters

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Governments across CEE have introduced or are discussing various measures to mitigate adverse consequences of the corona virus situation on employers any employment relationships. This short overview summarises measures taken in the region with respect to employment matters. Due to the dynamic developments, we will update this overview regularly and as required.

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### Czech Republic

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

- 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 24,800 (approx. EUR 920) per month per employee;
- employees unable to work due to business operations disruption caused by mandatory quarantine affecting at least 30% of employees and 70% of employees are unable to continue the work, the remaining employees are entitled to 100% of their average earnings - the employer can request a reimbursement of 80% of such costs from the state in the maximum amount of CZK 24,800 (approx. EUR 920) per month per employee and for a maximum period of 2 months;
- 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 50% of such costs from the state in the maximum amount of CZK 12,400 (approx. EUR 410) per month per employee for a maximum period of 2 months;
- 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 50% of such costs from the state in the maximum amount of CZK 9,300 (approx. EUR 340) per month per employee for a maximum period of 2 months.

**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 two further 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); 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); 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 and until the funds allocated for this purpose are available.

**Capital plans:** The implementation of the Employees' Capital Plans (PL Pracownicze Plany Kapitałowe) in medium-sized enterprises is postponed until 1 October 2020.

## Romania

**Reimbursements offered by government:** Romanian government introduced the following reimbursements: **(i)** 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; **(ii)** the technical unemployment will be sustained from the state budget through the Workforce Agency, respectively the state will bear 75% of employees' gross monthly salary, but no more than 75% than the average national wage, which is LEI 5,429 (approximately EUR 1120). Consequently, the maximum amount covered by the state will be LEI 4,070 (approximately EUR 840).

**Child care:** Romanian government has recently 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 is expected to be confirmed by respective legal acts in due course. Among these measures is the increase of sick pays and the unemployment compensations, deferral 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:** Employers are not entitled to claim any compensation for quarantine orders from authorities. However, the government is now discussing further measures to reduce the negative impact caused by the operational restrictions due to corona virus.

**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, on 25 March 2020 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 3 days ahead of the vacation.

**Wages reduction:** Currently, it is possible to agree in writing with employees' representatives (trade unions, work's council) on wage compensation in the amount of at least 60% of employee's average earnings in case of substantive operational reasons (i.e. COVID-19). The Slovak government intends to introduce new measure which will allow employers to lower the wage compensation even without the approval of the employees' representatives.

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

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