

Austria

16 March 2020

Corona – Immediate Employment Actions

In order to master economic difficulties resulting from the corona crisis we recommend certain immediate employment actions. These are state-funded and include immediate short-work (A.) and a special childcare leave (B.)

A. Immediate Short-Time Work

I. How do employers implement short-time work?

3 Steps - 48 Hours

Step 1: Conclusion of an Agreement on Short-Work

First, an **agreement** on the introduction of short-work must be concluded (as shop agreement in operations with a works council, otherwise as agreement with each individual employee). Therein, particularly the following must be regulated:

- Duration of short-time work: max. 3 months (may be prolonged for additional 3 months).
- Reduction of working time: Between 90% and 10% of the previous normal working time (on average). In single weeks a reduction to 0% possible.
- Consumption of time and holiday credits: Before short-time work can be start employees have to fully consume their time credits and holiday credits from past holiday years.
- Short-Time Allowance: The employees are entitled to such for the cancelled working hours.
- Retention period: The employment relationship must not be terminated during short-work and during a period of one month thereafter.

Please let us know should you require **samples for short-work agreement**.

Step 2: Application for Short-Work Aid with LMS

As next step, the employer must apply for short-work aid (see below) with the competent LMS, by using a certain form. The application shall be sent to the LMS via an eLMS account or via email together with the above agreement. The LMS must also be provided with an explanation of the economic difficulties (reference to Corona).

Step 3: Decision on Application

The LMS will then forward the application to the Chamber of Commerce and the Trade Union for review. They will either request consultation, approve short-work (by **signing the agreement**) or reject it. A decision will be made within **48 hours**.

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II. How much does the employer have to pay to employees during short-time work?

- **Part-time remuneration:** This is the remuneration based on the reduced working time. If the employee works 50% of the normal weekly hours, he remains entitled to 50% of his regular remuneration.
- **Short-time Allowance:** The employee is entitled to such allowance in addition to the part-time remuneration. In particular, a net remuneration guarantee model applies. Specifically, the following grading system based on the employee's monthly gross remuneration applies:

Gross monthly remuneration	Net guarantee
Up to EUR 1,700,-	90%
from EUR 1,700 up to 2,685	85%
from EUR 2,685 up to the maximum contribution basis under social security laws	80%

III. Which aid is the employer entitled to, based on short-time work?

- **Short-time work aid:** Employers will be paid a short-time work aid by the LMS. Such is calculated according to lump-sum amounts for each cancelled working hour and shall cover the expenses for the short-time allowance (see above).
- **Social security contributions:** These shall be calculated on the basis of the gross monthly remuneration paid before the short-time work was implemented. The LMS will reimburse the employer for such additional expenses from the 4th month of short-time work.

IV. When will the new short-time model come into force?

The new short-time work model applies in retrospective as of March 1, 2020.

B. Special Leave for Childcare

Employers and employees may agree on a special leave for childcare purposes for the maximum period of three weeks. One third of such leave is state funded.

I. Which requirements need to be met?

The agreement on the special leave can be agreed with employees if

- the employees are not working in an critical supply sector;
- the employees are not entitled to child care leave; and

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- if the schools and child care institution which the employees' child (until the age of 14) are attending closed down by a respective Austrian authority.

II. Does the employee have a legal claim to such special leave?

No. The agreement remains at the employer's discretion.

III. How high is the state funding and which deadlines need to be complied with?

- The government reimburses the employer for one third of the employees' remuneration during the period of special leave. The state funding is capped at the amount equivalent to the maximum contribution basis under social security laws.
- The claim to this state funding needs to be asserted towards the respective tax authority within 6 weeks after the closing measures have been lifted at the child care institution.

If you have further questions, our specialists will be glad to help:



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