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Factsheet for case CY-2020-12/330

Special scheme for partial suspension of business

Factsheet generated on 27 April 2020, 17:55

Country	Cyprus, applies nationwide
Time period	Temporary, 16 March 2020 - 12 June 2020
Type	Legislation or other statutory regulation
Category	Employment protection and retention – Changes to dismissal law or employment protection legislation
Case created	07 April 2020 (updated 27 April 2020)

Background Information

The Scheme addresses businesses who have partially suspended their operation, whose turnover declined more than 25% in March 2020 due to the Coronavirus Pandemic and are projecting a corresponding drop for April 2020, as compared to the corresponding months of the previous year. For business that were not active in the previous year, the basis of comparison will be the months proceeding March 2020. The Scheme is in accordance with Decree 131 of the Quarantine Law, Chapter 260 of the Ministry of Health.

* On Wednesday 8 April, the President of the Republic announced the decision of the Cabinet to extent the measure up until 12 June 2020. Currently, the Ministry of Labour undertakes a legal and technical processing of the measure.

Content of measure

The basic requirement for participation in the Scheme is that no employee has been fired since 1 March 2020. Business participating, in addition, should not dismiss any employee during the participating period, during an additional month equal to the period of participation and plus one additional month.

Businesses up to 50 employees may join the Scheme by declaring the 75% of their total number of employees to receive the special unemployment benefit. Similarly, businesses employing more than 50 employees may declare 60% of their total number of employees. Businesses employing up to 2 persons, the special unemployment benefit may be paid to all employees. For businesses employing more than two

persons, the special benefit may not be paid to managing shareholders, partners holding more than 20% of the shares, general managers and senior executives.

For the period that the special benefit is to be paid, the employers shall be relieved of his obligation to pay the salary to his employees receiving the benefit. In case that the salary is paid for employees receiving the special benefit, the portion of the salary corresponding to the reference period may be offset by the employer.

The maximum amount for a period of a month may not exceed 1,214 euros.

On the 23 April 2020, the Cabinet amended the calculation of the payable amount to the beneficiaries in order to support as many employees as possible currently out of work or full-time work. For the purpose of paying the Scheme of Partial Suspension Benefit, the insurable earnings of the year 2018 will be taken into account, but in addition, a comparison will be made based on the declared salary of January 2020. The payable amount will be the highest amount that results from this comparison taking into account the 60% for both calculations.

Additionally, a minimum payable amount of 356 euros has been defined for beneficiaries, which amount is equal to the lowest statutory pension. Also, a special plan will be implemented for employees who first started work in February and March 2020, under the strict condition that they will be registered by their employers.

An additional amendment to the Scheme is the inclusion of persons over 65 years of age who do not receive statutory pension and continue to work.

Furthermore, the scheme includes now new categories of economic activity that were excluded initially. The announcement does not define which categories are included, however.

Use of measure

Currently, there is not an estimation for the beneficiaries of the scheme. The amount corresponding to the Scheme is 182 million euros covering also the scheme for the complete suspension of business, Decree 130 of the Quarantine Law, Chapter 260.

Actors, target groups and funding

Actors	Target groups	Funding
National government Social partners jointly Trade unions	employees SMEs	National funds

Company / Companies Social insurance	other businesses	
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Social partners

Role of social partners	Agreed (outcome)
Form of involvement	Direct consultation

The government has consulted the social partners - trade unions, employers' organizations and political parties - and the outcome emerged is on an agreed base.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 07 April 2020: Special scheme for the partial suspension of business (www.coronavirus.mlsi.gov.cy)
- 23 April 2020: Τη λήψη επιπρόσθετων μέτρων στήριξης των εργαζομένων αποφάσισε το Υπουργικό Συμβούλιο (www.pio.gov.cy)