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Factsheet for case SI-2020-11/436

Temporary lay-off scheme, reimbursement of wage compensation

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Country	Slovenia, applies nationwide
Time period	Temporary, 13 March 2020 - 31 May 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Direct or indirect financial support
Case created	10 April 2020 (updated 23 April 2020)

Background Information

This measure, introduced in the framework of the 'Intervention measures to mitigate the effects of the SARS-CoV-2 (COVID-19) infectious disease epidemic on citizens and the economy Act (ZIUZEOP)', in force since 11 April 2020, aims at the protection and retention of jobs. In response to the Covid-19 crisis, the government adopted a 'temporary lay-off scheme' and reimbursement of wage compensations to workers who cannot work due to force majeure. The measure addresses laid-off workers for whom company temporarily fails to provide work and workers who cannot work due to force majeure: workers in quarantine, who cannot work from home; workers who look after children during the closure of schools and kindergartens; workers who cannot come to work on the grounds of the suspension of public transport or ban on the border crossing.

Content of measure

According to the Employment Relationship Act, when a company temporarily fails to provide work for business reasons (in the event of a temporary lay-off), the worker is entitled to wage compensation in the amount of 80% of the wage basis. The wage basis is determined at the worker's average monthly wage for full-time work during the past three months. On the other hand, if a worker cannot carry out his work due to force majeure, he is entitled to half of the payment he would have received if he was working, but not less than 70% of the minimum wage. The temporary laid-off worker is obliged to respond to the employer's invitation in a manner and under the conditions laid down in the lay-off letter (Employment Relationship Act, Articles 137, 138).

The measure being examined, attempting to cushion the economic effects of the Covid-19 epidemic, grants the employers with 80% reimbursement of the sums paid to provide the economic treatment mentioned above to workers (in case of temporary lay-off as well as force majeure). The state reimbursement is funded with the state budget. Reimbursement is limited to the average monthly salary in 2019 and cannot be lower than the minimum wage (it is thus higher than statutory determined compensations). Moreover, employers are also exempt from paying all social contributions up to the average monthly wage. The maximum length of receiving compensation is from 13 March to 31 May.

Use of measure

Only companies with a 20% lower income in the first half of 2020 and 50% lower income in the second half of 2020 than in the same periods of 2019 are entitled to reimbursements. If their income is higher, companies will have to pay them back. Not included are organizations with more than 70% of their revenue from the public budget as well as financial and insurance sector. Employment Service will administer requests for compensations from employers.

First reactions show that the rule requesting 20% lower incomes in the first half of 2020 excludes many companies from the support mechanism (Mekina, 2020). Companies which had a high growth of activities up to mid-March will comply with the rule only if their revenue decreases enormously in the following months.

Actors, target groups and funding

Actors	Target groups	Funding
National government Social insurance	All companies	National funds

Social partners

Role of social partners	Consulted
Form of involvement	Other

They proposed changes to the law.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 28 March 2020: Zakon o interventnih ukrepih na področju plač in prispevkov, ZIU PPP [Act on the Interim Measure of Partial Reimbursement of Wage Compensation], Official Gazette RS, no. 36, 2020 (www.pisrs.si)
- 06 April 2020: Financial Administration, 'Preglednica ukrepov' [Table of measures] (www.gov.si)
- 10 April 2020: Zakon o interventnih ukrepih za zaježitev epidemije COVID-19 in omilitve njenih posledic za državljane in gospodarstvo (ZIUZEOP) [Intervention measures to mitigate the effects of the SARS-CoV-2 (COVID-19) infectious disease epidemic on citizens and the economy Act (ZIUZEOP)], Official Gazette RS, no. 49, 2020 (www.pisrs.si)
- 10 April 2020: Borut Mekina, 'Pravljica o mega protikoronskem paketu' [A fairy tale about a mega anti-corona package], Mladina, 10 April 2020 (www.mladina.si)