



## **Weekly Briefing**

### **Slovenia economy briefing:**

**Government proposals for the third anti-corona package of the law determining intervention measures to mitigate and eliminate the consequences of the COVID -19 epidemic for citizens and the economy**

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# **Government proposals for the third anti-corona package of the law determining intervention measures to mitigate and eliminate the consequences of the COVID -19 epidemic for citizens and the economy**

## **Summary**

*This draft law introduces provisional measures in the areas of labour, public finance, the economy, agriculture, forestry and food, scholarships, subsidized student meals, higher education, infrastructure, and public procurement. The two key measures are subsidized working time to replace subsidized temporary lay-off work (for employers whose revenues are estimated to fall by more than 10 percent compared to 2019) and the allocation of vouchers of 200 euros to all Slovenian citizens over 18 and 50 euros to all children. The voucher can be used until 31 December 2020 for breakfast accommodation offered by Slovenian hotels, holiday homes, campsites, tourist farms and all other similar facilities for short stays and will be available in electronic form.*

## **Government adopts the third anti-corona package**

After the government had called off the coronavirus epidemic on 15 May, it had already discussed and adopted proposals for a third package of the anti-corona law at the Tuesday session, which is expected to come into force after 31 May. According to the economist Matej Lahovnik, head of the government's advisory group, the third anti-corona law weighs almost one billion euros.

For the time being it is only a proposal, which means that changes are still possible until it is approved by the National Assembly.

The most important proposals in the third package of legislation are, above all, subsidies for short-time working, measures to support tourism and the economy, tourist vouchers for citizens in the amount of 200 euros and postponement of payments for certain rents.

The duration of measures to support employers will be extended, as the draft law does not provide for the extension of support to the self-employed, which means that if the law is

adopted in this form, they will no longer be entitled to a basic monthly income. However, some employers will be entitled to extend the support measures, as they will still be entitled to subsidize lay-offs for another month if the conditions are met. If the current proposal is valid, the measure will only apply to employers who perform one of the following activities according to the standard classifications of activities: hotels and similar accommodation, holiday homes and similar accommodation for short stays, recreational vehicle parks, restaurant and other food service activities, travel agencies and tour operators, organization of exhibitions, fairs, meetings, casinos and long-distance passenger transport and other passenger transport by road.

The condition for applying for the aid remains unchanged, as provided for by the current anti-corona law - the aid belongs to all employers who will suffer a drop in income of more than 10% in 2020 compared to 2019 due to the epidemic. Employers who have not worked for the whole of 2019 or 2020 and whose average monthly income in 2020 will decrease by more than 10% compared to the average monthly income in 2019 due to the epidemic are also eligible for the measure. Also, employers who have not worked in 2019, and whose average monthly income in 2020 will decrease by more than 10% compared to the average monthly income in 2020 until 12 March 2020 due to the epidemic are eligible for the measure.

The new provision provides that reimbursement will only be granted to employers who carry out the activity and will continue to do so throughout the period of validity of the measure and who have retained at least one third of the full-time staff employed on 31 December 2019.

### **Measures to assist tourism**

Tourism is one of the industries most affected by the epidemic. With 58,000 employees, representing 6.5% of the working population, tourism and catering have suffered a sharp drop in income since the beginning of the epidemic and it will take some time for the situation to improve. In order to accelerate the recovery, the State therefore proposes in the draft law measures to encourage citizens to spend their holidays at home. Vouchers to encourage increased consumption in the tourism and catering sectors in the amount of 200 euros are to be awarded on 13th March to every adult person with permanent residence in Slovenia. Vouchers worth 50 euros are also planned for children.

The vouchers will be issued in the name of the beneficiary and will be available until 31 December of this year for providers of activities of hotels and similar accommodation, holiday

apartments and similar accommodation for short stays, as well as for providers of activities of recreational vehicle parks and camping sites. If the beneficiary does not use the voucher, he/she will not be reimbursed in cash. Vouchers do not affect the amount and payment of recourse, nor is income tax paid on vouchers.

### **Subsidizing short-time work**

The government will also discuss the draft law for co-financing short-time work. These are still proposals, so that changes are still possible.

Employers in the private sector, who are estimated not to be able to provide 90% of the work for at least 10% of their employees, will be entitled to a short-time work subsidy for full-time employees. This may not apply to employers who directly or indirectly draw on the state or municipal budget for a share of public revenue from public sources that exceeds 50% in 2019.

It will be possible to claim the subsidy in cases where employers are able to provide at least short-time work for employees, in this case they can claim 20 to 5 subsidized hours per week. The subsidized part of the working time will have to be paid at 80%. If an employee who receives a subsidized allowance is absent from work due to illness or holiday, the subsidy will be reduced proportionately. The amount of the subsidy for 20 subsidized hours of work will be 448.52 euros, for 15 hours it will amount to 336.39 euros, for 10 hours of work 224.26 euros, and for subsidized 5 hours of work 112.13 euros.

To this end, the Employment Service will issue a public invitation to which employers will be able to apply. Subsidies will be paid by the Employment Service on a monthly basis, no later than 120 days after the signing of the contract between the employer and the Employment Service.

The employer can claim the subsidy for an individual employee for a maximum of 5 months from 1 June or until 30 November at the latest. Employees must be informed in writing of the extent of short-time work, the duration, distribution or manner of distribution of working time, the duration of breaks, the amount of reimbursement of work-related costs, the possibility and manner in which the employee can be urged to resume full-time work, and the amount of salary compensation.

However, the employer may not order short-time work if the employee is on notice and if the employee is entitled to short-time work and receives partial compensation on the basis of pension and invalidity insurance, health insurance or parental care.

If the employer orders the employee to work short-time, the employee retains all rights and obligations arising from the employment relationship and the employer may not terminate the employment contract for business reasons during the period in which the employee receives the subsidy and for one month thereafter.

For the period during which the employee performs such work, the employer is obliged to pay the employee at least 64% of his salary. For example, for 20 hours of work, the employer pays the employee half of the full salary and for the remaining 20 hours at least 64% of the other half. The employer can require the employee to return to full-time work.

If a short-time employee takes leave during the ordered work, he/she is paid for these cases according to the rules of the Slovenian law on employment relationships, i.e. he/she receives 100% compensation.

During this period, the employee also has the opportunity to be entered in the register of jobseekers and benefit from measures from the active employment policy. In this case, he/she is entitled to a salary compensation base of 100%.

An employer who wishes to benefit from a subsidy must also meet certain conditions. During the period of receiving the subsidy and for one month after termination, the employer may not terminate the employment contract for business reasons or initiate the procedure for terminating the employment contract for business reasons.

He may also not order overtime to be worked by other employees if the work can be performed by short-time workers.

At the time of receiving the subsidy, the employer may not start the liquidation of the company, nor may he/she pay out profits, buy its own shares or business stakes, pay rewards or part of the salaries for business performance to the management for the year 2020.

In the event of a breach of the above conditions, the subsidies must be repaid together with statutory default interest from the date of receipt of the subsidy.

## **Conclusions**

Although the new proposals for the third anti-corona law will allow tourism workers to live in peace for a while, and while citizens look forward to the use of vouchers, business representatives reacted negatively to the third anti-corona package. The Slovenian Chamber of Craft and Entrepreneurship warned that the measure of waiting for work should apply to all affected industries, not only to tourism and catering. Exporters are dependent on the situation on foreign markets, with some even reporting an 80% drop in orders for the next three months. In such cases, the measure of subsidized working hours is not a sufficient solution, as work is simply not enough.