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Factsheet for case **LV-2020-11/301**

Allowances for idle time 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	Supporting businesses to stay afloat – Direct or indirect financial support
Case created	06 April 2020 (updated 14 April 2020)

Background Information

Allowance for idle time is an allowance which is disbursed if an employer which is affected by the crisis does not provide work to an employee or does not take the actions necessary for the acceptance of the fulfilment of employee's obligations in the period of idle time due to the spread of COVID-19. The period of idle time is a limited time period lasting from 14 March 2020 until 14 May 2020, but for not longer than the validity period of the Cabinet decision 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 was regulated by the Regulation of Cabinet of Ministers Nr 152 Regulations Regarding the Allowance for Idle Time for the Employees Affected by COVID-19 adopted on 24 March 2020. On 28 March 2020, new 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" replaced the previous one.

Content of measure

According to the Regulations of the Cabinet of Ministers Nr. 165, for employees the allowance for the idle time is determined by considering the information at the disposal of the State Revenue Service in the amount of 75 % of the average monthly gross work remuneration for 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, but not exceeding EUR 700 per calendar month. The allowance for idle time is not taxable with personal income tax and mandatory State social insurance contributions.

The following employers and taxpayers which have been affected by the crisis can apply for the allowance for idle time:

- income from economic activity has, due to the spread of COVID-19, decreased by at least 30 per cent in March or April 2020 in comparison with the respective month in 2019;
- income from economic activity has, due to the spread of COVID-19, decreased by at least 20 per cent in March or April 2020 in comparison with the respective month in 2019, and they meet at least one of the following criteria: 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 the average monthly gross work remuneration disbursed by the employer affected by the crisis in 2019 is not less than EUR 800; or as on 31 December 2019, long-term investments in fixed assets are at least EUR 500 000.

The Regulations of the Cabinet of Ministers Nr. 165 set forth in total 14 reasons when the allowance should not be paid, including existence of tax debt larger than EUR 1000, or if the employee has commenced the employment relationships after 1 March 2020 and others.

Use of measure

Up to 5 April 2020, the allowance was paid to 1048 enterprises for 5516 employees, in total more than EUR 1,3 million. The average amount per employee was EUR 251. Maximum benefit (EUR 700) was paid to 62 employees. 1692 employees received not more than statutory minimum wage (EUR 430), and for 25 employees received benefit was less than EUR 20.

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 5316 applications were received. Allowances were paid to 2603 employers and cover more than 13 thousand employees. The total paid amount was more than EUR 3.3 million. In 85% of cases allowance was less than statutory minimum wage, in 1% of cases – less than EUR 20, in 3% of cases – maximum amount 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)