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Factsheet for case LV-2020-11/301

Idle-time allowance for employees

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Country	Latvia, applies nationwide
Time period	Open ended, started on 12 March 2020
Type	Legislation or other statutory regulation
Category	Employment protection and retention – Income support for people in employment (e.g. short-time work)
Case created	06 April 2020 (updated 30 April 2020)

Background information

The measure consist of an allowance which is granted to employees suspended from job during the COVID-19 pandemic, in the idle time period. The period of idle time is a limited time period lasting from 14 March 2020 until 14 May 2020, but that can be shortened through a decision of the Cabinet on the emergency situation.

The measure in general is described in Section 14 of the law "On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19" (adopted on 20 March 2020, valid from 22 March 2020)

Initially the conditions of eligibility for the allowances for idle time for employees were regulated by the Regulation of Cabinet of Ministers No. 152, "Regulations Regarding the Allowance for Idle Time for the Employees Affected by COVID-19", adopted on 24 March 2020. On 28 March 2020, the new Regulation of the Cabinet of Ministers No. 165, "Regulations Regarding the Employers Affected by the Crisis Caused by COVID-19 which are Eligible for the Allowance for Idle Time and Division of the Payment for Late Tax Payments in Instalments or Deferral Thereof for up to Three Years" replaced the previous one.

Content of measure

The allowance for the idle time is determined by the State Revenue Service, in the amount of 75% of the average monthly gross work remuneration, calculated in the period of last six months before the declaration of the emergency situation, or in accordance with the actual data declared by employees within the previous six months. Anyway, it cannot exceed EUR 700 per calendar month.

The allowance for idle time is not subject to the personal income tax and to the mandatory State social insurance contributions.

The employers and taxpayers, afflicted by the COVID-19 crisis, that can apply for the allowance, are those with:

- an income from economic activity which, due to the spread of COVID-19, decreased by at least 30% in March or April 2020, in comparison with the respective month in 2019;
- an income from economic activity which, due to the spread of COVID-19, decreased by at least 20% in March or April 2020, in comparison with the respective month in 2019, provided that they meet at least one of the following criteria: i) in 2019, the export volume of the employer affected by the crisis amounts to 10% of the total turnover or is not less than EUR 500,000; or ii) the average monthly gross work remuneration disbursed by the employer affected by the crisis in 2019 is not less than EUR 800; or iii) as on 31 December 2019, long-term investments in fixed assets are at least EUR 500,000.

The Regulations of the Cabinet of Ministers No. 165 set forth in total 14 reasons when the allowance should not be paid, encompassing the existence of a tax debt higher than EUR 1,000, or if the employee has commenced the employment relationships after 1 March 2020.

Use of measure

Up to 5 April 2020, the allowance was paid to 1,048 enterprises for 5,516 employees, in total more than EUR 1.3 million. The average amount per employee was EUR 251. The maximum benefit (EUR 700) was paid to 62 employees. An overall number of 1,692 employees received not more than statutory minimum wage (EUR 430), and for 25 employees the received benefit was less than EUR 20.

About 21% of applications were received from the HORECA sector, 17% from trade sector, 12% from arts and entertainment sector. From the beneficiaries, 37% are from the HORECA sector, 12% from the trade sector, and 10% from the arts and entertainment sector.

As to 9 April 2020 (end of day) the 5,316 applications were received. Allowances were paid to 2,603 employers and cover more than 13 thousand employees. The total paid amount was more than EUR 3.3 million. In 85% of cases the allowance was less than statutory minimum wage, in 1% of cases less than EUR 20, in 3% of cases the maximum amount of EUR 700. Average amount of the allowance was EUR 251.

Actors, target groups and funding

Actors	Target groups	Funding
National government Company / Companies	All companies	National funds

Social partners

Role of social partners	Consulted
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Form of involvement	Direct consultation
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As far as we know social partners participate in discussions on measures for the prevention and suppression the spread of COVID-19 and on crisis impact on economy. However specific opinions of social partners are not published.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 06 April 2020: VID izmaksājis dīkstāves pabalstus 5516 darbiniekiem (www.vid.gov.lv)
- 09 April 2020: Law On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19 (likumi.lv)
- 09 April 2020: Regulation of the Cabinet of Ministers Nr. 165 "Regulations Regarding the Employers Affected by the Crisis Caused by COVID-19 which are Eligible for the Allowance for Idle Time and Division of the Payment for Late Tax Payments in Instalments or Deferral Thereof for up to Three Years" (likumi.lv)
- 09 April 2020: VID ģenerāldirektore: dīkstāves maksājumi ir atbalsts uzņēmējiem, nevis darbiniekiem (www.tvnet.lv)
- 09 April 2020: State Revenue Service informative page on COVID-19 (www.vid.gov.lv)