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## Slovenia: Wage guarantee in case of insolvency

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Slovenia

Phase:

Management

Type:

Wage guarantee in case of insolvency

Last modified: 25 September, 2019

Native name:

**Zakon o finančnem poslovanju, postopkih zaradi insolventnosti in prisilnem prenehanju (ZFPPIPP); Zakon o javnem štipendijskem, razvojnem, invalidskem in preživninskem skladu Republike Slovenije (ZJSRS)**

English name:

**Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (ZFPPIPP); Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia Act (ZJSRS)**

### Article

Article 21 of the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (ZFPPIPP); Articles 13, 14, 16, 16a, 17, 18, 19, 24 and 28 of the Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia Act (ZJSRS)

### Description

The Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia (hereafter the Guarantee Fund) protects claims of the employees whose employment has been terminated due to bankruptcy proceedings, a valid decision on compulsory composition, an insolvency procedure in one of the other EU Member States or European Economic Area (the job was being carried out or generally being carried out in the Republic of Slovenia), or the company being deleted from the court register without liquidation under the provisions of the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (ZFPPIPP). All employees are eligible, irrespective of the type of their employment contract. In case of insolvency, unpaid wages, severance pay, and social contributions for the last six months are priority claims in the insolvency procedure.

Coverage by the Guarantee Fund includes the right to receive payment (total amount not exceeding four and a half minimum wages) of:

- unpaid wages for the period of the last three months prior to the termination of the employment relationship (maximum of three minimum wages prescribed by the Minimum Wage Act, lowered by taxes and contributions);
- unpaid wage compensation for sick leave for the last three months before the termination of the employment relationship (maximum of three minimum wages prescribed by the Minimum Wage Act, lowered by taxes and contributions);
- wage compensation for unused annual holidays to which the employee was entitled in the current year (maximum of one half of minimal wage prescribed by the Minimum Wage Act, lowered by taxes and contributions);
- severance payment, as provided by the law on employment relations (maximum of one minimum wage prescribed by the Minimum Wage Act, lowered by taxes and contributions).

The Guarantee Fund is financed (with regard to covering payments to the employees) by the state budget, by employers (0.06% of the payroll costs) and by the Guarantee Fund through means of transfer and enforcement of claims from the insolvent employer.

The deadline for filing the request to enforce the above mentioned rights is 90 days after the termination of the employment relationship. The Guarantee Fund has to meet all its obligations within 30 days after the final decision.

### Comments

In the period 1997–2018, the Guarantee Fund paid out wage guarantees to 89,407 individuals in the amount of €130 million. The largest share of this sum was spent in the first two years as the law on the Guarantee Fund had retroactive force. The most recent economic crisis brought about a progressive increase in the number of workers' claims, reaching the peak in 2011 when €20,617,799 was disbursed to 7,205 individuals, a record in the history of the Guarantee Fund. In the last years, the bankruptcies of small businesses (in which administrators find it difficult to establish all claims of employees) prevail.

The Guarantee Fund disbursed €1,147,882 to 424 individual employees in 2018, while it rejected 82 claims of workers (Annual Report for the year, 2018). In 2018, the average net payment amounted to €1,554 per beneficiary (or €2,385 in gross payment). The Guarantee Fund

received most of the requests for financial protection from former employees of KGZ Krpan kmetijsko gozdarska zadruga and Pekarna Grosuplje.

#### Cost covered by

Companies  
National government

#### Involved actors other than national government

Other

#### Involvement others

Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia

#### Thresholds

No, applicable in all circumstances

#### Sources

- ▣ Kresal, B. (2010), Anticipating and Managing Restructuring: Slovenia, University of Ljubljana, Ljubljana
- ▣ Deutsch, A. (2011), Europäische Beispiele für die Insolvenzentgeltsicherung, Federal Ministry of Labour, Social Affairs and Consumer Protection/IEF, Vienna
- ▣ 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
- ▣ [EMCC - Restructuring: support measures for affected workers](#)
- ▣ [Zakon o finančnem poslovanju, postopkih zaradi insolventnosti in prisilnem prenehanju \(ZFPPIPP\) \(SL\)](#)
- ▣ [Zakon o javnem štipendijskem, razvojnem, invalidskem in preživninskem skladu Republike Slovenije \(ZJSRS\) \(SL\)](#)
- ▣ [ERM database on restructuring support instruments: The Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia](#)
- ▣ Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia (2018), Annual Report for the year 2018

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