

The Ministry of Labour, Social Affairs and Family (the “**Ministry of Labour**”) has proposed a new act on support at times of short-term work (the “**Proposal**”). The Proposal is currently going through the interdepartmental commenting procedure. Professionals, as well as the general public, can comment on the Proposal until 25 January 2021. The Ministry of Labour intends to introduce this permanent and separately regulated short-term work allowance for employers<sup>1</sup> in extraordinary situations stipulated by law as of the beginning of next year.

## What Does *Kurzarbeit* (or Short-term Work) Mean?

*Kurzarbeit* (or short-term work) allows companies experiencing economic difficulties to temporarily reduce the working hours of their employees while providing them with income support from the state for their hours not worked.<sup>2</sup> It, thus, represents some form of financial support, where the state covers part of the wage costs of affected employees in order to help employers achieve flexibility during times of temporary economic downturn without resorting to redundancies.

## Slovak Version of *Kurzarbeit* (or Short-term Work)

The proposed short-term work allowance should partially cover the employees’ wage compensation when the employer, due to external factors, cannot assign work to employees as per the originally agreed scope. In other words, the short-term work allowance should help employers to overcome situations where, due to external factors, they must limit their operations and, thus, reduce the working hours of their employees accordingly.

This short-term work allowance is for employers who, due to an external factor, must limit their operations and, thus, cannot assign work to at least one-third of their employees for at least 10% of their designated weekly working time.

The Proposal defines an external factor as a factor that is temporary, cannot be affected or prevented by the employer, and that has a negative impact on the assignment of work to employees by the employer. In particular, it is an extraordinary situation, emergency, or state of emergency or *force majeure* event. A time of war and war situation, seasonality of activities, restructuring, planned shutdown or reconstruction should not be considered as external factors.

## Conditions for Provisions of the Short-term Work Allowance

### A. Terms on the employer’s side:

- Being at the time of short-term work
- The employer has fulfilled mandatory social security contributions
- No breach of prohibition of illegal employment
- Written agreement with the employee representatives or with affected employee (if no employee representatives operate) that the employer will apply for this short-term work allowance or consent of arbiter
- The employer applies for the short-term work allowance no later than the end of the calendar month following the calendar month for which the financial support is requested

### B. Terms on the employee’s side for whom the employer may seek the short-term work allowance:

- Impossibility of assignment of work for at least 10% of the designated weekly working time
- The employment relationship lasted at least one month as of the date of submitting an application for the short-term work allowance
- No notice period runs
- The employee has used all holiday for the previous calendar year and has no positive account of the working time, and it is impossible for the employer to assign the employee to another position with the agreed type of work
- No contribution provided to the employer for the affected employee

<sup>1</sup> Under the Proposal, self-employed persons should also be eligible for this short-term allowance. However, due to limited scope only to employment matters, we have not summarised the preconditions for provision of the short-term work allowance to them.

<sup>2</sup> This definition of a short-term work scheme is included in the Proposal for a Council Regulation on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak.

## Amount of Short-term Work Allowance

The short-term work allowance should be provided for partial payment of wage costs of the affected employee for each hour not worked due to limited operations of the employer, during the time of short-term work in the amount of 60% of the employee's average hourly net earnings, but not more than 1/174 of the employee's average earnings in economy of the Slovak Republic (i.e. € 6.28 for 2019) for the calendar year preceding the two years of such calendar year in which the allowance is granted.

According to the Proposal, at the time of short-term work, an employee should receive 80% of their net earnings, with 60% of the employee's original net salary being covered by the state from the Employment Fund and 20% being borne by the employer. This means that the affected employee relinquishes the remaining 20% of their original net earnings.

## Provision Period of the Short-term Work Allowance

It is proposed to provide the short-term work allowance in total for a maximum of six months for 24 consecutive months.

## Employment Fund

The Proposal involves the establishment of an Employment Fund, managed by the Social Insurance Agency, that should be used for payment of short-term work allowances. The employer should contribute to this newly established fund in the amount of 0.5% of the employee's assessment base, or from the wage compensation granted to employees during the time of the short-term work. On the other hand, the current employer's social security contributions should remain the same because contributions to statutory unemployment insurance should be decreased in the amount corresponding to the above-mentioned 0.5%.

Since the Proposal is still in the early stages of the legislative process, changes to the wording are expected. We will, of course, keep you updated.

## Contacts



**Katarína Ottová**

Associate

M +421 905 415 277

E katarina.ottova@squirepb.com



**Stanislav Ďurica**

Senior Attorney

M +421 905 203 477

E Stanislav.durica@squirepb.com