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Factsheet for case **RO-2020-12/373**

Indemnity for technical unemployment

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Country	Romania, applies nationwide
Time period	Temporary, started on 15 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	08 April 2020 (updated 17 April 2020)

Background information

Under the Labor Code, during the suspension of employment upon the employer's initiative, as a result of a temporary suspension or reduction of activity ("technical unemployment"), the affected employees are entitled to receive an indemnity of minimum 75% of their base salary, paid exclusive from the employer's salary fund. By derogation from the above provisions, GEO 30/2020 provides that throughout the state of emergency instituted by the Decree on 15 March 2020, the indemnities due to the employees whose employment contracts were suspended as a result of the effects of COVID-19 will be borne, at least in part, from the unemployment insurance budget.

Content of measure

The indemnity borne from the unemployment insurance budget is of 75% of the base salary, without however exceeding 75% of the gross average salary established for 2020 (i.e. thus, the indemnity borne by the budget under these circumstances shall be maximum RON 5429 = Euro 1100). Employers 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. Employers shall benefit from state support in paying the indemnity within the limits described above

if they interrupt their activity, entirely or in part, or if they reduce their activity as a result of the COVID-19 epidemic, throughout the declared state of emergency. In order to receive the indemnities for the

employees suspended under the provisions of GEO 30/2020, employers shall submit by e-mail the payment request, to the local unemployment agency within the area of their registered office. The indemnity for technical unemployment is subject to tax and social contributions under the provisions of the Fiscal Code.

Use of measure

Official data indicate that since a nationwide state of emergency, instituted by Presidential Decree No. 195/2020, was imposed on 15 March 2020, 1 million labor contracts have been suspended or ceased. Potentially, most of them could be covered by the provisions of GEO 30/2020. On the 2 April 2020, the first day when employers could submit the request for receiving the indemnity for technical unemployment, 5800 companies have requested the state to fund the indemnity for about 70.000 employees. The Ministry of Finances, Florin Cîțu, declared that apr. 1 million employees with suspended contracts could receive the indemnity for technical unemployment.

Actors, target groups and funding

Actors	Target groups	Funding
National government Trade unions Employers' organisations Company / Companies Public employment service	All companies	National funds

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

Representative trade union organisations and employers organisations have been consulted

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 21 March 2020: GEO 30/2020 (lege5.ro)
- 30 March 2020: GEO 32/2020 (www.mmuncii.ro)