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working world



Support for employers affected by the pandemic

The government has recently approved an extension of contributions for employers, while the maximum contribution of EUR 800,000 for employers that are not self-employed workers (SZCO in Slovak) has now been abolished.

The following forms of employment support are currently available:

- ▶ Measure no. 1 - Wage compensation for employers who had to close their operations and whose employees are at home due to obstacles at work.
- ▶ Measure no. 2 - Compensation of loss of income for SZCO who had to close their operations, or their sales decreased.
- ▶ Measure no. 3a - Wage compensation for employers who did not have to close their operations, but whose employees are at home due to obstacles at work.
- ▶ Measure no. 3b - Flat-rate allowance for each employee for employers who did not have to close their operations, but their sales decreased.
- ▶ Measure no. 4 - Contributions for selected groups of individuals who have lost income and have no other income (e.g. uninsured SZCO or statutory representatives in so-called single-person companies).

For employers, it is mainly measures no. 1, no. 3a and 3b that are relevant. We expand on these measures in more detail in the following points:

Measure no. 1 - Compulsory closure of operations

The company may apply if it:

- ▶ Had an obligation to close or restrict its operation based on the decision of the Public Health Office,
- ▶ Pays wage compensation to employees who are not working due to closure of the operation, i.e. there is an obstacle at work on the employer's side, and
- ▶ Maintains the supported jobs for at least two months after the month for which it receives the allowance.

The employer may claim wage compensation for income paid to the employee during the period of obstacle at work up to a maximum of 80% of the employee's average wage, and up to a maximum of EUR 1,100 per month for one employee.

If an employer, in accordance with the collective agreement, pays wage compensation lower than 80% of the employee's average wage (but at least 60%), then the maximum amount of the contribution will be reduced by 20%, with a maximum of EUR 880 per month for one employee.

The employer may apply for an allowance for each employee to whom he could not assign work due to an obstacle at work on the employer's side.

Measure no. 3a - Employer without any obligation to close its operation (payment of wage compensation)

The company may apply if it:

- ▶ Was not obliged to close its operation during the pandemic,
- ▶ Pays wage compensation to employees who are not working due to closure of the operation, i.e. there is an obstacle at work on the employer's side, and
- ▶ Maintains the supported jobs for at least two months after the month for which it receives the allowance.

The employer may claim wage compensation for income paid to the employee during the period of obstacle at work up to a maximum of 80% of the employee's average wage, and up to a maximum of EUR 880 per month for one employee. The measure thus applies only to employees who are not working due to obstacles at work on the employer's side.

Measure no. 3b - Employer without any obligation to close its operation (flat-rate allowance)

The company may apply if it:

- ▶ Was not obliged to close its operation during the pandemic,
- ▶ Records a decrease in sales of more than 10% in March or more than 20% in April and the following months, and
- ▶ Maintains the supported jobs for at least two months after the month for which it receives the allowance.

An employer may claim a flat-rate allowance to cover part of the wage cost for each employee. However, the allowance cannot be provided for employees who have received social security benefits (e.g. sick pay) or have taken vacation for more than 50% of the given month.

The contribution is scaled gradually according to the decrease in sales as follows:

March		April and following months	
≥ 10 %	EUR 90	≥ 20 %	EUR 180
≥ 20 %	EUR 150	≥ 40 %	EUR 300
≥ 30 %	EUR 210	≥ 60 %	EUR 420
≥ 40 %	EUR 270	≥ 80 %	EUR 540

The company can compare its sales for the reported month either with the sales for the same month of the previous year (e.g. April 2020 and April 2019), or, if it was operating for the entire year 2019, it can compare the current month sales with the average monthly sales for the previous year (i.e. 1/12 of the sales for 2019). The company can choose the more advantageous option. If the company did not operate during the same month of the previous year, or the entire year 2019, the sales for the concerned month will be compared with the sales for the month of February 2020.

The legislation does not provide a clear definition of the term sales, even though this can significantly affect the amount of the contribution. A decline in sales also affects certain measures in the tax and social security area, such as postponement of the employer's social security contributions for March or payment of income tax advances. Nevertheless, the definition of sales is different for each area, while defining the sales as the company's net turnover is legislatively more precise as it is based on the Act on Accounting.

Please note that the employer must choose between options 3a and 3b, and this choice cannot be changed during the period in which the contributions are received. Therefore, we recommend preparing a calculation to estimate which option is more advantageous for the employer.

On the other hand, in our opinion, it should be possible to combine the contribution under measure no. 1 and measure no. 3. However, we would like to note that there is currently no definite position on this issue from the competent authorities.

Conditions applicable to all mentioned measures

The basic condition for claiming contributions is that the employer was established no later than 1 February 2020. The branch of a foreign entity is also considered an employer.

Other conditions are, e.g. fulfillment of tax and social security obligations, settlement of all existing employment claims of its employees, non-violation of the prohibition of illegal employment, and others. According to the released statement of the Ministry of Labor, Social Affairs and Family of the Slovak Republic, any company that has been in difficulty as of 31 December 2019 may also receive a contribution. However, the condition restricting financial aid to companies that were in difficulty has

not yet been officially excluded from published documents. Thus, we recommend checking this condition with authorities when applying for a grant.

The contribution can be claimed from 13 March 2020 - the date of the decision of the Public Health Office of the Slovak Republic - until the end of the calendar month in which the decision of the Public Health Office of the Slovak Republic will be revoked.

The application must be downloaded from the website www.pomahameludom.sk/, filled in electronically and sent via e-mail or electronic mailbox to the address of the relevant labor office.

Applications may be submitted until the end of the calendar month following the month for which the employer applies for the contribution. Applications for March can be submitted by 15 May 2020.

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