

Disclaimer: This factsheet has not been subject to the full Eurofound evaluation, editorial and publication process.

Factsheet for case **EE-2020-13/325**

Temporary subsidy program

Factsheet generated on 25 April 2020, 20:42

Country	Estonia, applies nationwide
Time period	Temporary, 23 March 2020 - 30 June 2020
Type	Legislation or other statutory regulation
Category	Income support to workers and those laid off – Income support for people in employment
Case created	07 April 2020

Background Information

Due to the need to temporarily close down some companies and due to some companies losing a lot of clients, several companies have (temporarily) no income and thus paying wages is challenging or impossible. In order to avoid bankruptcies and a high share of unemployment, the Government decided to support the companies to pay wages to their employees. The measure was added to the Employment Programme 2017-2020 (programme through which additional active labour market measures are provided by the Unemployment Insurance Fund). It was discussed and approved by the Council of the Estonian Unemployment Insurance Fund and put into effect by a Government decree. The applications are accepted as of April 6 2020.

Content of measure

The subsidy is paid by the Estonian Unemployment Insurance Fund (EUIF) when the employer is in a situation where they comply with at least two of the following terms:

- 1) The employer must have suffered at least a 30% decline in turnover or revenue for the month they wish to be subsidized for, as compared to the same month last year
- 2) The employer is not able to provide at least 30% of their employees with work
- 3) The employer has cut the wages of at least 30% of employees by at least 30% or down to the minimum wage.

Subsidy is paid to employees who work on the basis of an employment contract and whose employers are

not able to provide them with work or whose wages have been reduced. It must be applied for by the employer, but is paid directly to the employee.

The amount of the subsidy is 70% of the average monthly wage of the employee. The maximum amount of the subsidy is €1,000. The employment and social security taxes are also paid by the EUIF. The employer must pay additionally a wage of at least €150 to the employee (plus pay national taxes on the wage).

The subsidy is paid for up to two months for March, April or May 2020.

Use of measure

The potential uptake is only roughly estimated. According to the explanatory note of the regulation, in February 2020, there were altogether 555,261 employees in Estonia who were paid on the basis of an employment contract. Altogether, 43% of companies (those with at least one employee) and 83% of employed persons (working on the basis of an employment contract) belong to the target group of the measure. The most affected sectors are potentially manufacturing (17.8% of employees), accommodation and catering (4%), arts, entertainment and leisure (1.8%). As the applications are accepted as of 6 April 2020, there is no information on takeup yet.

Actors, target groups and funding

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

Social partners

Role of social partners	Consulted
Form of involvement	Other

The measure was discussed in and approved by the council of the Estonian Unemployment Insurance Fund. The council consists of the representatives of the government, companies, trade unions and employer's organisation.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 20 March 2020: Explanatory note (in Estonian) (www.valitsus.ee)
- 23 March 2020: Tööhõiveprogramm 2017-2020 / Employment Programme 2017-2020 (§19-1) (www.riigiteataja.ee)