

COVID-19

European Pay Protection Schemes

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On 20 March 2020 the concept of 'furlough' was introduced to the UK. The term is borrowed from the US. In the US, when an employee is furloughed, the employer stops paying their wages, issues a notice confirming the furlough and then the employee applies for any State financial support available. The situation in Europe is very different.

We have compared below the processes adopted by various European countries to help clients understand the financial support available and to manage the situation from an international perspective.

Jurisdiction	Percentage of pay subsidised by the Government	Cap on subsidised pay	Duration of Government Scheme	Eligibility conditions
UK	80% of net salary	£2,500 per calendar month	3 months from 1 March 2020	<p>To obtain the grant, the employer:</p> <ul style="list-style-type: none"> • must have a PAYE payroll scheme set up on or before 28 February 2020; and • should not already receive their primary funding from the Government. <p>The employee must have been on the employer's PAYE payroll on 28 February 2020.</p>
Germany	60% of net salary or 67% where the employee has at least one child	Linked to social security contribution assessment ceiling ranging from €6,900 per calendar month in West Germany to €6,450 per calendar month in East Germany	1 March 2020 until 31 December 2020	Employer is able to access the scheme if at least 10% of its employees have suffered loss of earnings of least 10%.
Netherlands	<p>Up to 90% (For example: a 100% drop in revenue will result in 90% of salary compensated but a 25% drop in revenue will result in 22.5% of salary compensated).</p> <p>Initially paid as an 80% advance payment with precise amount determined later.</p> <p>Employer may need to supplement pay to 100%, unless where its employees agree to lower salary.</p>	€12,400 per calendar month	3 months from 1 March 2020 (with the potential for a further 3 month extension)	<p>To obtain the grant, the employer must:</p> <ul style="list-style-type: none"> • expect a minimum 20% reduction in revenue from 1 March 2020 to 31 July 2020 (when compared against the same period in 2019); and • not make their employees redundant during the period of compensation (if they do, they must repay the grant plus a 50% penalty).
Belgium	70% + €5.63 daily allowance	€2744 per calendar month (daily allowance not included in cap)	30 June 2020	<p>To obtain the grant, the employer must have suffered either a:</p> <ul style="list-style-type: none"> • 'force majeure' event (i.e. employer is required to close or their suppliers have been required to close due to a Government announcement); or • closure 'resulting from economical reasons' (i.e. employer who, due to a significant drop in turnover, production, customer base or orders as a result of coronavirus, is temporarily unable to offer work to its employees).

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France	70% of gross salary	€4,848.90 per calendar month (70% of 4.5 times French national minimum wage)	Up to 12 months from the date of the grant	<p>To obtain the grant, the employer must provide evidence that their employees are unable to work remotely.</p> <p>Employers with more than 50 employees must inform and consult their Social and Economic Committee (CSE) prior to implementing the suspension. The Labour Code provides that, in the circumstances, the CSE's opinion may be obtained after the request is made, provided it is sent to the relevant Regional Office for Competition, Consumption, Labour and Employment within 2 months.</p> <p>Employers that do not have a CSE must inform employees of the implementation of the suspension and post it in the premises (in the circumstances, sending an email or posing a memo on an intranet site is recommended).</p>
Ireland	70% of net salary	<p>€410 per week (where average weekly pay is less than €586)</p> <p>€350 per week (where average weekly pay is between €586 and €960)</p>	12 weeks from 26 March 2020	<p>To obtain the grant, the employer must:</p> <ul style="list-style-type: none"> • demonstrate significant negative economic disruption due to Covid-19; • demonstrate a decrease in turnover of at least 25%; • be unable to pay normal wages and normal outgoings fully; and • retain their employees on the payroll. <p>The scheme is not available to employees with an average weekly wage above €960.</p>
Italy	80%	<p>€1,127.87 per calendar month for employees with monthly salaries lower than €2,159.48</p> <p>€1,355.58 per calendar month for employees with monthly salaries higher than €2,159.48</p>	9 weeks (to be taken before 31 August 2020)	<p>To obtain the grant, the employer must:</p> <ul style="list-style-type: none"> • not lay-off any employees before 18 May 2020; and • may be required to enter into negotiations with the relevant union (if applicable). <p>Employees must have been in employment on 23 February 2020.</p>

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Spain	70% (based on the employee's average wage over the last 180 days) paid by way of unemployment benefit, rather than through employers' payroll.	<p>€1,098.09 per month for employees without children</p> <p>€1,254.96 for employees with 1 child</p> <p>€1,411.83 for employees with 2 or more children.</p>	1 month from 17 March 2020 (with option to extend)	<p>Employers directly affected by the lockdown measures introduced by the Spanish Government may suspend their employees on the basis of 'force majeure' for as long as those measures are in place.</p> <p>Employers not directly affected, or following the end of the force majeure, event must show economic, productive, technical or organizational grounds necessitating the suspension.</p>
Denmark	<p>75% for salaried workers.</p> <p>90% for workers paid by hour.</p> <p>The employee shall receive 100% salary during the period, the remainder to be paid by employer.</p>	DKK 30,000 per calendar month for both hourly and salaried workers (€4,018).	3 months from 9 March 2020 until 9 June 2020.	<p>To obtain the grant, the employer must have sent 30% or more than 50 employees home with full pay.</p> <p>Employees must take 5 days holiday (or other unpaid leave) during the 3-month period, for which the employer is not compensated.</p>
Sweden	<p>75% of the employer's costs (excluding employer's social security contributions, bringing the total to 98.6% of costs).</p> <p>Sweden's scheme is a short-time working scheme, with three possible levels of reduction in working hours:</p> <ul style="list-style-type: none"> • 20% • 40% • 60% <p>When combined with employer contributions, employees receive 90% of their usual salary (subject to the cap) provided they are still working the remaining 80%, 60% or 40% of their usual hours.</p> <p>However, it is open to an employer to make a temporary lay-off by reducing an employee's hours to nil and claim support up to the maximum possible reduction of 60%.</p>	<p>SEK 44,000 per calendar month (€4,006)</p> <p>Resulting in a total possible subsidy of SEK 26,030 per calendar month (€2,381)</p>	From 16 March 2020 until the year end.	<p>Available to private employers (not governmental businesses or businesses financed by public funds).</p> <ul style="list-style-type: none"> • If unionised: the reduction must be allowed by applicable collective bargaining agreement, and agreed to by Union. • If not unionised: the reduction must be agreed in writing with the relevant employees, and at least 70% of the employees in any given business unit must be furloughed during the relevant support month.

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Norway	<p>Day 1-2: 100% salary paid by employer.</p> <p>Day 3 – 20: 100 % salary paid by the Government (subject to cap).</p> <p>Day 20 onwards:</p> <ul style="list-style-type: none"> - 80% of salary up to NOK 299,574 per year (€25,638); or - 62.4% of salary exceeding NOK 299,574 per year (subject to cap); paid by the Government. 	NOK 599,148 per year (€51,277)	<p>From 20 March 2020 onwards.</p> <p>As a general rule, temporary layoffs cannot be imposed for more than 6 months.</p>	<p>To obtain the grant, the employer must follow the procedure for temporary layoffs;</p> <ul style="list-style-type: none"> consult with employees' representative; notify the NAV (the Norwegian Labour and Welfare Administration) if more than 10 employees are affected; and provide written notice to employee (normally 14 days, but 2 days accepted for "unforeseen events". COVID-19 could qualify as an unforeseen event for these purposes.) <p>Applies to employees who have had an income of 0.75 times the Basic Amount (NOK 99,858 (€8,546)) or more for the last 12 months, or 2.25 times the Basic Amount or more in the last 36 months. Additionally, the relevant employee's working hours must be reduced by at least 40%.</p>
Estonia	70% (+ €150 and taxes paid by employer)	€1,000 per calendar month	3 months from 1 March 2020	<p>To obtain the grant, the employer must be able to demonstrate at least two of the following, when compared against the same period in 2019:</p> <ul style="list-style-type: none"> A decrease of 30% of its turnover; A decrease of 30% of its workforce; or A decrease of 30% in employee salaries.
Latvia	75%	€700 per calendar month	From 13 March	Only available to employers in certain industries as designated by the Cabinet of Ministers (including hotels and restaurants).
Lithuania	<p>60% (if the employer has not been required to close by the Government)</p> <p>90% (if the employer has been required to close by the Government)</p> <p>Employers must top-up any additional amounts so the worker is not paid below the minimum wage (€607 per month)</p>	€607 per calendar month	3 months from date of grant	To obtain the grant, the employee must be retained for a period of 3 months following the end of the 3-month subsidised period.

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Isle of Man	Not based on a percentage.	£280 per week	12 weeks from 2 March 2020 to 25 May 2020	<p>To obtain the grant, the employer must:</p> <ul style="list-style-type: none"> • have 2 or more employees; • have a place of business in the Isle of Man; • not fall into an excluded sector (includes industries operating in the financial, legal, IT, public administration and space and utilities sectors); • have been in operation since 28 February 2020; • have suffered a "significant reduction in turnover" either through a loss of business or because of staff self-isolating.
Bailiwick of Jersey	80%	80% of £2,000 per calendar month (i.e. £1,600 pcm)	1 April 2020 to 30 June 2020	<p>To obtain the grant, the employer must:</p> <ul style="list-style-type: none"> • declare it has suffered a 50% drop in turnover; and • operate in an 'included' sector (e.g. agriculture and fishing, manufacturing, hotels, restaurants and bars) <p>The scheme is not available to employees with income in excess of £10,000 per calendar month.</p>
Bailiwick of Guernsey	80%	<p>£6.80 per hour (80% of minimum hourly wage)</p> <p>Employers are obligated to pay the remaining 20% so that the employee is paid at least the minimum wage.</p>	3 months from 24 March 2020	<p>Only available to employers in certain sectors, including:</p> <ul style="list-style-type: none"> • hospitality and tourism; • recreation and entertainment; • construction; and • manufacturing. <p>In all cases, the employer must have been trading for 6 months (since 1 September 2019)</p>

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