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Slovakia: Wage guarantee in case of insolvency

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Slovakia

Phase:

Management

Type:

Wage guarantee in case of insolvency

Last modified: 18 June, 2021

Native name:

Zákon o socialnom poistení č. 461/2003; Zákon o konkurze a reštrukturalizácii č. 7/2005, v znení neskorších predpisov; Zákonník práce č. 311/2001

English name:

Act on Social Insurance No. 461/2003; Act on Bankruptcy and Restructuring No. 7/2005, as amended; Act on Labour Code No. 311/2001

Article

2 d), 4 (4), 7, 12, 18, 25, 102, 103, 109, 116,120, 165 (461/2003); 11, 24, 56 (7/2005); 21 (311/2001)

Description

In cases of employer's insolvency, workers' wage claims are guaranteed through the [Act on Social Insurance](#) and the [Act on Bankruptcy and Restructuring](#).

All workers with an employment relationship that lasted at least 18 months before the insolvency (the last working day before the employer filed for insolvency) are eligible, including employees with fixed-term contracts, part-time workers and employees working externally according to assignment contracts. However, employees of the state, public organisations, support organisations, national funds and municipalities, as well as domestic workers in a family business or people working for their family relatives who have not entered into an employment relationship are not eligible.

An employer is considered insolvent if it has filed for insolvency at the court.

The guarantee covers non-paid wages, bonuses, holiday remuneration, severance payments and travel expenses. The benefit covers employees wage claims for a maximum duration of three months. In 2019, the average payment for an employee was €2,173.

To get access to the wage guarantee benefits, the employee has to apply within 60 days after the insolvency or termination of the employment relationship. The Social insurance Agency (SP), which administers the guarantee fund, has to decide and pay the benefit within 60 days from the application. The fund is financed by employers' contributions.

In the context of the COVID-19 pandemic, the government has amended Act No. 461/2003 on social insurance with a view to helping many businesses affected by the outbreak of the pandemic to stay afloat. The amendments postponed the deadline for compulsory payments from employers and self-employed to insurance funds. Since March 2020, any employer and self-employed paying compulsory monthly contributions to social insurance funds, and whose revenue from business decreased by at least 40%, in comparison with March 2019, 2019 average or February 2020, are entitled to pay these contributions not until 31 July 2020 - the new deadline is 31 December 2020. The same deadline is for payments for April, May, June and July. Besides, employers and self-employed, of which at least one business unit was compulsory closed at least for 15 working days, does not need to pay any contribution for April.

Comments

The Social Insurance Agency paid 1,446 wage compensations from the Guarantee fund in the total expenditure €2.29 million to employees of 78 insolvent companies in 2017. In 2018, it paid more compensations, 1,702 in the total amount of €2.58 million, but the number of concerned insolvent companies was 63.

Cost covered by

Employer

Involved actors other than national government

Other

Involvement others

Social insurance organisation; Guarantee Fund

Thresholds

No, applicable in all circumstances

Sources

- Deutscher, A. (2011), Europäische Beispiele für die Insolvenzentgeltsicherung, Vienna, Federal Ministry of Labour, Social Affairs and Consumer Protection/IEF
- Sargent, M. (2007), Implementation Report Directive 80/987 EEC amended by Directive 2002/74/EC [protection of employees in the event of the insolvency of their employer], Human European Consultancy/Middlesex University Business School
- Cziria, L. and Borgula, J. (2009), National background paper Slovakia, Anticipating and managing restructuring in enterprises: 27 national seminars, ARENAS Report, European Commission, Brussels
- The Ministry of Labour, Social Affairs and Family (MPSVR SR) (Zákon o sociálnom poistení)
- EMCC - Restructuring: support measures for affected workers
- ERM database on restructuring support instruments: Guarantee Fund
- Sociálna poisťovňa vyplácala vlní menej garančných dávok
- Act on Social Insurance No. 461/2003
- Act on Bankruptcy and Restructuring No. 7/2005
- Act on Labour Code No. 311/2001

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