



COVID-19 and employment-related solutions

Agreement with trade unions or employees' representatives

- An employer may conclude an agreement with the trade union organizations or employees' representatives (if there are no trade unions) concerning:
- **OPTION 1 – applicable if there is still a need for the employees to work; applicable only for the employers who have experienced a decrease in economic turnover; Reduction of employees' working time by 20%**, but not more than down to ½ of the full time capacity, provided that the remuneration of an employee after such a decrease is not lower than the statutory minimum remuneration (taking into account the employee's working time);
 - **OPTION 2 - applicable if there is no need for work of all or some employees, but employees are ready to perform work; can be applied even if there is no decrease in economic turnover; introduction of "downtime"** according to which the employer may pay the employees their remuneration reduced by not more than 50%, provided that the remuneration after such reduction is not lower than the statutory minimum remuneration (taking into account the employee's working time).

Co-financing from the guaranteed employees' benefits fund

- An employer may be granted financial support from the state if: (i) there was a **decrease in economic turnover** caused by COVID – 19 as defined in the Act on the amendment to the Act on specific solutions related to the prevention and eradication of COVID-19, other infectious diseases and crisis situations caused by them, and certain other acts (**the "Act"**), (ii) the **employer has no arrears in the payment of tax liabilities**, contributions to social security, health insurance, the Guaranteed Employees' Benefits Fund (**the "GEBF"**), the Labour Fund or the Solidarity Fund up to the end of Q3 2019, and (iii) there are **no grounds to declare its bankruptcy**. Such support may comprise:
- **OPTION 1 - up to 50% of the remuneration paid by the employer** (in our view, this refers to the maximum amount, so it may be less), but **not more than 40% of the average monthly remuneration** in Poland for the previous quarter per person (in the last quarter of 2019, it was PLN **2,079.43**), and the state would also finance social insurance contributions due from the employer,
 - **OPTION 2 - 50% of the minimum remuneration** (taking into account the employee's working time) (i.e. full time - PLN 1,300; ½ working time – PLN 650, etc.) per person, plus social insurance contributions due from the employer (in our view, this refers to a fixed amount and not the maximum amount of possible support, contrary to Option 1).

If the employer applies for support under both Option 1 and Option 2, it is not clear whether it may get financing for both options (the Act is not clear in this respect).

Support from the district head (pl: Starosta)

- »» Support from the district head (PL: starosta) (in the form of co-financing not related to Options 1 and 2 in respect of the Guaranteed Employee's Benefits Fund) is intended for **micro, small and medium enterprises**, which: (i) have experienced a decrease in economic turnover as a result of COVID – 19, as understood by the Act (the definition of a decrease in this case differs from that used for support mentioned in point II. above (ii) has no arrears in payments of tax liabilities, contributions to social security, health insurance, the GEBF, the Labour Fund or the Solidarity Fund and (iii) there are no grounds for declaring its bankruptcy.
- »» The amount of support depends on the decrease in turnover being: (i) in the event of **at least a 30% decrease** in turnover – PLN 1,300 per employee, (ii) in the event of **at least a 50% decrease** in turnover – PLN 1,820 per employee, and (iii) in the event of **at least a 80% decrease** in turnover - PLN 2,340 per employee (the above amounts will then be increased by the social insurance contributions due from the employer in respect of them).
- »» **The employer is obliged to keep the employees employed for the period during which the support is granted and thereafter for an equivalent period (max. 6 months).**

Exemption from the extension fee in respect of deferred payment or payment in instalments of social security contributions

- »» If it is justified by economic reasons or other reasons deserving consideration (we believe that the situation caused by COVID-19 should be treated as such), the employer may file a motion to the Social Insurance Institution (ZUS) for deferred payment of social insurance contributions or, alternatively, their payment in installments (there are no specific requirements related to COVID-19 in this respect). **Based on the Act if the application is submitted during the period of an epidemic emergency or epidemic status (as is now the case) or within 30 days of its cancellation, no extension fee will be charged in connection with such a motion.**