

The first assistance to employees, employers up to 250 employees and self-employed persons in reducing the impact of coronavirus is from Monday 06.04.2020 launched.

“Big” employers are still waiting for Kurzarbeit.

On 31.03.2020, the government of the Slovak Republic approved the conditions of the project to support the maintenance of employment at the time of the declared emergency situation, which for smaller employers and sole traders¹ means the possibility to obtain contributions from the state in connection with the pandemic situation and mitigating its consequences.

The state will provide a number of contributions to help bridge the impact of the emergency. Starting from 06.04.2020, a part of these contributions can be requested online at <https://www.pomahameludom.sk/>, the second part of the contributions, which are dependent on the decrease in turnover, can also be requested on this website from 08.04.2020.

The first aid to entrepreneurs during this crisis represents two types of contributions, the first one only concerns employers who were / are obliged to suspend or limit their operational activities at the time of declaring an emergency situation, a state of emergency or a state of alarm under the Measure of the Public Health Authority of the Slovak Republic.

The second contribution concerns employers and self-employed whose turnover has fallen as a result of the declaration of an emergency situation, a state of emergency or a state of alarm.

1. Contribution for employers who were/are obliged to suspend or limit their operational activities at the time of declaration of an emergency situation, the state of emergency or the state of alarm under the Measure of the Public Health Authority of the Slovak Republic.

The allowance concerns only employers to maintain a job for employees to whom the employer cannot assign work because of an obstacle on the side of the employer (Section 142 of the Labour Code).

The allowance per employee is equal to the amount of wage compensation paid at the time of obstacles at work, at the same time not more than 80% of the average earnings of the employee paid at the time of obstacles at work and at the same time the amount of 1 100 EUR at most.

It is therefore logical that the allowance cannot be claimed for employees who at the time of the emergency situation, i.e. from 13.03.2020, was on sick leave, took care benefit, was on holidays or worked in terms of home office.

EXAMPLE: If an employee was at home between 16.03.2020 and 31.03.2020 because the employer could not assign work under Section 142 and his wage reimbursement was 600 EUR, he would

¹A self-employed person for the purpose of granting a contribution is considered to be a natural person who operates a trade, but also carries out activities under special laws, such as: tax advisors, attorneys, theaters, artists under the Copyright Act, self-employed farmers, etc.

receive a contribution of 480 EUR.

CONTRIBUTION 1 – to maintain a job for employers who were obliged to suspend or limit their operational activity and to maintain jobs

CONTRIBUTION 2 – to maintain a job for employers who were not obliged to suspend or limit their operating activity but had a fall in turnovers of at least 20% and would maintain jobs

Contribution 2 is also for self-employed persons who were obliged to suspend or limit the pursuit or operation of a self-employed activity or who were obliged to suspend or limit the pursuit or operation of a self-employed activity but who at the same time had a fall in turnovers by at least 20%.

EMPLOYER

The following are considered to be the employer:

- Legal person having its registered seat or registered seat of its organisational unit in the Slovak Republic
- Organisational unit of a foreign legal or natural person
- Legal or natural person carrying out activities under the Employment Services Act
- Sole trader
- Person operating according to special regulations
- Author, artist
- Private farm laborer.

EMPLOYEE

For the purpose of granting the allowance an employee is considered to be an employee in employment relationship.

CONTRIBUTION 1

The employer is entitled to an allowance for each employee to whom the employer cannot assign work because of an obstacle on the part of the side of the employer (Section 142 of the Labour Code). The allowance per employee is equal to the amount of wage compensation paid at the time of obstacles at work, at the same time not more than 80% of the average earnings of the employee paid at the time of obstacles at work and at the same time the amount of 1100 EUR at most.

WARNING! Contribution cannot be claimed cannot be claimed for employees who at the time of the pandemic, i.e. from 16.03.2020, was on sick leave, took care benefit, was on holidays or worked in terms of home office.

EXAMPLE: If an employee was at home between 16.03.2020 and 31.03.2020 because the employer could not assign work under Section 142 and his wage reimbursement was 600 EUR, he would receive a contribution of 480 EUR.

A precondition for granting the contribution for an employer's or self-employed person who is an employer is to pay the employee a wage compensation of 80% of his average earnings and the obligation two months after the month for which he is applying to not to terminate employment relationship or to not make any legal act that may terminate the employment relationship with the employee by notice or agreement for the reasons specified in Section 63 para. 1, par. a) and b) of the Labour Code.

The conditions to be submitted by the employer are indicated directly on the above-mentioned website and are relatively detailed, but can be replaced by a declaration on honor. Statements for

individual employees or for wage compensation is possible to enter directly through the statement (excel) on the page. The measures explicitly state that

The applicant for the contribution may be only the entity that was established and started to operate its activities by 01.02.2020 at the latest. The facts, which the applicant proves by the declaration on honor, will be subject to subsequent controls.

The refunds of an employer who has paid employees a compensation of 60% of their average earnings under collective agreements will be taken into account when paying for the relevant period according to the actual wage compensation paid, up to a maximum of 880 EUR (lowering the ceiling of 1 100 EUR by 20%).

An employer who has paid employees 100% of their average earnings under the Labour Code (until the amendment to the Special Provisions at the time of emergency situation came into effect) will receive a contribution of 80% of the employee's average earnings for the relevant period up to 1 100 EUR.

The maximum total amount for one applicant is 800 thousand EUR for the project implementation period.

CONTRIBUTION 2

The allowance is intended for employers and self-employed persons who had a fall in turnovers at the time of the declaration of an emergency situation, state of emergency or the state of alarm.

The maximum total contribution for one employer in the second group of employers or for a self-employed person who is an employer is 200,000 EUR per month.

Contribution for March 2020

The allowance per employee is equal to the amount of wage compensation paid at the time of the obstacles at work, at the same time not more than 80% of the average earnings of the employee paid at the time of the obstacles at work and at the same time the maximum:

- 90 EUR when turnover fell by 20% or more
- 150 EUR when turnover fell by 40% or more
- 210 EUR when turnover fell by 60% or more
- 270 EUR when turnover fell by 80% or more.

Contribution for April 2020

The allowance per employee is equal to the amount of wage compensation paid at the time of the obstacles at work, at the same time not more than 80% of the average earnings of the employee paid at the time of the obstacles at work and at the same time the maximum:

- 180 EUR when turnover fell by 20% or more
- 300 EUR when turnover fell by 40% or more
- 420 EUR when turnover fell by 60% or more
- 540 EUR when turnover fell by 80% or more.

The self-employed person is entitled to a flat-rate allowance to compensate the lost profit from the earning activity in the same amount as mentioned in the paragraph above.

For an entity that does not account in double entry accounting (accounts in single entry accounting or keeps a record of income, applies flat-rate expenses), this is the amount of actual income received in the account or cash register.

The refunds of an employer who has paid employees a compensation of 60% of their average earnings under collective agreements will be taken into account when paying for the relevant period according to the actual wage compensation paid, up to a maximum of 880 EUR (lowering the ceiling of 1 100 EUR by 20%).

An employer who has paid employees 100% of their average earnings under the Labour Code (until the amendment to the Special Provisions at the time of emergency situation came into effect) will receive a contribution of 80% of the employee's average earnings for the relevant period up to 1 100 EUR.

The maximum total amount for one applicant is 800 thousand EUR for the project implementation period.

Conclusion

It is evident that the above mentioned contributions are only for small entrepreneurs up to 250 employees, because the maximum amount of the contribution is relatively low and we know from our experience that the total labour costs for about 1000 employees range is from 1 up to 2 million EUR.

These employers are not affected by the aforementioned measure of the government of the Slovak Republic and are still waiting for so-called Kurzarbeit along the lines of Germany or Austria, where employees receive their wages in almost full amount.

In companies that have lost orders due to the current situation, Kurzarbeit is an excellent measure that can prevent collective redundancies. By taking on personnel costs, the state will enable employers to survive. As the situation improves, employers will be ready to resume production and services. Kurzarbeit is a fair social measure, and throughout the entire duration of Kurzarbeit, employers are committed to work at least to some extent, starting from around 20%. Employers are committed to maintain jobs and not to dismiss employees not only during the Kurzarbeit regime, but for several months after it has ended.