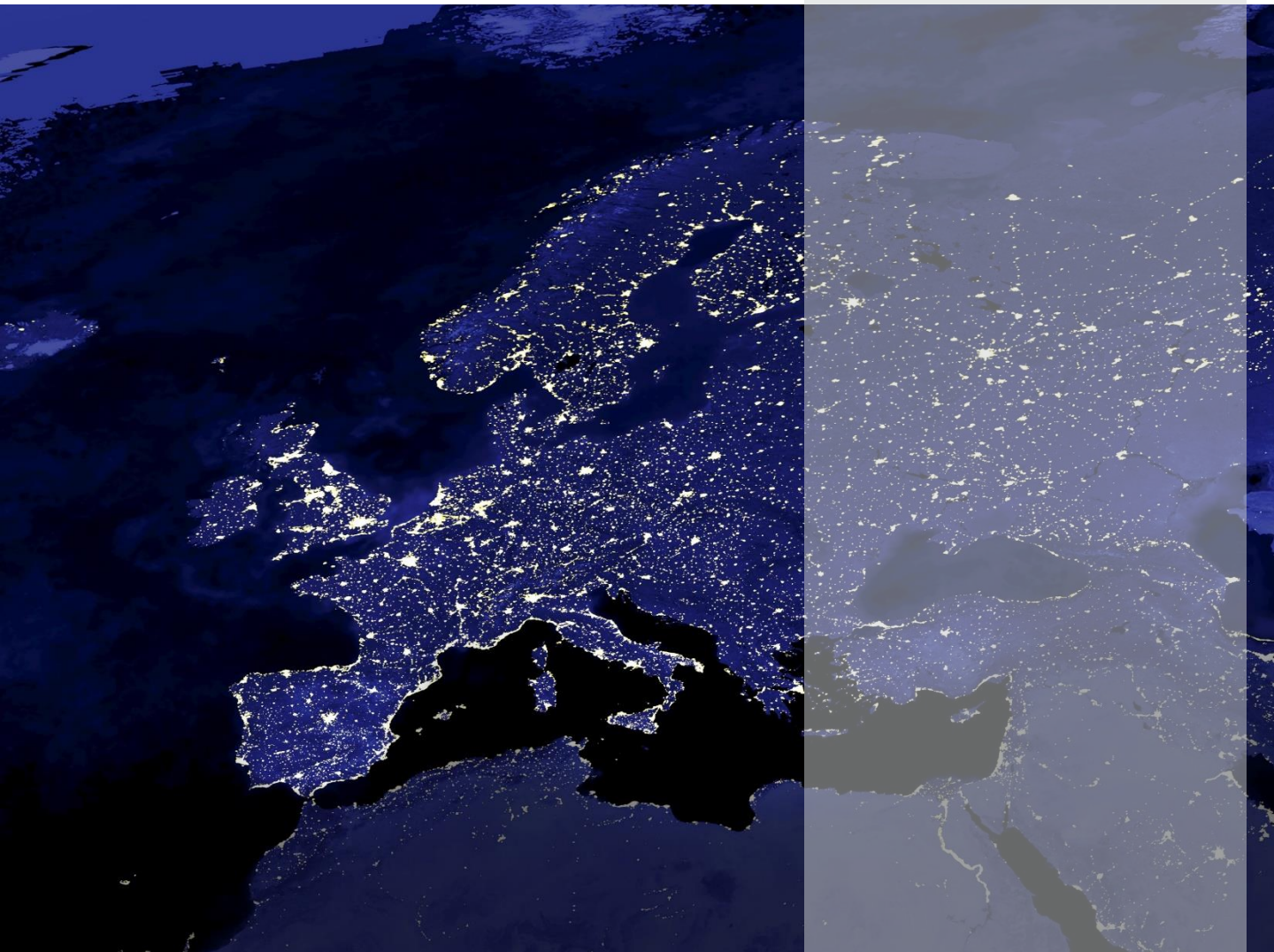


# European Guide to support Employers Covid-19 Impact



June 26, 2020

# Contents by country

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Page

<b>3</b>	<a href="#"><u>Austria</u></a>
<b>5</b>	<a href="#"><u>Bosnia and Herzegovina</u></a>
<b>8</b>	<a href="#"><u>Bulgaria</u></a>
<b>9</b>	<a href="#"><u>Croatia</u></a>
<b>11</b>	<a href="#"><u>Cyprus</u></a>
<b>13</b>	<a href="#"><u>Germany</u></a>
<b>15</b>	<a href="#"><u>Greece</u></a>
<b>18</b>	<a href="#"><u>Hungary</u></a>
<b>20</b>	<a href="#"><u>Italy</u></a>
<b>22</b>	<a href="#"><u>Luxembourg</u></a>
<b>25</b>	<a href="#"><u>North Macedonia</u></a>
<b>27</b>	<a href="#"><u>Poland</u></a>
<b>29</b>	<a href="#"><u>Portugal</u></a>
<b>31</b>	<a href="#"><u>Romania</u></a>
<b>34</b>	<a href="#"><u>Serbia</u></a>
<b>38</b>	<a href="#"><u>Slovakia</u></a>
<b>40</b>	<a href="#"><u>Slovenia</u></a>
<b>41</b>	<a href="#"><u>Spain</u></a>
<b>43</b>	<a href="#"><u>Switzerland</u></a>
<b>45</b>	<a href="#"><u>UK</u></a>
<b>47</b>	<a href="#"><u>Ukraine</u></a>

# AUSTRIA

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

Austrian companies benefit from the possibility of an extensive “Corona-Short-Work”-package. 91,500 companies have applied for this so far. Financial means for the model, which was applicable from March 1<sup>st</sup> (retroactively) have been enlarged by the Austrian Federal Government several times and have reached EUR 8.8 billion in May 2020. The jobs of 1.25 million employees, which is more than 1/3 of all workers in Austria, are touched by short-work-measures.

Employers are entitled to apply for short work, choosing a range of reduction of work, down to a minimum workload of 10% of the original working range. This reduction may be applicable for a distinct group of employees, a certain location, an entire branch or a whole company. The maximum duration of one short-work-term is 3 months with the option of prolongation for further 3 months maximum. The implementation of the model needs to be agreed upon in writing, prior to a formal application, between the employer and the workers’ council or – if that is not established – with every single employee.

During the agreed short-work-term, employees receive at least 80%, maximum 90% (for lower incomes) of their prior net-earnings. The employer only pays wages and social security contributions for the amount of work factually received. The rest of the salary and all corresponding social security contributions are also transferred to the employee and the financial authorities by the employer, but they are in consequence paid by the State.

The second term of short-work is due to be applied for and implemented from June 1<sup>st</sup>, 2020 onwards. Such a prolongation is only possible if the employer has established an electronic account which is also the precondition to receive the financial support which replaces the State’s share in the model. The model poses quite a challenge for the liquidity of companies - as state-aid is only paid after documentation of the work effectuated has been filed and screened at the end of each month - but it has been accepted widely on the market.

It remains to be seen if a further prolongation of the model, which expires at the end of August 2020 at the latest, will be provided for by law. Without such measures, a severe wave of layoffs is expected in Austria for September 2020.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

Indeed, according to the law, employers profiting from Corona-Short-Work are required to maintain the number of employees existing and included into the model at the beginning of the short-time work phase, until at least one month after the end of short-time work (it called “employment guarantee”).

This does not mean that any termination is prohibited. In case of severe breach of contract such termination may occur, as well as terminations already announced before the short-work-term began. Also, terminations by mutual consent may happen, if the employee obtains the authorities’ consent after having received legal advice. Preconditions for a unilateral termination by the employer is however that the employer must hire a substitute.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

In all those spheres, where remote working is suitable, it has been advised by the government to enable it. However, Austrian employers may not unilaterally prescribe home office or remote working - not even based on a risk of infection through personal contacts in the company's premises. The employee is only be obliged to work from home office by remote working (i) if an agreement to this effect is already included in the original employment contract, (ii) if a general transfer-clause is included in the original employment contract, or (iii) if the employee and the employer agree to work from home office/ remote working on a case-by-case basis.

General basic prerequisites and conditions of home office work are typically regulated in an agreement concluded between employers and the workers' council. Details are to be regulated in the respective individual agreements. Home office agreements usually include the specific place of remote work, the duration of the home office agreement (limited or unlimited), the daily and weekly working hours as well as specifications on the bearing of costs for private expenses such as electricity, internet or hardware.

If the employment contract already contained the employer's right to request home office work, he is entitled to request the employee's return to the company's premises at any time, as long as general rules of social distancing etc. are safeguarded. If an individual agreement of home-office has been concluded at the beginning of the crisis, its stipulation regarding the termination has to be followed.

In Austria, nearly all spheres of work have reopened by end of May 2020, with exemption of cultural premises, events of culture and sports and night clubs. Remote working was widespread in the last months. Its ongoing duration may differ depending on whether the company opts for the prolongation of its short-time-period or not.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

The answer is double-faced for Austria: At the beginning of the short-work-model, official sources contained the requirement of using up old vacations, before state promoted short-work could begin. This collided with two problematic points:

- a. On one hand, vacations acquired in times of normal economy have the value of equivalent working time. Therefore, many companies were desperate as they did not know how to face the liquidity-challenge of paying their employees full "before-corona-salary" for the time of state required vacations, before any state-aid could be filed for.
- b. On the other hand, Austrian employment law is traditionally hostile towards any unilateral disposition by the employer regarding vacation.

Problem a) was solved by abolishing the need to consume vacation as a precondition for short-work-agreements.

Problem b) was tackled by a new regulation inserted into the Civil Code's §1155. The old provision stipulated that any employee is still entitled to remuneration for such services, which did not come about, if he was prepared to perform them and was prevented from doing so by circumstances on the part of the employer.

As a reaction to the crisis, in an extraordinary move, a new section was added, which shall be in force for a limited period, namely until December 31, 2020:

- ◆ Measures based on the Covid-19-Measures-Act (Federal Law Gazette No. 12/2020), which lead to the prohibition or restriction of entry to establishments, "*shall be deemed to be circumstances within the sphere of the employer*".
- ◆ Employees whose services cannot be provided as a result of such measures shall be obliged, at the employer's request, to use up holiday and time credits during this period.
- ◆ The employer can demand the consumption of a maximum of 8 weeks of vacation, whereby days from the current vacation year may only be affected to the extent of a maximum of 2 weeks. However, the consumption of time credits can be ordered without limitation.

For the reasons mentioned above, only a few companies make use of this model because it can pose serious liquidity problems for the employer.

### [More Info](#)



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# BOSNIA AND HERZEGOVINA

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The president of Republic of Srpska approved three relevant decrees regulating these issues, among which is a *Decree with legal force on tax measures for mitigation of economic consequences caused by the Covid-19 disease caused by the SARS-CoV-2 virus*, a *Decree with legal force on establishment of the Solidarity Fund for the Reconstruction of the Republic of Srpska*, and a *Decree with legal force on establishment of the Compensation fund of the Republic of Srpska*, all with the same purpose of remediation of economic consequences and difficulties caused by coronavirus pandemic.

Main benefits in terms of salaries and Social Security contributions, including tax measures, offered by the government are as follows:

- ◆ Financing of taxes and social contributions for March 2020 salaries, out of Solidarity Fund budget, for all employees who received their March salaries from their employers which were prohibited from performing work activities or have stopped working as a result of the government health measures;
- ◆ Financing of the amount corresponding to the statutory minimum salary determined for April 2020, with accompanied tax and social contributions, to all who were on the payroll for April 2020, including entrepreneurs and employees employed by the employers who were prohibited from performing work activities or have stopped working, as well as those which temporarily ceased or reduced their operations because of economic consequences of the pandemic (loss of markets, disruption to supply chain and similar), as a result of the government health measures;
- ◆ Financing of the social contributions for May salaries to the businesses which were closed at least until May 11, 2020 by order of the competent authority. The businesses which were closed by order of the competent authority at least until May 12, 2020 are also entitled to an amount corresponding to the statutory minimum salary for each of their employees who were on the payroll for May 2020, with accompanied tax and social contributions applicable on the minimum salary;
- ◆ Extending of the tax return deadlines for income taxes payable annually;
- ◆ Extending of deadlines for payment of income taxes, as well as enabling the payment via monthly part payments for all taxpayers who experienced business difficulties caused by the pandemic;
- ◆ Reduction of minimum annual income tax for 2020 applicable to small entrepreneurs;
- ◆ Urgent payment of taxes and contributions returns intended for increase of salaries in 2019.

When it comes to Federation of Bosnia and Herzegovina, both houses of the Parliamentary of Federation of BiH adopted Law on Mitigation of Negative Economic Consequences, in order to provide help for business entities to overcome the consequences caused by the appearance of coronavirus. Most important measures proscribed by abovementioned Law are:

- ◆ Business entities are entitled to subsidization of social security contributions in the amount of BAM 244,85 monthly, per employee, starting from the calculation and payment of gross salary for April 2020 and each subsequent month, including the calculation and payment of salary for the month after the abolition of the state of emergency.

Subsidization of contributions for each employee is done in a way that for pension and disability insurance is directed BAM 135,70, for health insurance BAM 97,35 and for unemployment BAM 11,80, if in the month for which the salary is calculated, there is a decrease in turnover 20% or more in relation to the realized turnover in the same month in 2019. In order to be entitled to mentioned subsidization of social security contributions, business entities and entrepreneurs must fulfil obligations for contributions and income tax for the salaries as of February 2020. If business entities calculate and pay the amount of salary higher than the minimum gross salary in referred period, then they are obliged to calculate and pay the amount of contributions that present the difference between the amount of subsidization and total amount of contributions.

- ◆ Default interest on public revenues will not be calculated and paid for the duration of the state of emergency, as well as 60 days after the of abolition of the state of emergency.
- ◆ The obligation of business entities and entrepreneurs, entitled to subsidization, to pay income tax and tax on self-employment for 2020 in advance, is abolished.
- ◆ The calculation of default interest on late payments in debtor-creditor relations, from March 1, 2020 until the expiration of the 30 days from the date of abolition of the state of emergency, is interrupted. Also, compulsory collection in accordance with the provisions on internal payment operations and the regulations on the Tax Administration, is terminated until the abolition of the state of emergency, ie. until the expiration of 30 days from the day of the abolition of the state of emergency.
- ◆ During the period of the emergency and 60 days after the end of it, the regulations adopted at the level of the Federation Bosnia and Herzegovina, which regulate the intended use of funds, will not be applied.
- ◆ Establishment of Guarantee Fund of Federation of Bosnia and Herzegovina, on the basis of which, in the name and on behalf of the Federation, guarantees will be issued by the Development Bank of the Federation of Bosnia and Herzegovina.

To use the benefits referred above, the companies were advised by the governments not to fire their employees during the period of application of those measures. Exceptions exists only in case of workers whose fixed-term employment contracts have expired or workers who have resigned from their employer.

The companies are obliged to prove that they did not dismiss workers, by submitting monthly withholding tax returns to the Ministry of Finance - Tax Administration, which body compares the number of workers with previous monthly withholding tax return and determines whether there were layoffs or not. In case that a fixed-term employment contract has expired in the relevant period or the employee has resigned himself, the companies must support their application with relevant documentation in this regard.

The duration of aforementioned measures is conditioned by the duration of the declared state of emergency, and the pandemic in general.



As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

With regards to the obligations of the employer to enable remote working, it was mandatory for the state administrative bodies, bodies of local self-government units and other entities exercising public authority to organize work with a minimum number of necessary employees in work posts, while other employees ought to be sent home for remote work. This government measure only applied to the state administrative bodies, bodies of local self-government units and other entities exercising public authority, while for other employers enabling remote work was optional.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?



In general, as well as in case of remote working, employers are obligated to follow regulations prescribed by the Labor law and Occupational Safety Law, so the factors to consider would be carrying out risk assesment of remote working and in accordance with the performed assessment drawing up of an Risk Management Act, and also, defining of the terms of remote working in Employers Acts, or individual employment contracts.

The duration of afomentioned measures is conditioned by the duration of the declared state of emergency, and the pandemic in general.

**During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?**

During the Covid-19 pandemic the companies cannot force employees to use their vacations given that this issue was not subject to regulation by any special measure adopted in this crisis period.

On the other hand, employers who are prohibited from working due to force majeure have the right to send workers on paid leave, in which case the workers are entitled to a salary compensation in the amount of 50% of the salary that would earn if they had worked.

Regarding the unpaid leave, employers are obliged to obtain worker's consent first in order to send them on unpaid leave.

### More Info



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# BULGARIA

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

Republic of Bulgaria implemented the so called “60/40 scheme”. The said scheme covers three types of companies, affected by the Covid-19 economic crisis: **(i)** companies, which have seized work due to an order of the public authorities; **(ii)** companies, which have seized work due to an internal decision of the management; and **(iii)** companies, which have implemented part-time work shifts for their employees due to the Covid-19 crisis.

For companies, which have seized work entirely (regardless whether with an order of the public authorities or by their decision) the 60/40 scheme distributes the burden of payment of the salary and of the social insurance contribution between the state and the relevant employers – 60% of the said expenses are covered by the state and 40% are covered by the employer.

For companies, which have implemented part-time work shifts, the 60% state benefit shall be paid for the amount of the reduced working hours (e.g. in case an employee gets EUR 1,100 and the working hours are reduced from 8 to 4 hours, the employer shall still pay EUR 1,100 salary to the relevant employee, whilst the state benefit will be 60% of the salary for the reduced working hours – 60% of EUR 550).

The 60/40 benefit may be requested for a term which does not exceed three months. In addition, employers who have applied for the benefit shall keep the relevant employees for a term equal to the term for which compensations have been claimed (e.g. *in case the employer has requested benefits for 2 months, the employees shall be kept for 2 months after the term for the benefit*). Compensation shall be paid up to June 30, 2020.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

For the period for which the relevant employer receives compensation, employment contracts should not be terminated due to partial closure of an undertaking or due to reduction of staff, reduction of the volume of work, or seized business for more than 15 days.

Employers who have applied for the 60/40 benefit shall keep the relevant employees for a term equal to the term for which compensations have been claimed (e.g. *in case the employer has requested benefits for 2 months, the employees shall be kept for 2 months after the term for the benefit*).

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

As a result of the Covid-19 crisis employers are allowed unilaterally to enable remote working, to the extent that such option would correspond with the specifics of the respective position. In these cases, employees shall comply with the employer’s order. The said order shall also regulate certain aspects of the home-office (e.g. use of equipment, internet connectivity, working hours, etc.).

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

Employers are allowed to force employees to use half of their annual paid leave.

In addition, employers shall be obliged to allow to certain vulnerable groups of employees to use their paid and/or unpaid annual leave during the state of emergency and/or the during emergency epidemic situation. The said groups include pregnant women, employees with specific medical conditions, parents of children under 12 years, etc.

## [More Info](#)



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# CROATIA

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

To help employers disrupted by the coronavirus pandemic to retain their employees, the Government of Croatia has decided to provide aid for a maximum period of three months from the beginning of March.

The aid will amount to HRK 3,250 for March 2020 and HRK 4,000 for April and May 2020 per month per full-time employee or a proportional part per employee according to the number of part-time working hours, or a proportional part per employee per month for non-working hours determined by the Decision of the National Civil Protection Committee.

In addition, the Government has made changes to the tax laws allowing employers to defer payment of public levies for up to three months without being subject to penalty interest.

The aid is targeted at employers in the accommodation and food and beverage sectors, transportation and storage, manufacturing (textiles, clothing, footwear, leather, wood and furniture), employers who are unable to perform their activities in accordance with the decisions of the National Civil Protection Committee, and other employers who can demonstrate the impact of special circumstances.

Employers from eligible sectors must file the relevant documentation in which they must describe why they are seeking support for job retention and provide evidence and an affidavit. Examples of acceptable reasons include: (i) decrease in revenue; (ii) cancellation of reservations, events, congresses, seminars; (iii) cancellation of already contracted works and

orders; (iv) inability to deliver finished goods or contracted and paid raw materials, production materials, machines, tools; or (v) inability to make new orders for raw materials, production materials, tools and machines necessary for work. The employers should also state the measures they have implemented to retain jobs.

Also, Tax authority allowed tax deferral for three months for each taxpayer which business is stopped or reduced regarding Covid-19. After deferral of three months, it is possible for another deferral to be allowed for another three months and then a tax payment in up to 24-month installments.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

In return for receiving aid, the employer is obliged to:

- ◆ Maintain the number of workers employed as at the date the request for aid was filed for a period twice as long as the time the aid is used for (i.e. use of aid for one month – obligation to keep the workers for two months);
- ◆ Inform the Croatian Employment Institute immediately or within eight days at the latest if any of the employees has been dismissed, including the exact date of the termination and the reasons for it;
- ◆ Return the received aid in full, including statutory interest, or a proportional part of the received aid for justified termination of employment contracts, for each person not kept employed twice as long as the aid is used;

- ◆ The employer undertakes to submit to the Croatian Employment Institute evidence of paid salary for the previous month, no later than by the fifth day of the current month in which payment of the aid is due, except for the first payment;

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

Croatian Labor Act already provides the possibility for employers to agree to remote (home) working with their employees, following certain requirements (specific content of employment contracts, in addition to standard provisions – such as working hours, required equipment, compensation of work-related costs, etc.).

Employees working remotely are entitled to the same rights as regular employees in terms of salary, daily and weekly breaks, annual leave, etc. On the other hand, employees are required to perform all their duties with due care, to respect working hours and to take specific care of their health and safety.

In light of the Covid-19 pandemic, the Croatian Directory of Civil Defense has enacted a decision on 18 March by which, among other things, all employers are obliged to ensure work from home for their employees wherever it is possible. However, this decision has no real sanctions prescribed so no employer is really forced to organize remote working.

In addition to the above, the Croatian Ministry of Labor and Pension System (“Ministry”) published an official opinion that due to the further development of the Covid-19 outbreak employers would be allowed to unilaterally determine that employees should perform their duties at a place different than stipulated in their respective employment agreement (i.e. organize work from home). However, the Ministry emphasized that all the general obligations of employers (daily breaks and working hours, organization of work, HSE, etc.) and employees must be respected irrespective of the situation at hand.

Also, the Ministry stated that in the case of low-risk jobs (such as office and administrative work) remote work may be in force as long as extraordinary circumstances caused by the Covid-19 epidemic are in force.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

One could not really state that employers can force the employees to use their vacations, however according to local labor laws employers can render a decision to have employees use their paid leave in a certain period, but the decision has to be brought at least 15 day in advance which kind of makes it impossible to decide on having the employees use the vacation on a day to day basis.

Granting the decision on unpaid leave may occur only at the employee's request and not vice versa. Also, in case the employee requests for unpaid leave, the rights and obligations from employment or related to the employment relationship will be suspended and employers may choose to pay minimum social contributions for employees granted unpaid leave or not to pay depending on the arranged scheme of an unpaid leave.

#### More Info



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# CYPRUS

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The government has issued various support measures aimed at assisting companies as well as self – workers affected by the pandemic, with the ultimate aim of securing job positions and viability of companies and businesses. Most wages will be covered in order to secure employment positions. This support plan will rise to about EUR 330 million by June 12, 2020. It should be noted that this support will continue to be provided to targeted sections, under certain conditions, until the October 12, 2020, taking into account of course, the re-opening of the vast majority of companies and the state's capabilities to do so.

A subsidy plan for very small, small enterprises and the self-employed, aiming to cover part of the rent and operational expenses of these businesses/self-employed. The total amount of the subsidy/sponsorship exceeds EUR 100 million. This concerns around 50,000 very small, small businesses and self-employed persons that employ up to 50 employees. This one-time sponsorship will be given as follows:

Self – employed and very small businesses that were under full or partial suspension of their operations and were included in the Support Plans of the Ministry of Labour & Social Insurance within the period April 13, 2020 – May 12, 2020 and the self – employed:

- i. Up to one person: EUR 1,250
- ii. From 2-5 persons: EUR 3,000
- iii. From 6-9 persons: EUR 4,000 and
- iv. From 10-50 persons: EUR 6,000.

As regards liquidity of businesses and the self-employed, the following measures apply:

- i. Suspension of VAT payments regarding the increased contributions towards the General Health System.
- ii. Suspension of VAT payments until the November 30, 2020.
- iii. Submissions of income tax statements for companies and self-employed persons for the year 2018 has been extended until the June 30, 2020.
- iv. Extension of repayment periods for overdue of social contributions.

In summary, these new decisions provide:

1. Provision of liquidity, amounting to EUR 800 million for financing small and medium enterprises via the Cyprus' Entrepreneurship Fund. Beneficiaries of such support are small and medium sized enterprises that employ a maximum of 250 persons, per company.
2. In order to provide loans to small and medium sized enterprises, the government has decided to work with the European Investment Bank to increase the lending project by EUR 500 million. Beneficiaries are companies that have been registered and operate in Cyprus and employ up to 3,000 employees per company.
3. The Council of Ministers approved the participation of Cyprus in the Pan-European Guarantee Fund that was established for the purposes of addressing the effects of the pandemic on Member States.

Again, beneficiaries will be small and medium sized enterprises that have been affected by the pandemic. It should be noted that loans under this plan will be guaranteed by 80% by the European Fund.



It should be pointed out that all lending plans provided specific clauses for the **securing and protection of employment positions**.

#### As regards Individual taxes and labor:

- ◆ Reduced contributions to the General Healthcare System.
- ◆ Special parental - employee leave for childcare of working parents as all schools have closed. For a parent with a salary of up to EUR 2,500: for the first EUR 1,000 of the parent's salary, a 'special leave' allowance of 60% of the salary will be paid, for the subsequent EUR 1,000 of the parent's salary, a 40% allowance will be paid. In the case of single-parent families, the rate of payment of the benefit varies between 70% and 50% respectively.
- ◆ Support scheme for employees whose place of employment has either partially or wholly ceased business operations. For employed persons who meet the social insurance conditions in relation to the Unemployment Benefit according to the Social Insurance Law, the support is at 60% of the value of such units according to the aforementioned law. The maximum amount that may be paid as Special Unemployment Benefit for a 1-month period cannot exceed EUR 1,214. The support schemes for employees and employers will be provided by the government and up to the June 12, 2020.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

Yes. Employers are obliged not to let off any employees and therefore retain job positions. This applies until decided otherwise and for the duration of applicability of the measures.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

This is totally optional and at the discretion of the employer. Factors to consider would be the provision and installment of security measures on an employee's computer, access to servers and document retention. Likewise, email communications could be encrypted, or documents sent via secure programs or password protected.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

No. This is not permissible under Cyprus employment law. On the other hand, if both the employer and employee mutually agree to this, then this may be done subject to mutual acceptance.

#### More Info



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# GERMANY

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The most important support measure for companies is the introduction of short-time work and the entitlement of short-time work allowances from the Federal Employment Agency (Bundesagentur für Arbeit).

Short-time work in the employment relationship means the temporary reduction of regular working hours in a company due to a considerable loss of work. All or only some of the employees of the company may be affected by short time working. The employees affected by short time working work fewer working hours or even not at all. For the duration of short-time work, the employer only pays the remuneration for the time worked. For the work that is no longer performed because of short-time work, the Federal Employment Agency pays a short-time allowance

The short time working allowance amounts 60% of the missing monthly net wage (or 67% if the employee is a parent). According to the latest Covid-19 legislation, the short time work allowance - graduated according to the period of entitlement - is to be increased to up to 80 % and for parents to up to 87%. The increase in the short time allowance is dependent on the duration of short time work and that at least 50 percent of regular working hours being lost. As of the 4th month, 70 or 77% and as of the 7th month, 80 or 87% of the loss of earnings would be paid.

However, for employees who have a monthly salary above social security contribution assessment ceiling for pension and unemployment insurance (6,900 in West-Germany respectively EUR 6,450 in East-Germany), the short-time working allowance is calculated exclusively based on this threshold.

The background is that no unemployment insurance contributions were paid for income above the social security contribution assessment ceiling. The salary above this threshold is not considered when calculating the short time working allowance. This means that in this case, the monthly short-time work allowance actually paid is less than 60% or 67% of the original monthly net wage

The short time allowance will be paid by the Federal Employment Agency up to maximum 12 months. This period may be prolonged by legal ordinance of the German government up to 24 months.

During short time work, the employees remain in employment subject to social security contributions. For the short time working allowance, contributions to pension, health and nursing care insurance are based on a fictional salary, which usually corresponds to 80% of normal gross remuneration.

Due to the Covid-19 legislation these social security contributions are reimbursed by the Federal Employment Agency in a lump-sum form to the employer. For the period during which the employee is working and earning remuneration, he and the employer bear the social security contributions in accordance with the usual amount and distribution.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

In Germany, there are no commitments regarding employment retention or any other relevant obligations by the companies after they received the short time allowance.

There is no restriction on the employer's right to terminate employment contract during or after short time working. Dismissals, for instance for operational reasons, are not ruled out. In the event of a dismissal for operational reasons, however, there must be other reasons in addition to the reasons of short time work. The situation of the company must have changed after the introduction of short time work (e.g. further decline in orders or the drop out of main customers). For dismissal for operational reasons, the job must have been eliminated not only temporarily (as in the case of short-time work), but permanently.

The same applies to the distribution of dividends. Even if the distribution of dividends in connection with the receipt of short-time work compensation is criticized in public, there is nothing in the law that prevents distributing dividends after receiving short-time work allowances.

**As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?**

There is currently no legal obligation to enable home office in Germany. Nor are employees entitled to a home office during the Covid-19 pandemic. To reduce the contact between employees and thus to lower the infection pressure in the company, the Federal Government recommends that employers outsource jobs to the home office. The instruction to work from home requires a regulation in the employment contract or a collective legal basis. A unilateral instruction by the employer to work from home is not possible. The unilateral instruction to work from home would seriously interfere with the constitutionally protected area of the home and privacy. In the absence of such a basis, an amicable supplement to the employment contract must be made. In practice, however, little resistance on the part of the employees is to be expected in this respect.

As far as home office has been effectively introduced, it is to be noted that the regulations of the Working Hours Act, the Occupational Health and Safety Act and the Data Protection Act are observed. Regarding the introduction of home office, the works council has extensive co-determination rights which must be observed.

**During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?**

During the Covid-19 pandemic, the employer cannot easily unilaterally force the employees to use their vacation. The employer cannot unilaterally order other types of paid and unpaid leave either.

According to German vacation law, employees' vacation wishes must always be considered when determining the period of vacation, unless there are urgent operational reasons for not doing so. If it is not possible to deploy employees sensibly during the Covid-19 pandemic, there is a strong case for the employer's right to send employees on forced vacation. In such cases, however, it is always a prerequisite that no more important interests of an employee stand in the way of obtaining vacation at another time. In the case of employees with children, this may include childcare during the school holidays.

Employees cannot be forced to take their entire annual vacation. That would be disproportionate. Here, three-fifths are still considered appropriate. It should also be noted that vacation already approved cannot be revoked. For this reason, forced vacation would only be possible in respect of vacation not previously planned. It should be noted that forced vacation is not ordered overnight. A period of two weeks seems appropriate here.

Due to the legal uncertainty, employers should try to find an amicable solution with each employee and clarify which possible vacation wishes of the respective employee conflict with the granting of vacation during the Covid-19 pandemic.

Other types of paid and unpaid leave (e.g. sabbatical) can only be introduced by the employer with the employee's consent. However, it should be possible for the employer to order the reduction of overtime. Where working time accounts exist, these can also be run into the minus, provided that the requirements under collective bargaining or works constitution law are met.

#### [More Info](#)



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# GREECE

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

In view of the increase regarding the reported cases of the coronavirus disease in Greece, the Greek government has announced measures in order to support employers in dealing with issues that may arise during this crucial period. The most important benefits that were being offered to companies in terms of **salaries and social security contributions** for companies to retain their workers during the Covid-19 are mentioned below:

## **The new legislative bill “SYN-ERGASIA”.**

For the period from June 15, 2020 to October 15, 2020 a new mechanism for strengthening employment is established called “SYN-ERGASIA”. Businesses-Employers that will be included in the “SYN-ERGASIA” mechanism may reduce for one or more months the weekly working time by up to 50% for part or all of their full-time employees. The State undertakes to offer to employees of the above-mentioned employers a financial support of short-term work at a rate of 60% on the net salary of employees corresponding to the time during which they don't work as well as proportion holiday allowance and Christmas benefit 2020.

The insurance contributions, which correspond to the financial aid are excluded from the coverage of the mechanism.

Employers who are included in of the “SYN-ERGASIA” mechanism are prohibited from making any dismissals of the employees and to maintain their wages during this period.

## **Suspension of employment contracts by employers on lockdown by State order and right of suspension of employment contracts for all or part of employees if employer has been classified as “severely affected” by the crisis.**

The lockdown imposed by the authorities constitutes an event of force majeure and releases employees from the obligation to provide services and their employers from the obligation to pay salary. During the lockdown period the employment contracts are suspended.

Employers belonging to the specific impacted categories announced by the Ministry of Finance as seriously affected by the coronavirus crisis, may proceed with the suspension of the employment contracts of all or part of their employees for an uninterrupted period of 45 consecutive days. Such option could be exercised one-off or progressively between March 21, 2020 and April 20, 2020, i.e. for one month at most from the issue of the Act, while such period of suspension may be further extended by a Ministerial Decree to be issued. These employees may extend the suspension of the 60% of said employees for a maximum of 30 days and in any event not beyond May 31, 2020. If the percentage above is exceeded, employers are liable for paying themselves the remuneration to the employees exceeding such percentage.

Employers, who suspend part of their employees may in parallel make use of the other support mechanisms for the rest of their personnel, i.e. operation under “safe operation staff” and intragroup transfer of employees.

## **Safe operation staff - Intragroup transfer of employees.**

The employers classified by the Ministry of Finance as “severely affected” by the coronavirus crisis may impose a system of work based on a “safe operation staff”. The employer may reduce monthly working hours and salary for at least 50% of total staff. Each employee may work for a minimum of 2 weeks per month, either continuously or in parts. The above organization of work takes place on a weekly basis. This measure will remain in force during the crisis and for a maximum of 6 months.

The new legislative bill “SYN-ERGASIA” that is expected to be passed today repeals the measure of safe operation staff.

Employers who are severely affected by the crisis or have been on a temporary lockdown by order of the authorities may provisionally transfer personnel to other companies of the same group.

### **Special state benefit.**

Employees whose employment contracts have been suspended either following a lockdown by order of the authorities or a decision of their employer are entitled to Special state benefit of EUR 800. Such benefit covered a suspension period of 45 days during which the employees were entitled to full social security coverage by the State to. The same state benefit was due also to employees who have terminated or resigned during the period from March 1, 2020 to March 20, 2020. During the extension of the suspension of their employment contracts, employees will be entitled to a special benefit of EUR 534, prorated to the period of the extension.

### **Special provisions on Easter allowance.**

Employers on lockdown by order of the authorities or belonging to specific categories, as defined by the Ministry of Finance, who have been severely impacted by the crisis, are entitled to pay the Easter bonus at a later date than its due date, i.e. Holy Wednesday, and in any event latest on June 30, 2020.

Given that the lawful reference period for the calculation of the Easter allowance runs from January 1, 2020 until April 30, 2020 each year, the employer shall pay the portion of the allowance corresponding to the period from January 1, 2020 until the day of suspension (if any), while the portion of the allowance corresponding to the remaining part of the reference period shall be paid by the State.

**Extension of the deadlines for employers to pay social security contributions, or to pay the contributions in instalments of arrangements/settlement schemes -discount of duly payment of social security contributions.**

- ◆ Payment of February and March social security contributions is extended until September 30, 2020 and October 31, 2020, respectively. Measure has been expanded to April social security contributions for which the payment deadline is extended until November 30, 2020.

A 3-month extension is also provided for the payment of instalments of active settlement schemes due by March 31, 2020 and for subsequent monthly instalments. This measure concerns the affected enterprises included in the list of eligible KAD of March.

During the suspension period, no interest and surcharges shall apply on social security contributions due.

The extension applies on condition that the existing number of employees is retained until completion of the measure; otherwise interest and surcharges shall apply as of the initial assessment date.

- ◆ A 25% discount is provided in case that suspension period is not utilized, and February and March social security contributions are timely paid. Measure shall apply to certain categories of freelancers, self-employees' persons and individual business owners.
- ◆ An extension to the filing of the social security contributions return (APD) of March is provided until May 15, 2020.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

There is a **prohibition of dismissals during the lockdown period or suspension period**. If effected such dismissals are invalid.

Starting from March 18, 2020, employers whose businesses have been temporarily locked down by order of the authorities are prohibited from making any dismissals during the lockdown period or employers during the suspension period employees.

Moreover, employers who proceed with the suspension are required to maintain the same employees and under the same terms of employment as of March 21, 2020 and for a period equal to the suspension period, amounting to 45 days after the suspension implemented. Such prohibition does not entail employees who resign, retire or whose fixed-term contracts expire.



# B E N E F I T S

Employers who make use of the right of extension of suspension are prohibited from making any dismissals until May 31, 2020 and must maintain the same number of employees under the same type of employment contract for a period of 45 days following the expiry of the extension.

During the measure of “safe operation staff” and intragroup transfer of employees no dismissals are allowed and the same employees under the same terms of employment must be maintained, as above mentioned.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

Employers may unilaterally impose a system of remote working until May 31, 2020 (as extended).

Employees who remote working are excluded from the above suspension mechanism as they continue to provide their services to the employer. By way of exception, employers may agree with part (not in excess of 10%) of their suspended employees to provide telework in order to cover temporary needs of the business.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

In the terms of the Labor Legislation, the general rule is that the period of vacations should be decided by an agreement between the employer and the employee.

All unpaid leaves agreed between employers and employees are revoked as from March 28, 2020 and the respective employment contracts are placed on suspension.

Following the temporary suspension of the operation of educational institutions in Greece, a **special purpose paid leave** has been established. Employees with children, as defined in the relative leg act, are entitled to a minimum of 3 days of said leave on condition that they use 1 day of their annual leave for every 3 days of the special leave. Such leave entitlement will remain in force for the duration of the suspension of the respective educational institutions. The Greek State will subsidize part (1/3) of the employees’ remuneration during such special leave through reimbursement of the relevant cost to employers.

## [More Info](#)



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# HUNGARY

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

**Subsidies:** Hungarian companies benefit from the possibility of a “Short-Work”-package and the support scheme applicable to R&D jobs. Both of these subsidies can only be claimed under the time period of the State of Danger and a month following and for 3 months’ term only. The short work support is capped at HUF 75.000 (approx. EUR 215) per month; the employer and the employee need to apply jointly, and it is the employee who will be its recipient. The R&D support this is capped at HUF 318,920 (approx. EUR 915) per month and may be claimed and received by the employer for maximum 3 months. These two subsidies cannot be claimed together, only one of them.

**Health Service contributions:** Workers on unpaid leave as a result of Covid-19 are entitled to health services during the period of the State of Danger. From May 1, 2020 employers must determine, declare and pay health service contributions on behalf of employees who are on unpaid leave during the period and as a result of the State of Danger.

**Cafeteria Benefits:** Until December 31, 2020, no social contribution tax liability will be charged on the amount of fringe benefits transferred to the so-called Széchenyi Pihenő (“SZÉP”) Card account (i.e. the tax burden will be reduced from the current 32.5% to 15%). In addition, the amount limits (up to they are qualified as fringe benefits) are changed as follows:

- ◆ the amount, transferred to the accommodation sub-account up to HUF 400,000 per year,
- ◆ the amount, transferred to the hospitality sub-account up to HUF 265,000 per year,
- ◆ the amount, transferred to the leisure sub-account up to HUF 135,000 per year.

**Tax exemption:** There are some temporary advantages for special industries/sectors - whereby the tourist/entertainment/catering sectors were/are exempted for March, April, May and June, 2020 from all of the employment related taxes payable by the employer (i.e. the ones above the gross wage), while on the employee’s side (i.e. the difference between the gross and the net) only the health insurance contribution in kind is payable (and even that is capped at HUF 7,710 / employee / month).

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

Yes. Employers profiting from Short-Work or R&D support are obliged to maintain the number of employees existing and included into the scheme, until one month after the end of short-time work or the R&D support. This does not mean any termination is prohibited as in case of severe breach of contract such termination may still occur.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

There is no such obligation for employers. However, during the State of Danger and 30 days following the Hungarian employers can unilaterally prescribe home office or remote working. After this period lapses, such a change needs amendment to the employment contract. If the employment contract already contained the employer’s right to request home office – work, he/she is entitled to request the employee’s return to the company’s premises at any time.



During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

Yes. Under Hungarian Labor Code, employers are authorized to allocate the vacations of the employees as they seem appropriate, except 7 vacation days which must be given at the time as the employee asked for it. This is independent from the Covid-19 situation.

### More Info



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# ITALY

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The main benefit offered to companies in terms of salaries and social security contributions in order to retain their workers during the Covid-19, consisted of those employers who, due to the virus epidemic, cannot provide work for their workers or have to reduce the working hours are entitled to access to the Ordinary Supplementary Earnings Fund (CIGO/FIS/CIGD/FSBA - the difference is determined by the contributive sector the company is in) or to the ordinary cheque with causal Covid-19, to be used after the exhaustion of the first nine weeks as per Legislative Decree no. 18/2020, and it shall be increased by a further five weeks.

Furthermore, for the period from September 1, 2020 to October 31, 2020 is then foreseen an increase of a further 4 weeks

This last supplement or cheque can be used even before September 1, 2020 in the sectors of tourism, fairs and congresses, amusement parks, live shows and cinemas, but after the exhaustion of the previous periods of CIGO and cheque. For the granting of CIGO, the relevant procedures are accelerated and simplified,

In similar terms, as far as duration is concerned, is dictated for companies that are already in extraordinary redundancy fund (CIGS) and that intend to benefit, in substitution, from the ordinary salary integration treatment with causal Covid-19.

In order to speed up the disbursement, INPS (National Institute of Social Security), to which applications for the second and third tranches of CIGO and Covid-19 redundancy funds are sent, advances 40% of the integration due within fifteen days of receipt.

This amount will be paid when the employers send the documentation relating to the hours of suspension carried out.

**What is CIGO? CIGO stands for “Cassa Integrazione guadagni ordinaria”**

The sums recognized for this purpose are contained within the limits of the INPS monthly ceilings disclosed with INPS circular no. 20 of February 10, 2020.

The monthly ceilings set out in article 3, paragraph 5, of the D.I. n. 148/2015, updated for the year 2020, are indicated gross and net of the reduction provided for in art. 26 of law 28/02/1986 n. 41, which currently stands at 5.84%.

Wage Supplementation Treatments are the following:

- ◆ If gross monthly salary is less than or equal to EUR 2,159.48: the gross amount recognized amounts to EUR 998.18.
- ◆ And, if greater than EUR 2,159.58: the gross amount recognized is EUR 1,199.72.

**What is FIS? FIS stands for “Fondo di Integrazione Salariale”.**

The sums recognized for this purpose are contained within the limits of the INPS monthly ceilings disclosed with INPS circular no. 20 of February 10, 2020.

The monthly ceilings set out in article 10, paragraph 2, of the D.I. n. 83486/2014, for the ordinary check, updated for the year 2020, as well as the monthly reference wages for the application of the same depends on the gross monthly salary. Particularly:



- ◆ If gross monthly salary is less than EUR 2,184.24, it is recognized an amount of EUR 1,186.29.
- ◆ If the gross monthly salary is between EUR 2,184.24 and EUR 3,452.74: the amount recognized is EUR 1,367.35.
- ◆ And above EUR 3,452.74, the amount recognized is EUR 1,727.41.

**What is CIGD? CIGD stands for Cassa integrazione in deroga (Supplementary redundancy fund).**

The main difference between those and the above stands only in the matter is that the authorization goes through the Regions and not directly through INPS (Italian social security authority).

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

Entitled to aid, mentioned in answer No. 1, are all employers, whose activities decrease or is suspended due to epidemic diffusion of virus.

CIGO, CIGS and Cassa integrazione in deroga (Supplementary redundancy fund) guarantee employees of any employer, regardless of the number of employees, a supplement to their earned income in the event of a decrease in productive activity or suspension caused by the epidemic.

Is also provided the ban on the initiation and suspension of collective redundancy-mobility procedures and the ban on dismissal based on objective grounds as well as the suspension of the relevant procedures shall be extended for up to five months from March 17, 2020.

For dismissals of the latter type that occurred between the February 23, 2020 (first day of epidemic) and March 17, 2020 the possibility for the employer to revoke them, at the same time using the CIGO Covid-19, without further charges.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

The right to remote working during the Covid-19 has evolved as a consequence of the different measures issued by the Government since March 1, 2020. The relevant aspect consist of the faculty of the employer to decide whenever applies it or not.

With the Prime Ministerial Decree of April 26, 2020, remote working was only recommended for those activities that can be carried out under this mode.

Pursuant to the Law Decree of March 17, 2020, no. 18, converted into law no. 27 of April 24, 2020, until the end of the state of emergency, employees who are disabled or who have a person with a disability in their family are entitled to remote working.

Furthermore, for accepting requests to carry out remote working, priority is given to private sector workers with reduced working capacity..

Pursuant to the Law Decree of May 19, 2020 n. 34, parents employed in the private sector, with at least one dependent child under 14 years of age, the right to remote working. However it is necessary a condition specifying that the remote working is compatible with the characteristics of the service and that in the family there is no other beneficiary parent income support tools, in cases of suspension or cessation of work or if there is no non-working parent.

In all the cases above, the duration of the remote working are related to the duration of the pandemic situation, being the maximum date in Italy right now July 31, 2020.

The main factors to determine the application of remote working are the following: if it is suitable with the needs of the company, and if the employees have the devices and capabilities to work under this modality.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

In Italy, the employer can force employees to use their "old" annual leave for the year 2019 and the proportional part of the annual leave for 2020. The workers who use these vacations, are paid the 100% of their salary.

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# LUXEMBOURG

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

## Short time Work

Faced with the repercussions of the Coronavirus health crisis on companies, Luxembourg Government has set up, "force majeure/coronavirus" short-time working schemes with an accelerated procedure for all companies that have had to completely or partially cease their activities as long as the causes invoked are directly linked to the Coronavirus.

In this context, the short-time working scheme may be applied to employees who are not covered by a certificate of incapacity for work due to illness and who can no longer be employed or who can be employed but not on a full-time basis when the employer can no longer ensure the normal operation of its activity /business.

Two short-time working schemes have been made available to companies since from March 16, 2020:

i. For companies that have had or still have to completely or partially cease their activities following a government decision (such as the ministerial decree of March 16, 2020) including cultural, social, festive, sporting and recreational activities as well as establishments belonging to the HORECA sector and the building sector: these companies being immediately eligible for such a measure. Requests from these employers are to be addressed, on a monthly basis, directly to the ADEM and are to be automatically accepted.

ii. For the other companies which were not concerned by a government decision and could exercise their activities but nevertheless suffered the negative impact of the Coronavirus on their business operations: monthly requests were to be addressed to and be accepted by the *Comité de Conjoncture*.

However, since June 1, 2020, companies which were initially affected by the above mentioned government decision and which are now authorized to carry out their activities, in particular in the context of the progressive *deconfinement* plan implemented by the government, are no longer automatically eligible for the short-time working measure under scheme 1 but they have to obtain the agreement of the *Comité de Conjoncture* according to scheme 2.

When the short-time work is approved, employees shall be entitled to receive for the hours not worked, a compensation indemnity corresponding to 80% of their normal salary, with a maximum of 2.5 times of the minimum social salary applicable for a non-qualified employee (EUR 5,354.975 at the 834.76 index applicable as from January 1, 2020). Short-time work is limited to 1,022 hours per year and per employee.

Employers remains liable for social security charges, other contributions and wages relating to the hours actually worked by the concerned employees.

Short-time working in the event of force majeure in relation with the Coronavirus crisis (COVID-19) is possible in the period from March 18, 2020 to June 30, 2020, however, applications for short time working for the months of May and June may be submitted until June 15, 2020.

With the end of the state of emergency, on June 24, 2020, the emergency procedures put in place to help companies by means of partial unemployment due to force majeure will expire. However, it was agreed at this meeting that companies affected by the health crisis must continue to be supported through partial unemployment, while preserving as many jobs as possible. In such a context and as from the July 1, 2020, companies which will still economically affected due to the Covid-19 crisis should apply for “structural short-time working” by requests to be addressed to the *Comité de Conjoncture* together with a recovery plan or even an employment maintenance plan.

### Social Security Contributions

The CCSS (*Centre Commun de la Sécurité Sociale*) and the Minister of Social Security have initiated a series of measures to support companies and self-employed professionals facing a financially precarious situation.

The following measures applicable since April 1, 2020 aim to support employers to better organize their cash flow during the crisis:

- ◆ Suspension of the calculation of default interests for late payments;
- ◆ Suspension of the initiation of proceedings for the forced collection of contributions;
- ◆ Suspension of the enforcement of constraints by bailiff;
- ◆ Suspension of fines to be pronounced against employers who are late in making declarations to the CCSS.

All social security contributions remain due, but any employer can nevertheless benefit from some flexibility when it comes to the management of payment of their social security contributions, without having to fear administrative sanctions.

These measures will continue until the CCSS considers that they are no longer necessary.

Indeed, according to the Final Disposition num. 1 of the Royal Decree-Law 18/2020 and the Additional Disposition num. 6 of the Royal Decree-Law 8/2020, the exemption of the Social Security contributions described in the paragraph above are conditioned upon the retention by the company of the employees affected by the temporary layoff due to force majeure for, at least, the six following months upon reactivation of the company's activity (the so called “employment guarantee”).

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

Companies for which short-time work has been agreed must comply with the following commitments:

- ◆ the employers must have exhausted all possibilities of maintaining a normal level of employment by its own means : fixed-term contracts or interim relationships that are coming to an end should not be renewed and no new contracts of this type should be concluded and the concerned employees must have taken all the days of leave earned in 2019 (and previous years if any);
- ◆ prohibition of dismissal for economic reasons of the concerned employees throughout the period of application of short time working.

No “employment guarantee period” is provided for beyond the period of application of short time working and employers are then allowed to proceed with economic dismissals as soon as such period come to an end.

In addition, during such a period, employers are still allowed to proceed with termination of employment contracts due to personal reasons (professional misconduct, lack of efficiency or seriousness etc.).

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

Since the beginning of the health crisis, the Luxembourg Government has strongly encouraged without imposed the employers to organize remote working to their employees, whenever it was possible.

However, on the basis of the employer's statutory obligation to ensure the health and safety of its employees in all work-related aspects (Article L. 312-1 of the Luxembourg Labor Code), the employer could impose the teleworking.

To be able to introduce this new form of working in a company, it is necessary to conclude either an amendment to the employment contract or another type of bilateral agreement allowing teleworking for reasons duly justified by taking precautionary measures in the context of curbing the spread of Covid-19.



The employer must, moreover, ensure that the employees have all the necessary equipment to carry out their work at home (laptop, telephone, VPN etc.) and provide them with such equipment if this is not the case. He will have to ensure that the system set up for remote working purposes is compliant and, if necessary, take out insurance covering any damage that may be caused to this equipment.

In addition, the employer will have to bear the costs related to the performance of the employees' remote working duties.

Finally, as a result of the health situation due to the Covid-19 crisis and the measures taken to limit the spread of the virus, many French, German and Belgium cross-border workers have been required to telework.

In this context, and even if:

- ◆ since the entry into force of the new Franco-Luxembourg tax treaty, signed in 2018, French cross-border workers can, in principle, remote on working from France for up to 29 days for the benefit of their Luxembourg employer without the remuneration being taxed in France;
- ◆ the Final Protocol to the Belgian-Luxembourg Convention provides for a rule of tolerance allowing a cross-border worker to exercise his activity for a maximum of 24 days outside his State of habitual activity while remaining taxable in that State.
- ◆ the agreement between Germany and Luxembourg of May 26, 2011 provides for a rule of tolerance allowing a cross-border worker to exercise his activity for a maximum of 19 days outside his State of habitual activity while remaining taxable in that State.

The restrictions on the number of remote working days tolerated in Belgium, Germany and France as a result of tax treaties have been suspended during this crisis period until further notice.

**During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?**

According to the provisions of the Luxembourg Labor Code, employees may decide when to take their leave provided it does not conflict with business needs of the employer and/or with the employee's duties or the justified request for holidays of other employees.

During the Covid-19 pandemic, the employer cannot unilaterally force the employees to use their vacation but only encourage/incite them to take leave within the framework of its internal organisation even if the final approval if the employee is always required.



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# NORTH MACEDONIA

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The Government on April 6, 2020, in Official Gazette no. 92/20 adopted a Decree with a force of law for subsidizing payment of contributions from mandatory social insurance in the amount of 50% of the calculated compulsory social contributions by the payer, but up to 50% of the contributions for mandatory social insurance calculated on the average gross salary per worker in the Republic of North Macedonia, according to the data from the State Statistical Office, published for January 2020.

In addition, the Government adopted a Decree with a force of law for financial support of the employers from the private sector which are affected of the health-economic crisis, caused by the COVID-19 virus, for payment of the salaries for April and May 2020. Subject of financial support is the payment of salaries for the workers at the employer – applicant for the months of April and May 2020, in the amount of up to MKD 14,500.00 monthly per worker, according to the working hours on which the worker is registered, reduced for the working hours for which the worker earns a salary that does not fall on the burden of the employer.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

The employer that wants to apply for subsidizing payment of construction should meet a set of conditions, like:

- ◆ reduction of the total revenues in the months of April, May and June 2020 to be more than 30% compared to the average total monthly income realized in 2019,
- ◆ the total number of employees should not be reduced until August 2020 for more than:
  - 15 % if the employer had up to 50 employees in the month for which he used the subsidy
  - 10% if the employer had 51 to 250 employees in the month for which he used the subsidy
  - 5% if the employer had over 250 employees in the month for which he used the subsidy

except in case of retirement, death, termination of the employment contract by the employee, termination of the employment contract by the employer due to breach of the working order and discipline and the working conditions, agreement for termination of the employment, termination based on judicial decision and termination because of confirmed permanent disability for conducting the work obligations

- ◆ dividends should not be paid to the owners or other type of annual reward to the employees and to the management and supervisory bodies from the day of entrance into force of the Decree until the day of payment of the salary for month June 2020.

If the employer wants to apply for financial support for payment of the salaries, beside the aforementioned conditions, it should fulfill:

- ◆ a maximum of 10% of the total number of employees at the employer - applicant for financial support to have an individual monthly net salary over MKD 120,000, for the month for which the company requires financial support.

The employer-applicant for financial support cannot use financial support, if:

- ◆ The employee for which the financial support is requested, in the period December 2019, January 2020 and February 2020 had a monthly net salary higher than MKD 39,900.00 for each month, proportionally to the working hours.
- ◆ Uses subsidies in accordance with the Decree with a force of law for subsidizing payment of contributions from mandatory social insurance.
- ◆ Uses exemption from paying tax on personal income and contributions from the obligatory social insurance, in accordance with the Law on Employment and Insurance in case of unemployment.

For the duration of the financial support and two months after its termination (until July 2020), the employer is obliged to keep the same number of employees that he had in the month for which the financial support was given, reduced by the number of employees whose employment is terminated due to retirement or death.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

On March 14, 2020, the Government issued a recommendation to all employers, i.e. to every managerial person in the institutions, depending on the type of work and opportunities, to organize the work and the way of work of the employees through work from home, without disturbing the regular and the normal functioning of the institution. In conclusion, there is no exact obligation imposed to the employers, but a recommendation if there is a possibility to organize the work process that way, so consequently, there are no prescribed specific factors which need to be considered.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

According to the Decree with a force of law for the implementation of the Law on Labor Relation during the state of emergency (*Official Gazette of Republic of North Macedonia no. 90/20*), the workers who render services in the private sector and who are affected by the temporary measures for protection and prevention of Covid-19, have to use the unused part of the annual leave of the calendar year 2019 until May 31, 2020 at latest, according to the needs of the working process and the employer's approval.

Furthermore, the workers mentioned in the previous paragraph, have to use part of their annual leave of the calendar year of 2020, in the duration of two uninterrupted working weeks, until June 30, 2020, according to the needs of the working process and the employer's approval

Regarding the workers which are absent from work due to pregnancy, childbirth, parenting and adoption, their paid leave will continue and their salary contributions will be paid until the expiration of the temporary measures for protection against the spread and prevention of Covid-19.

#### [More Info](#)



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# POLAND

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The Polish authorities have implemented an emergency law (to counteract negative effects of the coronavirus epidemic, known as the “Anti-Crisis Law”). It establishes some issues which are crucial from the point of view of employers.

Firstly, the law provides for government limited wage subsidies (from the Guaranteed Employee Benefit Fund - GEBF) to all companies subject to economic lockdown or reduced working time, financially affected by Covid-19. The wage subsidy also includes social security contributions.

- ◆ in case of the economic lockdown, the employer may reduce the wages payable to personnel by maximum 50%. In this case, the wage subsidy may amount to max. 50% of the minimum salary (PLN gross 1,300), despite being ready to work.
- ◆ the employer may reduce the working time by maximum 20% (to no more than 0.5 FTE) if the turnover decreases. The reduced wage amount must not be lower than the minimum gross salary. The wage subsidy may amount to maximum half the employee’s remuneration but must not exceed 40% of the average remuneration for work in the preceding quarter, announced by the President of the Central Office of Statistics (maximum PLN gross 2,079.43).

The two options are available for companies impacted by a drop in economic turnover. To apply the economic lockdown or reduce the working time, the employer must conclude an agreement with workers’ representatives and apply for the wage subsidy from the Guaranteed Employee Benefit Fund for 1-3 months from submission of the application.

Secondly, a micro, small or medium-sized enterprise whose turnover has decreased may also apply for a subsidy to some of the costs of its employees’ wages and social security contributions to the District Labour Office.

The subsidy will be granted if the turnover goes down by at least 30%. Its amount will not exceed the amount computed as the product of the number of employees covered by the application for the subsidy and 50% of the minimum wage. The maximum period of subsidizing is 6 months for micro- and small enterprises and 3 months for medium-sized ones.

Thirdly, the support from the Polish Development Fund (PFR ) afforded to micro-, small-, and medium-sized enterprises consists of loans which are partially non-repayable and intended to compensate for some of losses sustained as a consequence of the Covid-19 epidemic (Financial Shield). Up to 75% of the loan needs not be returned provided that the business activity is continued for the subsequent 12 months from the date of award the financial subvention (25% cancelled) and the average employment level is maintained (up to 50% cancelled).

Fourthly, starting from June, 23, 2020, a new edition of the Anti-Crisis Law provides for the possibility to apply for government limited-wage subsidies from GEBF for those companies which record a decrease in economic turnover but have not decided to apply the economic lockdown or reduced working time. This solution offers the possibility for the employer to apply for a wage subsidy up to half of the employees’ wages, but no more than 40 % of the average remuneration for work in the preceding quarter, as announced by the President of the Central Office of Statistics (as at June 24, 2020 it is PLN 2,132.59 gross). The wage subsidy from the Guaranteed Employee Benefit Funds is available for the period of maximum 3 months from submission of the application.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

If a company benefits from the wage subsidy from the Guaranteed Employee Benefit Fund – GEBF or a subsidy to wages and social security contributions from District Labour Offices, it is obligated to maintain the same number of employees for the period during which it receives the support, as otherwise it will be required to repay the subsidies.

Moreover, subsidised companies are obliged to keep transparent documentation to demonstrate allocation of the funds and to inform the GEBF or the District Labour Office about termination of the employment relationship or events such as e.g. parental or medical leave.

Companies which benefit from the PFR (Polish Development Fund) loan which can be partially cancelled are obligated to allocate the funds exclusively for the purposes indicated in the programme, including the costs of their business activities, such as salaries, costs of purchase of goods and materials, costs of external and current services, costs of external financing, rental and public-law debts, which can be inspected by the PFR. Up to 75% of the loan can be cancelled but only on condition of continuation of the business activity for 12 months and maintaining the same level of employment.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

Under the Anti-Crisis Law employers can choose any employee to do remote working. The employee's consent is not required. According to the Polish regulations, remote work may be ordered only if the employee has skills and technical possibilities as well as premises required to provide work in this way, and this form of work is adequate to the type of the employee's job. The means and materials required to perform remote work, such as a PC, software, materials and logistic support required to do the job, as well as logistic services are provided by the employer. The means which are not provided by the employer may only be used if they ensure protection and safeguarding of confidential information, personal data and other legally protected secrets. If the employer so requests, a record of the activities performed must be kept (by the employee). The employer may, at any time, withdraw the order to provide work remotely.

If remote work is used, it must be appropriately organized, and adequate protection/security of confidential information which constitutes a business secret must be ensured. Apart from the technical measures which are required to protect hardware and systems needed to perform remote work, it is also important to establish clear rules for performance of activities outside the office/registered place of business of the entrepreneur.

The order to provide work remotely is of temporary nature, even though the regulations do not provide for the minimum or maximum duration. Therefore, the law offers the employer the possibility to withdraw from the order at any time.

Some important guidelines for employers are set out in a communication issued by the State Labor Inspection on March 13, 2020 ("Communication"). The Communication indicates that remote work can be done not only from the employee's home. The employer may indicate another place of work. The Communication emphasizes that if an employee refuses to provide remote work with no justification, the employer may impose a disciplinary sanction upon him or her.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

The anti-crisis law offers an opportunity for employers to force workers to use up to 30 days of paid vacation which has not been taken in previous calendar years. Furthermore, employers, by way of a decision, are entitled to indicate the duration of the vacation, with no requirement to obtain the employee's consent and the holiday plan.

### More Info



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# PORTUGAL

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The main benefits offered to companies so they can maintain job positions and minimize corporate crisis situations are the possibility to use to the regime of simplified layoff (so called "lay-off simplificado").

In order to receive the support provided by this regimen, a company must be found in a corporate crisis situation.

There are three alternative situations which are considered as a business crisis situation:

- i. When companies or establishments/business units whose total or partial closure was order by the Government or health authorities;
- ii. When there is a total breakdown of the company/undertaking activity caused by:
  - ◆ The interruption of global supply chains;
  - ◆ The cancellation or suspension of orders.
- iii. When there is an abrupt and sharp drop of 40% of the company's turnover, during the previous thirty days of the request, with reference to the average of the two months prior to that period, or to the same period of the previous year. In the case of the companies which initiated their activity in the last 12 months, the average turnover should be considered.

Under this measure, the employer has two options:

- a. He can suspend the employment contracts;
- b. He can reduce the employees working hours according with the general layoff regime.

The initial duration of the simplified lay-off is 1 month maximum, but it can be extended monthly, up to a maximum of 3 months. Although this measure is in force until June 30, 2020, the Portuguese government can extend this deadline

The concerned employees are entitled to the follow financial compensation: 2/3 of their gross monthly salary, with a minimum threshold of 1 minimum Portuguese salary (EUR 635.00) and a maximum limit of 3 minimum Portuguese salaries (EUR 1,905.00). This compensation is financed on 30% by the employer, 70% Social Security.

During the *lay-off*, the companies are also temporarily exempted from paying the Social Security contributions in respect of the employees and board members covered by this regime, during its application.

The companies that are also in a business crisis situation and chose not to receive the support provided by the regimen of the simplified lay-off, can access to an extraordinary support for part-time professional formation. This support is supported by IEFP, I.P and is conceded depending on the frequented hours of formation, until the limit of 50% of the gross salary, with the maxim limit of one minimum mensal granted remuneration. The duration of the referred support is one month.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

To use the benefits referred above, the companies need to have their contributory situation regularized and are forbidden to fire their employees (for collective dismissal or dissolution of the job post) during the period of application of those measures as well as in the following 60 days after the end date of the measure.



As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

Between March 14, 2020 and March 18, 2020 the remote working could be determined unilaterally by the employer or requested by the employee provided that the functions performed by the employee were compatible with this regime, dismissing the necessity of an agreement between both parties.

From March 19, 2020 until the end of May, as a result of the enactment of the State of Emergency followed by the State of Alarm, remote working is mandatory provided that the functions performed by the employee are compatible with this regime.

From June 1, 2020 according to the deconfinement plan approved by the Portuguese government, remote working will be partial, with employees being divided in two teams with identical number of members.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

In the terms of the Labor Legislation, the general rule establishes that the period of vacations should be decided by an agreement between the employer and the employee. If the company has more than 10 employees, the law also establishes that if the parties don't reach an agreement, the employer can unilaterally decide the period of vacation, which must be between May 1, 2020 and October 31, 2020.

Nevertheless, considering that the main aim of vacations is the physical and psychic recuperation of the employee, which assumes the possibility of resting and having freedom to move around, in this particular situation, during the pandemic, it is really hard to consider that this goals can effectively be accomplished.

## More Info



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# ROMANIA

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

## a. Technical unemployment

In Romania, those employers who temporarily interrupt or reduce their activity due to the effects of the coronavirus epidemic, and suspend the individual employment contracts of their workers as a result, benefit from State support in paying the indemnity of "technical unemployment" in an amount of 75% of the base salary, without however exceeding 75% of the average gross salary established in Romania.

According to GEO 30/2020, as amended, employers seem to have an option, but not the obligation, to supplement the indemnity capped as mentioned above, so as to cover the difference – if any – to the minimum 75% of the base salary corresponding to the job position, insofar as the employers' budget permits it.

An employee with several employment contracts shall benefit from this indemnity only if all full-time employment contracts are suspended. In this case, the employee shall benefit from the indemnity related to the individual employment contract with the most advantageous salary rights.

The indemnity for technical unemployment borne from the unemployment insurance budget is subject to tax and social contributions under the provisions of the Tax Code. Therefore, employers shall calculate, withhold and pay from this indemnity the income tax, the social insurance contribution and the health insurance contribution. However, this indemnity is not subject to the work insurance contribution.

Companies with their activity temporarily interrupted or reduced due to the effects of the coronavirus epidemic, benefit from the State aid within the limits described above until May 31, 2020. However, those employers whose activity is restricted through normative acts, are entitled to receive the unemployment indemnity, without interruption, until the restrictions are lifted, but not later than December 31, 2020.

## b. Paid days off for parents

Another benefit offered to companies is that all employees who have children under 12 years of age which are affected by the close-down of schools are entitled to paid days off, until the end of the school year's courses (i.e. June 12, 2020). The indemnity borne by the Romanian State is of 75% of the base salary, without however exceeding 75% of the average gross salary established in Romania. Furthermore, employers may only require the settlement of the net allowance, actually received by the parent. Taxes, social and work contribution shall be borne by the employer.

## c. Partial settlement of the salary

Employers may benefit from partial settlement of the salary, for a period of 3 months (i.e. June 1, 2020 – September 1, 2020), in an amount of 41,5% of the base salary, without however exceeding 41,5% of the average gross salary established in Romania (i.e. RON 2,443), for those employees whose employment contracts are suspended under article 52 par. (1) let. c) of Labor Code, for a period of minimum 15 days during the state of emergency and the state of alert, and who were entitled to receive the indemnity of technical unemployment (i.e. paid either from the state's aid in the amount mentioned above at letter a., or from the employer's own funds). The aid shall be borne from the unemployment insurance budget.

Employers whose activity is restricted through normative acts must choose between receiving the aid mentioned in answer no. 1.a. – technical unemployment, or the aid abovementioned.

#### **d. Hiring new employees**

Companies that hire new employees (mentioned below) between June 1, 2020 – December 31, 2020, for an indefinite period and for a full-time job, are entitled to receive a monthly amount of 50% of the employee's salary, but no more than RON 2,500, for a period of 12 months:

individuals over 50 years of age who became unemployed during the state of emergency or the state of alert, for reasons not attributable to them, and who are registered as unemployed in the register of county employment agencies;

young individuals of 16 to 29 years old who became unemployed during the state of emergency or the state of alert, for reasons not attributable to them, and who are registered as unemployed in the register of county employment agencies;

Romanian citizens whose employment relationship with foreign employers has ceased for reasons not attributable to them.

The aid shall be borne from the unemployment insurance budget.

#### **e. Decreasing working week**

Under the provisions of the Labor Code, companies may reduce the work program from 5 to 4 working days, with the corresponding decrease of salary, in case of temporary reduction of activity for more than 30 business days. The measure can be implemented on the basis of unilateral decision with the prior consultation of the representative union at the level of the unit or the employees' representatives, as the case may be.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

**a. b.** In Romania, there are no commitments regarding employment retention or any other relevant obligations by the companies after they received the indemnity of technical unemployment/ paid days off for parents.

Thus, there is no restriction on the employer's right to terminate employment contracts after receiving the indemnity for technical unemployment.

However, the employment agreement can only be terminated in specific and limited cases as provided by the Labor Code, always ensuring that procedural requirements are met. Romanian law recognizes two main categories of dismissals: for causes unrelated to the employee (i.e. restructuring, redundancy); and dismissal for causes related to the employee. Employers may undertake dismissals for causes unrelated to the employees where economic or operational reasons require a reduction in the number of jobs. Dismissals for poor professional performance and for disciplinary reasons are among the most common types of dismissal for causes related to the employees. In both cases, specific procedures must be followed. Employers' failure to comply with such procedures may trigger the annulment of the dismissal decisions in court. The same sanction shall be applied if the employers cannot prove that the causes for dismissal are real and fall within the categories recognized by the Labor Code entitling employers to perform dismissals.

**c.** Employers receiving partial settlement of the salary, for their employees, are obliged to keep those employees until 31 December 2020. However, this does not mean that any termination is prohibited, as terminations may happen, but the employers have to return the amounts received from the state to partially settle the salaries of the respective employees.

**d.** Employers receiving the amount of 50% of the monthly salary for hiring new employees are obliged to maintain the employment relationships for 12 months following the end of the 12 months period of receiving the amounts.

In case the employment contract is terminated by (i) agreement of parties, (ii) absolute nullity of the employment contract, (iii) reintegration of the employee into the previous job, (iv) restructuring, the employer shall refund the amounts, including the reference interest of the National Bank of Romania in force at the date of termination of the employment contract.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

In Romania, during the "state of emergency" (i.e. instituted between March 15, 2020 and May 14, 2020 by the Presidential Decree no. 195/2020 regarding the establishment of a state of emergency in the territory of Romania and by the Presidential Decree no. 240/2020 regarding the extension of the state of emergency in the territory of Romania), the employer could unilaterally impose home office or remote working activity performed by the employee was compatible with the mentioned regime.



However, during the "state of alert" (i.e. between May 18, 2020 and June 17, 2020), the employer may dispose remote working, with the employee's agreement, by concluding an addendum to the individual employment contract. The addendum shall include the mandatory elements provided by Law no. 81/2018 on the regulation of telecommuting, such as the place of remote working activity as agreed by the parties, the period and/or the days when the teleworker is performing such activity, the working program agreed by the parties, the means of identifying and registering the working hours remote working, the means of providing adequate and appropriate training in health and safety at work through instructions with specifics related to remote working place and to the telecommunication equipment used, the time frame when the employer is entitled to check the activity of the teleworker and the means of such checking (if such place is, as we understand, the domicile of the employee, the latter must be notified and express his/her consent).

Even if home working/remote working is not mandatory, it is strongly recommended by the Government that those employees whose activity can be continued and/or adapted to the home office/remote working regime, should work remotely as long as possible, in order to guarantee the employees' health and safety and avoiding infection with the Covid-19 at the workplace or by commuting to and from the workplace.

**During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?**

The employer cannot unilaterally force the employees to use their vacations. Moreover, under the Romanian labor law, vacation days must be scheduled in advance (by the end of the current year for the next year) by the company with the consultation of the employee. Thus, normally, the employer cannot force the employees to take their vacation days in other periods than those already scheduled.

However, given the unexpected circumstances generated by the spread of the Covid-19, companies could justify a legitimate interest to reschedule (if there was any schedule already agreed) the vacation periods for their employees. Even so, one could not totally exclude the risk that the employees would claim damages for the loss of their vacation or ask for additional vacation days to be used for their proper vacation in the future.

#### More Info



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# SERBIA

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The Government of the Republic of Serbia adopted a Decree on Fiscal Benefits and Direct Payments to Commercial Entities in Private Sector and Monetary Support to the Citizens for the Purpose of Mitigating the Economic Consequences Stemming from Covid-19, published in the Official Herald of the Republic of Serbia no. 54/2020 as of April 10, 2020 which came into force as of the day of publishing ("Decree"). Decree governs the following:

- ◆ Fiscal benefits,
- ◆ Direct non-refundable monetary payments to private commercial entities,
- ◆ VAT treatment of non-chargeable supplies of goods and services for health purposes,
- ◆ One-time payment of monetary support to all adult citizens of Serbia,
- ◆ Moratorium on payment of dividends applicable to private commercial entities which decide to utilize fiscal benefits and direct payments from the state.

Private commercial entity ("Private entity") which may utilize the right for fiscal benefits and direct payments is defined as each private entity which is not included within the List of users of public funds determined in line with a Regulation on the List of Users of Public Funds ("Official Herald of RoS") no. 93/19) and encompasses the following:

- ◆ Resident legal entities within the meaning of the Corporate Income Tax ("CIT") Law,
- ◆ Resident entrepreneurs within the meaning of the Personal Income Tax Law and
- ◆ Branched and Representative offices of foreign legal entities).

The fiscal benefits and direct payments may be utilized by micro, small, medium and large enterprises, entrepreneurs, farmers as well as branches and representative offices of foreign legal entities.

The following fiscal benefits are adopted:

- ◆ Deferral of payment of salary tax and contributions, and
- ◆ Direct payment

The possibility of deferral of payment is introduced, among others, for:

- ◆ Salary tax and contributions for March, April and May 2020, i.e. for April, May and June based on the choice of taxpayers,

Deferred taxes and contributions are due for payment as of January 4, 2021 in 24 monthly installments without calculation of interest.

Direct payments represent non-refundable monetary payments to Private entities aimed exclusively for payment of salaries and salary compensation to employees whereby the amount of these payments depends from the number of employees and the size of Private entity.

It should be noted that classification of size of entities is performed based on financial statements for FY 2018, whereby entities incorporated in 2019 and 2020 are classified as small enterprises within the meaning of Decree.

## Micro, small and medium enterprises

Private entities classified as micro, small or medium enterprises may exercise the right for monthly non-refundable monetary payment in the amount of minimal net salary for March 2020 (RSD 30,367.04) per full time employee, starting from May until July.

Number of employees inserted in PPP PD tax returns submitted in line with Decree pertaining to March, April and May 2020 is used as multiplier, decreased for the number of employees whose employment has been terminated in the period April 10, 2020 – April 30, 2020 and May 1, 2020 – May 31, 2020.

For part-time employees, direct payment is made pro rata to contracted percentage of employment of said employee in comparison with full-time employment.

### Large enterprises

Direct payments are made exclusively for employees for which the employers has rendered a decision on seizure of work in line with Articles 116 and 117 of the Labor Law, starting from March 15, 2020 and whose seizure of work lasted at least 15 working days in April or May 2020. For part-time employees, direct payment is made pro rata to contracted percentage of employment of said employee in comparison with full-time employment.

Number of employees inserted in PPP PD tax returns submitted in line with Decree pertaining to March, April and May 2020 is used as multiplier and the amount of direct payment is 50% of minimal net salary for March 2020, i.e. RSD 15,183.52.

Note that large enterprises are obliged to submit to the competent Tax Authority and Treasury Department the list of employees from the above stated categories in paper form until 20th in the month for the payment which is made on the following month.

Direct payment shall be made on special bank account. Private entities having accounts in multiple banks were obliged to notify Tax Authorities through electronic portal tax no later than April 25, 2020, in which of those banks they opt to open a special bank account. Costs of maintenance of this account as well as the costs of payment orders shall not be charged to Private entities and the account shall be terminated upon completion of this program.

The right for fiscal benefits and direct payments may be exercised by Private entities:

- ◆ Founded and registered prior state of emergency, i.e. registered as VAT payers prior March 15, 2020,
- ◆ Which have not reduced the number of employees for more than 10% in the period between March 15, 2020 and April 10, 2020 (excluding definite term employees contracted prior March 15, 2020 for a period ending between March 15, 2020 and April 10, 2020)

- ◆ Entrepreneurs and farmers who have registered temporary seizure of activities on March 15, 2020 or later.

Private entities which determine to utilize fiscal benefits and direct payments are not allowed to make dividend payment by the end of 2020.

The following large enterprises are not entitled for fiscal benefits and direct payment:

- ◆ Business banks,
- ◆ Insurance and reinsurance companies,
- ◆ Voluntary Pension Funds companies,
- ◆ Financial leasing companies, as well as
- ◆ Payment institutions and electronic funds institutions.

Fiscal benefits right is exercised via submission of PPP PD form with inserted date of payment as January 4, 2021 in the field 1.4 of said form.

Private entities have the right to elect if they will utilize fiscal benefits and direct payments up to three months in a following manner:

- ◆ For three months if PPP PD form is submitted with date of payment January 4, 2021 in the field 1.4 of said form by the end of April 2020,
- ◆ For two months if PPP PD form is submitted with date of payment January 4, 2021 in the field 1.4 of said form by the end of May 2020,
- ◆ For one month if PPP PD form is submitted with date of payment January 4, 2021 in the field 1.4 of said form by the end of June 2020.

Since fiscal benefits and direct payment are the right of Private entities, they are not obliged to utilize them, i.e. if they opt to abort their usage, they may do so by settlement of their tax liabilities or by repayment of received direct payments.

On the other side, the right for fiscal benefits and direct payment is lost if Private entity:

- ◆ **Decreases the number of employees for more than 10% compared to 15 March 2020 until October 31, 2020.** Fulfilment of this condition is reviewed each last day in month until October 31, 2020 with the possibility that such condition is reviewed until the statute of limitation for tax liabilities arises,
- ◆ **Makes dividend payment (which is not in shares or stakes) by the end of 2020.** Private entities that lose the right for fiscal benefits and direct payments stipulated in Decree are obliged to:



- Settle all deferred liabilities and
- Repay direct payments
- Increased for late payment tax interest within five days as of the day of losing right for fiscal benefits and direct payments.

Decree also envisages penalties and depending from the type of misdemeanor Private entities may be subject to monetary penalty in the range of:

- ◆ 30% to 70% of received direct payment, but no less than RSD 500,000, i.e.
- ◆ 20% to 50% of the amount of deferred public revenues, but no less than RSD 250,000
- ◆ while responsible person may be subject to monetary penalties in the range of RSD 50,000 and RSD 100,000 or RSD 25,000 and RSD 50,000 depending from the type of misdemeanor.

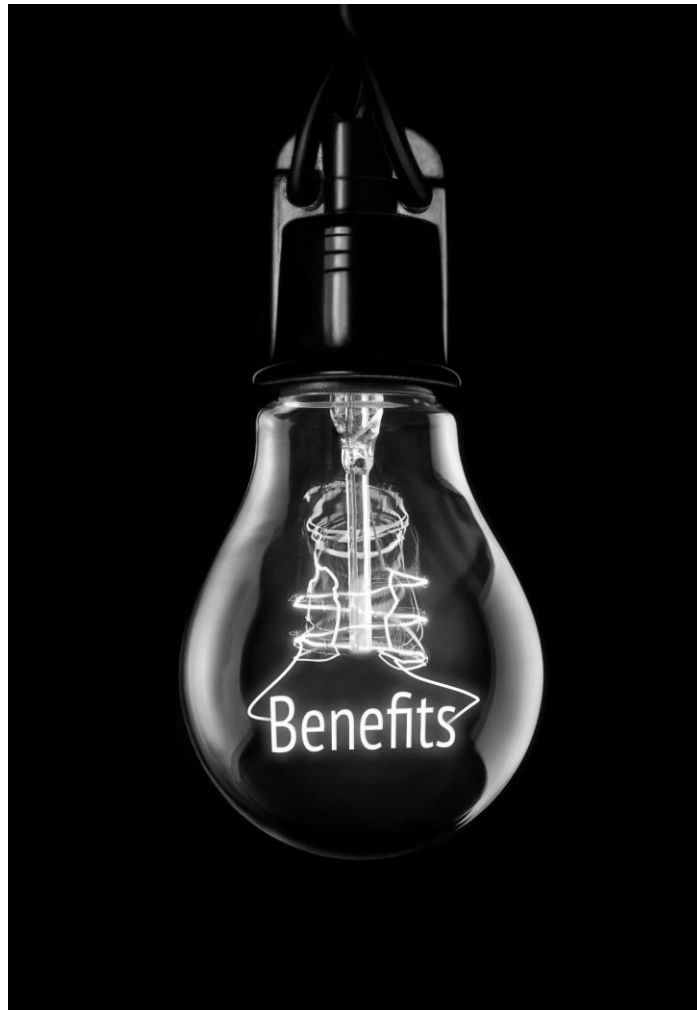
Decree also defines:

- ◆ VAT exemption with the right for input VAT deduction for non-chargeable supplies for goods and services to the Ministry of Health, Republic Fund for Health Insurance or state health institutions during the period of state of emergency,
- ◆ One-time payment of monetary support to adults in the amount of EUR 100 in RSD countervalue upon expiration of state of emergency.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

Yes, there commitments regarding employment retention by the companies that receive benefits envisaged in the paragraph above. As explained above, the right for fiscal benefits and direct payment is lost if Private entity:

- ◆ **Decreases the number of employees for more than 10% compared to 15 March 2020 until October 31, 2020.** Fulfilment of this condition is reviewed each last day in month until October 31, with the possibility that such condition is reviewed until the statute of limitation for tax liabilities arises,
- ◆ **Makes dividend payment (which is not in shares or stakes) by the end of 2020.**



As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

With the adoption of the Decision on cessation of the state of emergency on May 6, 2020 ("Official Gazette of RS", No. 65/2020; the "Decision") the Decree on organizing the work of employers during a state of emergency, which mandated work from home at all job positions where such work can be organized during the state of emergency ("Official Gazette of the RS", No. 31/2020 dated and effective as of March 16, 2020), ceased to be valid as of the date of termination of the state of emergency (May 6, 2020).

Irrespective of this, the Ministry of Labor still appeals to employers to enable employees to continue with work from home work, if the nature of the employer's business activities and work the employees do allows so, until the establishment of public transport in full, as well as the continuation of the work of kindergartens and extended stay for children in schools.



During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

Yes, the companies were able to force employees to use annual vacation. Moreover, the Government adopted Conclusion 05 No. 53-3041 / 2020 on recommendation to employers on the territory of the Republic of Serbia regarding the use of part of the annual vacation of employees for year 2019, depending on whether employees have the obligation to regularly perform work tasks in a state of emergency or perform work outside the employer's premises (remote working) as well as that, if in conditions of state of emergency they are not able to organize the work process, when sending employees on leave from work, in accordance with the law, they give priority to the use of annual leave of employees ("Official Gazette of RS", No. 52/2020).

According to the Conclusion, the Government recommended to employers to enable employees who have the obligation to regularly perform work tasks in state of emergency in employer's premises, to use part of the annual leave for year 2019, by December 31, 2020 (this is exception from the mandatory provision of the Labor Law according to which annual leave for 2019 had to be used by June 30, 2020).

Also, employees who, in a state of emergency, are enabled to perform work outside the employer's premises (remote work), the employer is obliged to enable them with the use of second part of the annual leave for year 2019 in accordance with the law, i.e. until June 30, 2020.

Finally, the Conclusion recommended to employers, who in conditions of emergency are not able to organize the work process and are forced to send employees on leave from work, when sending employees on leave from work, in accordance with the law, to give preference to the use of annual leave of employees.

#### More Info



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# SLOVAKIA

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The Slovak government which was elected just before the Covid-19 epidemic introduced several measures which were adopted and extended to the following scope:

**The postponement of Social Security contributions** was provided to employers who suffered at least 40% decrease of net revenues. These contributions for March and May are payable on December 31, 2020 whereas the postponed March contributions include also the contributions of the employer for health insurance.

**The release of obligation to pay the Social Security contributions** for April could apply an employer whose (at least one) operation was obligatory closed for at least 15 days.

The Government also provided a wage subsidy to the companies in the following form:

**i. Wage subsidy to the employers whose operations were mandatory closed on the basis of decision of Public Health Authority:** in the amount of 80% of the average salary of the employee or in the amount set out by the collective agreement or other written agreement with the representatives of employees throughout the period of provision of the contribution under the condition that the employment relationships will continue to exist. Maximum support for one employee in the amount of EUR 1,100.

The total amount of aid for one self-employed applicant could not exceed EUR 800,000 (EUR 120,000 for fisheries and aquaculture applicants, EUR 100,000 for applicant in primary agricultural production). As to other companies, the limit in the amount of 800,000 EUR for one applicant was canceled, i.e. that also the large enterprises could apply for same contribution of the state as other entities.

**ii. State subsidy to self-employed persons whose operations were mandatory closed or limited their operations at least by 20% on the basis of decision of Public Health Authority:** The state contribution shall compensate the decrease of revenues during March 2020 with an amount EUR 90 – 270 depending on the decrease of revenues from 10% and more and during April and May 2020 with the amount EUR 180 – 540 depending on the decrease of revenues from 20% and more. Revenues will be compared to the same period last year.

**iii. State subsidy to employers affected by the extraordinary situation or state of emergency:** The applicant could decide between the following forms of the contribution for the employee, who does not draw the social security benefits (sick leave benefit, nursing leave benefit) or is not on holiday:

- ◆ payment of compensation of salary of employee in the maximum amount of 80 % of the average salary of each employee, with a maximum of EUR 880 per person per month, or
- ◆ flat-rate contribution for the compensation of the part of salary expenses for each employee depending on the decrease of the revenues in the amount mentioned in nr. ii above.

- iv. State subsidy to the selected groups of people which during the declared extraordinary situation or state of emergency do not have any income: This subsidy can be applied by the following group of people : self-employed and who has interrupted or restricted the performance or operation of his activity, or self-employed who has suspended his trade license as of March 13, 2020, or in the employment relationship on the basis of an alternative employment contract which is valid in 2020. The applicant may apply a flat-rate contribution for compensation of loss of income from employment and other gainful activity in the amount of EUR 105 for March 2020 and in amount of EUR 210 for April and May 2020.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

If a company receives the wage subsidy of its employees, it is obliged to retain the employment relationship two calendar months following the calendar month for which the subsidy is granted. During these additional two months the employment relationship cannot be terminated neither by notice nor by an agreement for reasons.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

The approved amendment to the Labor Code introduces exceptions to the generally applicable rules that shall apply to employment relationships during the state of emergency or during the extraordinary situation and within two months of their lifting.

The employer is entitled to order remote working if the agreed type of work allows it. Also, an employee has the right to remote working if the agreed type of work allows it and there are no serious operational reasons on the employer's side that do not allow working from home.

The employer is obliged to notify the employee of the working time schedule at least two days in advance, unless he / she agrees with the employee for a shorter period. Such time schedule is valid for at least a week.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

The approved amendment to the Labor Code introduces exceptions to the generally applicable rules that shall apply to employment relationships during the state of emergency or during the extraordinary situation and within two months of their lifting.

The employer is obliged to **notify the employee about obligatory holidays** at least seven days in advance and at least two days in advance if it is an unused holiday from the previous year. This period may be shortened with the consent of the employee. The general rule that the employer may decide about 14 days of obligatory holiday remained unchanged.

### More Info



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# SLOVENIA

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The main benefit offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19 is that the employers who, due to the virus epidemic, cannot provide work for their workers, and will thus have to place them on temporary waiting for work, the government shall reimburse these payments to the employers. The workers who cannot work are entitled to receive wage compensation in the amount of 80% of their salary. Also, the government will pay the social contributions for these workers.

The measures/benefits will last until May 31, 2020, for tourism and car industry will last until June 30, 2020.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

Entitled to aid, mentioned in answer No. 1, are employers, whose income will according to their estimation in year 2020 due to epidemic decrease for more than 10% in comparison with the year 2019. If employers did not operate in whole year 2019 or 2020, entitled to aid are those employers, whose average monthly revenue in year 2020 will be due to the epidemic decrease for more than 10 % in comparison with average monthly revenue in year 2019. If employers did not operate in the year 2020, entitled to aid are those employers, whose average monthly revenue in year 2020 will be due to the epidemic decrease for more than 10 % in comparison with average monthly revenue in year 2020 by the March 12, 2020. Situation, in which aforementioned condition is not met at a time of submitting annual report for 2020, beneficiary will be obliged to subsequently return all received aid.

Employers, not entitled to exercise the right to reimbursement of compensation are those, who:

- ◆ Do not meet compulsory charges and other financial non-tax obligations in compliance with the law, regulating financial administration, which are collected by the tax authority, if employer has on a day the application is lodged unpaid obligations. Employer shall be also deemed to not meet aforementioned obligations if on a day of lodging of the application, employer did not have submitted all withholding tax returns for income of the employment relationship for a period from last five years to the day application was lodged.
- ◆ In last three months prior to the month workers were sent on a temporary lay-off did not regularly pay salaries or social security contributions.
- ◆ Because bankruptcy proceedings have been commenced.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

In Slovenia, remote working is optional, but advisable measure.

The companies who decided to implement remote working were obliged to:

- ◆ Inform the Labor Inspectorate about remote working (which employees and for how long).
- ◆ Pay employees part of the costs of electricity, water, internet, work equipment etc.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

In Slovenia, the employer can force workers to use their "old" annual leave for the year 2019 and the proportional part of the annual leave for 2020 (5/12).

The workers are paid for such annual leave, as they would be working (100% salary).

## More Info



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# SPAIN

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

According to Royal Decree-Law 18/2020, companies that implemented temporary layoff procedures (ERTE) due to force majeure as a result of the Covid-19 crisis (inter alia, those who have been obliged to close their venues/premises, stop their activity or could not continue to operate for a lack of supply) shall be exempted from paying Social Security contributions until June 30, 2020. The exempted percentage to be applied shall depend on the following factors:

- a. Companies unable to return to activity as a consequence of the Covid-19 crisis:
  - i. 100% exemption of the Social Security contributions to be paid in May and June if the company employs less than 50 employees;
  - ii. 75% exemption of the Social Security contributions to be paid in May and June if the company employs 50 employees or more.
- b. Companies that are able to return to activity: the percentage of the exemption shall depend on the number of employees affected by the temporary layoff:
  - i. With regard to employees who return to their activity: (a) 85% exemption of the Social Security contributions to be paid in May, and 70% in June if the company employs less than 50 employees; (b) 60% exemption of the Social Security contributions to be paid in May, and 45% in June if the company employs 50 employees or more.

- ii. With regard to workers whose activities remain suspended: (i) 60% exemption of the Social Security contributions to be paid in May, and 45% in June if the company employs less than 50 employees; (ii) 45% exemption of the Social Security contributions to be paid in May, and 30% in June if the company employs 50 employees or more.

Therefore, the more the number of employees removed from the temporary layoff, the greater the exemption that the company shall be awarded.

Employees affected by a temporary layoff shall receive unemployment benefits from the Government up to EUR 1,411.8/month. Employers may decide to pay the employees included in the ERTE a higher amount at the company's sole expense.

In addition, the period of time employees are paid unemployment benefits as a consequence of a ERTE related to the Covid-19 crisis, shall not be included in the calculation of the maximum reception periods established by law.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

Indeed, according to the Final Disposition num. 1 of the Royal Decree-Law 18/2020 and the Additional Disposition num. 6 of the Royal Decree-Law 8/2020, the exemption of the Social Security contributions described in the paragraph above are conditioned upon the retention by the company of the employees affected by the temporary layoff due to force majeure for, at least, the six following months upon reactivation of the company's activity (the so called "employment guarantee").

It shall be understood that the reactivation of the company's activity happened when the employer reinstates for the first time one of the employees included in the temporary layoff procedure due to force majeure

However, there are several types of terminations that would not imply a breach of this employment guarantee (such as, for example, disciplinary dismissals deemed as fair by a Court or the termination of a fixed-term interim contract when the replaced worker reports back to work, inter alia).

In addition to these employment retention obligations, the exemptions are likewise subject to the following requirements: (a) Companies should not have their registered office in countries or territories classified as offshore countries or territories, and (b) dividends corresponding to the financial year when the temporary layoff due to force majeure has been conducted should not be paid.

**As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?**

In Spain, remote working has been considered from two different perspectives: During a first phase, as a result of the enactment of the State of Alarm by the Royal Decree 463/2020 to face the Covid-19 pandemic, remote working was suggested as an alternative to the cessation of corporate activities (as would be the case in the event of a collective suspension of employment agreements).

During a second phase, remote working is considered as a health and safety measure in order to guarantee the employees' health and safety and avoiding infection by the Covid-19 at the workplace.

Therefore, remote working is understood as an advisable measure as long as (i) the activity to be carried out by the employees is able to be done under this remote working modality and (ii) the implementation thereof does not entail oversized efforts pursuant to a criteria of proportionality with regard to the company's resources.

In terms of remote working encouragement, this modality shall remain effective to the extent that other measures cannot be implemented to eradicate or minimize the risk of infection by the Covid-19 at the workplace with the same or a greater effectiveness than remote working. In any case, the Government suggests an extension of up to three months upon the termination of the State of Alarm in force, that is, until next September.

**During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?**

Unless otherwise agreed upon, employers are not allowed to do so. Vacations must be determined through an agreement between the Company and the employee.

On a different note, vacations days need to be included in the work calendar of the workplace so employees may know their vacations at least two months in advance.

For all the above, it is advisable to reach an agreement with the employees or their legal representatives, as well as to check if the applicable Collective Bargaining Agreement establishes any preferred period of time within the calendar year to enjoy vacations in a preferential way.

To sum up, there are different alternatives available other than forcing employees to enjoy vacations in a specific period of time due to the risks described above-, such as the establishment of a bank of hours, or the regulation of a paid leave to be made up by the workers in the following months.

### More Info



Alfredo Aspra  
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# SWITZERLAND

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

The main benefit offered to Swiss companies to help them retain their workers is the short-time work. Short-time work in the employment relationship means the temporary reduction of regular working hours in a company due to a considerable loss of work (and not a loss of turnover). This measure already existed before the Covid-19 crisis and has been amended during the last two months in order to make the procedure faster and easier and give the companies immediate support.

As a rule, the indemnity is paid directly to the employer and amounts 80% of the loss of earnings due to reduction of working time. For employees who have a monthly salary above social security contribution assessment ceiling for unemployment insurance (CHF 12'350/month) the short-time working allowance is calculated exclusively based on this threshold.

## New Measures

The new measures introduced in relation to short-time work during the Covid-19 are as follows:

- ◆ a reduction of more than 85% of the working time may last for more than 4 months;
- ◆ the indemnity is extended to fixed-term employees, interns and temporary employees;
- ◆ compensation claims can now be made for work stoppages affected people employed in a function similar to that of an employer (e.g. CEO) or for spouses or registered partners working at the company of the employer. This category of persons can benefit from short-time work indemnity up to a lump-sum of CHF 3,320/month;
- ◆ the indemnity is paid from the 1st day of working time reduction (before: after 10 days);

- ◆ the loss of earnings is calculated through a summary procedure and the indemnity is paid as a lump-sum amount.

The payment of the indemnity is automatically extended to a period of 6 months from the company's request; however, the right to receive the indemnity ends when the Covid-19 Ordinance 2 expires or is abrogated. At the moment the period of validity of the Ordinance is not clear.

Another important measure introduced to face the Covid-19 crisis is the indemnity for lost earnings to the following persons:

- ◆ parents with children <12 who cannot work because their children's care by third parties is not guaranteed anymore;
- ◆ people who must suspend their gainful activity because they have been quarantined;
- ◆ self-employed who sustain earning losses due to the shutdown of their activity or the prohibition to organize events decided by the Government.

## Social contributions

The compensation offices in charge of social security suspended every credit recovery proceeding from March 19th to April 19, 2020. They also stop calculating delay interests for the next six months in case of payment in installments, as well as sending payment reminders for open social contributions' invoices until the end of June 2020.

During short time work, the employees remain subject to social security contributions as if there was no working time reduction (this means that the contributions are deducted from the 100% of their gross salary). The cantonal compensation office reimburses the employer's part of the social security contributions due on the loss of earning (which corresponds to 6,375%).



Further measures were introduced also by SUVA, the Swiss National Accident Insurance Fund, which is an important part of Switzerland's social security system. As an independent company under public law, Suva insures both employees and unemployed against accidents and occupational diseases. The subscription of the accident insurance with SUVA is compulsory in several economic sectors (e.g. building industry, machinery manufacturers, chemical and food industry etc.).

During the Covid-19 SUVA decided to avoid calculating and invoicing the premium for professional accidents on the salaries covered by the short-time work indemnity.

**Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?**

In Switzerland there are some relevant obligations by the companies awarded with benefits, namely:

- ◆ The employer is entitled to get indemnities if the loss of work is inevitable and is caused by economic factors (both cyclical and structural); or if it is not possible to avoid the loss of work caused by a Government's decision or other circumstances which don't depend on the employer;
- ◆ The employer cannot request indemnities for dismissed employees;
- ◆ The loss of work is temporary, and it is likely that the short-time work will help retain the positions;
- ◆ The employer must be able to control the loss of work (e.g. timesheet);
- ◆ The loss of work must be at least 10% of the total working hours;
- ◆ The loss of work cannot be due to the usual business risk.

Many businesses restarted their activity in the past weeks (e.g. restaurants, shopping centers, shops, sport centers etc.). For this reason, the employer is obliged to reduce the damage charged to the insurance by bringing his employees back at work (at least partially and respecting the health protection rules). If the employer still refuses to restart the activity, his right to short-time work indemnity is at risk and the cantonal authorities will make inspections in order to investigate the reasons of the shutdown.

On the other hand, employers which restarted their activity and benefit from the short-time work indemnity may not engage new employees, unless their employment reduces the insurance risk.

Apart from the obligations related to short-time work, employers in the main and ancillary construction industry and in other industries are required to comply with the recommendations

issued by the Federal Office of Public Health relating to hygiene and social distancing. The competent cantonal authorities may close individual businesses or construction sites in the event of any failure to comply with the obligations regarding hygiene and social distancing.

**As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?**

There is currently no legal obligation to enable remote working in Switzerland without a precise contractual clause. Therefore, in the Covid-19 Ordinance 2 there has been only a recommendation of the Government to employers to arrange for, where possible, a real-time work via Internet during the Covid-19 quarantine period and an authorisation given by the law to employers to assign to employees performance of their work determined by employment agreements at home during a specific period.

To reduce the contact between employees and thus to lower the infection pressure in the company, the Swiss Confederation still recommends that employers outsource jobs to the home office. A unilateral instruction by the employer to work from home is not possible; at the same time, the employee is not entitled to carry out his job at home.

**During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?**

In Switzerland the Government didn't introduce any new regulation about vacation during the Covid-19 crisis. However, it is generally agreed that during the Covid-19 the employer cannot unilaterally force the employees to use all their annual vacation, since the employees need to be informed about the vacation period at least three months in advance. Moreover, the employer cannot unilaterally order other types of paid and unpaid leave either. This means that the compensation of extra hours needs to be agreed by the parties.

According to the Swiss Code of Obligations, the employer determines the timing of holidays taking due account of the employee's wishes to the extent these are compatible with the interests of the business or household.

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# UK

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

Coronavirus Job Retention Scheme ('CJRS') provides direct government grants of 80% of the wages of non-working 'furloughed' employees up to GBP 2,500 per month. The government also pays employer social security and pension contributions.

The duration of the scheme is eight months starting in March 1, 2020 through to October 31, 2020.

The scheme will close to new entrants from June 30, 2020. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full 3-week period prior to June 30, 2020.

Any employees placed on furlough must be furloughed for a minimum of 3 consecutive weeks. When they return to work, they must be taken off furlough. Employees can be furloughed multiple times, but each separate instance must be for a minimum of 3 consecutive weeks. Each period of furlough can be extended by any period of time whilst the employee is on furlough.

From July 1, 2020, employers can bring back to work employees that have previously been furloughed for any period of time and any shift pattern, while still being able to claim CJRS grant for their normal hours not worked. When claiming the CJRS grant for furloughed hours employers will need to report and claim for a minimum period of a week.

From August 1, 2020, the government subsidies will be gradually reduced until the scheme terminates on October 31, 2020, as follows:- For the month of August, the government will pay 80% of wages up to a cap of GBP 2,500.

However employers will pay employer social security and pension contributions – for the average claim, this represents 5% of the gross employment costs the employer would have incurred had the employee not been furloughed.

For September, the government will pay 70% of wages up to a cap of GBP 2,187.50. Employers will pay employer social security and pension contributions and 10% of wages to make up 80% total up to a cap of GBP 2,500. For the average claim, this represents 14% of the gross employment costs the employer would have incurred had the employee not been furloughed.

For October, the government will pay 60% of wages up to a cap of GBP 1,875. Employers will pay employer social security and pension contributions and 20% of wages to make up 80% total up to a cap of GBP 2,500. For the average claim, this represents 23% of the gross employment costs the employer would have incurred had the employee not been furloughed.

Furloughed employees are not permitted to do any work other than participating in training. They are however allowed to work for another organization.

There is also the ability for employers to claim, 'Statutory Sick Pay' (SSP) of GBP 94.25 per week for employees who are off work because of Covid-19. This applies only to small or medium sized businesses with fewer than 250 employees.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

There are no restrictions regarding employment retention for companies participating in the furlough scheme.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

There are no obligations imposed on employers to enable remote working. However, the UK authorities have published detailed guidance on steps that employers can take to ensure a safe working environment for employees. These include the following:

1. Carry out a Covid-19 risk assessment,
2. Developing cleaning, handwashing and hygiene procedures
3. Help people to work from home
4. Maintain two-meter social distancing where possible
5. Where two-meter social distancing is difficult to maintain, then manage the transmission risk.

The authorities have also published industry specific guidance for businesses including offices, construction, factories, schools, restaurants, shops etc.

During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?

Employers can require workers to take holiday or cancel a worker's previously booked holiday, if they give enough notice to the worker. These rules apply to all workers, irrespective of whether or not they have been 'furloughed'.

The required notice periods are:

- ◆ double the length of the holiday if the employer wishes to require a worker to take holiday on particular days;
- ◆ the length of the planned holiday if the employer wishes to cancel a worker's holiday or require the worker not to take holiday on particular dates.

Employers can ask workers to take or cancel holiday with less notice but need the workers' agreement to do so.

The government has also passed legislation as a result of Covid-19 which enables workers to carry forward certain unused vacation days for up to two years.

## More Info



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# UKRAINE

What are the main benefits that are being offered to companies in terms of salaries and social security contributions for companies to retain their workers during the Covid-19? What is the agreed and/or envisaged duration of such benefits?

While there are no specific Covid-19 related exemptions from the social security contributions for the majority of employers (except for the self-employed), other benefits have been offered to employers at the legislative level aimed at helping them to retain their employees. In particular, a partial unemployed compensation entitlement has been extended to middle, small and micro enterprises. While under the general rule the partial unemployment is defined as a forced temporary reduction of a statutory length of working hours due to the suspension (reduction) of production caused by economic, technological and structural reasons, implementation of quarantine measures is listed now among the conditions of suspension (reduction) of production which entitles employees to the partial unemployment compensation.

Such compensation shall be paid by an employer out of funds of the state fund for social insurance against unemployment. In addition, a special partial unemployment compensation is now established only for those cases of suspension / reduction of small, medium and micro size businesses which are caused exclusively by implementation of Covid-19 prevention measures. A partial unemployment compensation shall be paid for each reduced working hour in the amount of 2/3 of average salary of an employee, but no more than the statutory minimum living wage, during no more than 180 days or a whole quarantine period, if the latter is a reason for suspension / reduction of working hours.

Is there any commitment regarding employment retention or any other relevant obligations by the companies awarded with benefits envisaged in the paragraph above? What do such commitments or obligations involve and how long will they remain applicable?

An employer receiving the partial unemployment compensation, including in connection with Covid-19 prevention measures, may not dismiss, including in connection with a redundancy, its employees within 6 months (or another period during which such compensation was paid, if such period is less than 6 months) after such compensation is stopped to be paid. In case of a dismissal in breach of the abovementioned rule, the employer shall pay back to the state fund for social insurance against unemployment the total amount of the partial unemployment compensation received by it. The above rule, however, shall not apply if an employer was engaged into epidemic prevention measures introduced by the relevant regional state administration.

As a result of the Covid-19, is there any obligations by the employer to enable remote working or is it optional? In the event it is optional, what would be the factors to consider and what would be the envisaged duration of such measures?

Prior to Covid-19 specific laws and regulations, there has been neither a notion, nor any relevant regulation of a remote (distant or home) working. Therefore, in the first Covid-19 specific regulation and law there has been only a recommendation of the Ukrainian government to employers to arrange for, where possible, a real-time work via Internet during the Covid-19 quarantine period and an authorisation given by the law to employers to assign to employees performance of their work determined by employment agreements at home during a specific period. A concept of distant (home) working was introduced into the Labour Code of Ukraine on April 2, 2020. A distant (home) working is now determined as a form of organisation of work whereunder such work is performed by an employee at place of his/her residence or other places at his/her discretion, including with use of information-communication technologies, but in any event outside of an employer's premises.



While under the newly established general rule a remote working shall be agreed between an employer and an employee in a written form by way of entering into a written employment agreement, for any quarantine period an employer shall be authorised to establish a distant work by its internal order only. The foregoing wording, however, is not clear as to whether a mandatory 2 months' notice period required for any substantial changes in organisational and work (introduction of a distant work may be treated as such) may be waived in this case. Therefore, our recommendation is to have a written agreement on distant work between an employer and an employee even for a quarantine related distant work.

**During the Covid-19 situation, can companies force workers to use their vacations and/or to use other kind of leaves (paid or not paid)? For how long?**

Under the Covid-19 laws employers are authorised to grant vacations, including unpaid vacations, to employees during the Covid-19 quarantine introduced by the Ukrainian government subject to employees' consent. Apart from such special Covid-19 provision, the general limitation on the duration of an unpaid vacation during a calendar year (15 days per year) has been lifted for unpaid vacations taken because of any quarantine introduced by the Ukrainian government.

At the same time, other general provisions of the law on vacations have not been amended. Under such general provision an unpaid vacation shall be agreed between an employer and an employee and in certain cases, an employer is required to grant an unpaid vacation at the request of specific categories of employees. Therefore, it may be assumed that notwithstanding Covid-19 special regulation an employer may not be considered as authorised to force its employees to take unpaid vacations. As a matter of practice, however, we understand that the majority of employers which activity is impossible / prohibited by the quarantine measures (e.g. non-alimentary commerce, restaurants) have relied on the above provision to induce their employees to take unpaid vacations.

### More Info



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Sayenko Kharenko in Ukraine is a collaborating firm of  
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This guide provides an overview of the response to COVID-19 by each country as it relates to Employment and Labor Law provisions implemented by local governments. This guide includes information as it pertains to specific countries on general Employment measures, in specific countries as provided by the member and collaborating firms of Andersen Global.

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