

Extension of suspension of employment contracts and other measures

The Legislative Act issued on 1 May 2020 introduces further support measures, including employers' right to extend or revoke the suspension of employment contracts. More specifically:

A. Extension of suspension of employment contracts:

i. By employers severely impacted by the crisis

Employers belonging to the specific impacted categories announced by the Ministry of Finance, who have suspended the employment contracts of all or part of their employees, may extend the suspension of up to 60% of said employees for a maximum of 30 days and in any event not beyond 31 May 2020. If the percentage above is exceeded, employers are liable for paying themselves the remuneration to the employees exceeding such percentage.

During the extension, employees will be entitled to a special state benefit, pro rated to the period of the extension.

Employers who make use of the above right are prohibited from making any dismissals until 31 May 2020 and must maintain the same number of employees under the same type of employment contract for a period of 45 days following the expiry of the extension.

ii. By employers on lockdown by order of the authorities

If the lockdown is extended during May 2020, the suspension of employment contracts is equally extended for the period of the continued lockdown.

During the extension, employees will be entitled to a special state benefit, pro rated to the period of the extension.

Further details for the implementation of the above will be provided by ministerial decision.

B. Permanent revocation of the suspension of employment contracts

Employers who have suspended the employment contracts of all or part of their employees may proceed to the revocation of at least 40% of suspended contracts on condition that the suspension has lasted at least for 15 days. If revoked, such employment contracts cannot be suspended again,

while affected employees are entitled to the special state benefit pro rated to the days of the suspension.

Further details will be provided by ministerial decision.

Employers on lockdown by order of the authorities are excluded from the right of permanent revocation.

C. Temporary revocation of the suspension of employment contracts

Employers on lockdown by order of the authorities or belonging to the specific impacted categories announced by the Ministry of Finance may temporarily revoke the suspension of employment contracts in cases of exceptional, urgent and inflexible business needs that cannot be postponed.

During such revocation period employees are entitled to their normal remuneration pro rated to the number of days worked.

Employers who proceed to such temporary revocation are obliged to file a special declaration via the ERGANI platform prior to the commencement of the exceptional work to be provided.

After the temporary revocation period expires, the suspension of the employment contract continues until it is fully completed, i.e. the suspension period is extended by the number of days of the temporary revocation.

Further details will be provided by ministerial decision.

D. Adaptation of employees' working time to opening hours

Employers previously on lockdown by order of the authorities or belonging to the specific impacted categories announced by the Ministry of Finance may adapt, following the lifting of the lockdown, the working time of their employees to their opening hours.

Such adaptation may take place on condition that there is no change to the type of the employment contract of said employees.

E. Extension of regulatory terms of collective labour agreements and arbitration awards

The regulatory terms of collective labour agreements and arbitration awards, whose statutory 3-month extension period expired between 29 February and 30 April 2020, shall remain in effect until 30 June 2020.

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