

Job retention schemes in Europe

Cyprus

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Note on ETUI classification of job retention schemes (JRSs): All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

(1) Short-time Work Scheme (STW): The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

(2) Furlough Scheme (FS): FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

(3) Wage Subsidy (WS): The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

Key characteristics of the job retention scheme

ETUI classification of the job retention scheme (JRS)	Furlough scheme (FS)
Name of the scheme	Special Unemployment Benefit and special support schemes for workers and businesses.
Start date of the implementation of the special Covid-19 JRS rules	<p>Cyprus went into its first national lockdown on 16 March 2020. Three days beforehand, the government had already started to implement certain public health measures (restrictions on in-bound arrivals to the country, quarantine for foreign visitors etc).</p> <p>In response to the economic and social consequences of the pandemic, and of the government's decision to suspend the operation of certain companies and sectors of the economy, the government introduced a series of policies since March 2020 (all details available on the website of the Cypriot Ministry of Labour, Welfare and Social Insurance: www.coronavirus.mlsi.gov.cy/?lang=en):</p> <ol style="list-style-type: none"> i. special sick leave allowance ii. special parental leave allowance iii. special scheme for the self-employed iv. special scheme for the complete suspension of business activities v. special scheme for the partial suspension of business activities vi. special scheme for hotels and hospitality vii. special scheme for businesses linked to, or affected by, tourism, or for businesses linked to suspended businesses viii. special scheme for businesses in certain economic activities ix. special scheme for the unemployed. <p>Items iii–viii are related to FS and will be the focus of this report.</p>

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[1] Special scheme for the complete suspension of business activities	[2] Special scheme for the partial suspension of business activities	[3] Special scheme for hotels and hospitality	[4] Special scheme for businesses linked to, or affected by, tourism, or for businesses linked to suspended businesses	[5] Special scheme for businesses in certain economic activities
<p>Eligibility</p> <ul style="list-style-type: none"> All businesses whose economic activity has been suspended as a result of government regulations. From 1 November 2020 to 31 December 2020, companies that do not fall under the above category, but whose total revenue had decreased by 80%, were eligible to participate in the scheme. A company that applies to be included in the scheme must not have dismissed any employees since 1 March 2020. Once participation in the scheme is approved, the company must not dismiss employees for as long as it participates and, after exiting the scheme, for a period equalling its participation plus one month (e.g. a company participating in the scheme for 30 days cannot dismiss employees for at least 60 days after it exits the scheme). 	<ul style="list-style-type: none"> All businesses that, as a result of the pandemic, experienced partial suspension of their business activity, i.e. whose total revenue has been reduced by 25% during the reference month, and foresee a similar reduction for the following month, compared with the same period the previous year. A company that applies to be included in the scheme must not have dismissed any employees since 1 March 2020. Once participation in the scheme has been approved, the company must not dismiss employees for as long as it participates and, after exiting the scheme, for a period equalling its participation plus one month. <u>Companies employing up to 50 employees:</u> they can furlough up to 75% of their staff. The furloughed staff will receive SUB. <u>Companies employing more than 50 employees:</u> up to 60% of their staff will receive SUB. 	<ul style="list-style-type: none"> Any hotel and similar business that cannot operate, or that has experienced or foresees experiencing a 40% reduction in total revenues compared with the same period in 2019 (this was changed to 35% in August 2020 and changed back to 40% from September 2020). In November 2020 an additional criterion applied: companies that were not operating in November 2019 (and hence had no base of comparison) could apply to the scheme if their occupancy was lower than 60%. A company that applies to be included in the scheme must not have dismissed any employees since 1 March 2020. The companies included in the scheme are obliged to offer packages to attract internal tourism, in coordination with the Department of Tourism. Companies participating in the scheme may furlough up to 90% of their staff. The furloughed staff will receive SUB. 	<p>Companies whose business activities are:</p> <ul style="list-style-type: none"> Directly linked to tourism Directly influenced by tourism Linked to companies whose operations have been suspended as a result of government regulations. <p><i>Note: a company is considered linked to these businesses if 40% of its total revenue comes from these businesses</i></p> <p>AND</p> <ul style="list-style-type: none"> they have experienced, or foresee experiencing, a 55% reduction in their total revenues compared with the same period in 2019 as a result of the pandemic. A company that applies to be included in the scheme must not have dismissed any employees since 1 March 2020. Once participation in the scheme is approved the company must not dismiss employees for as long as it participates in the scheme and for a period after exiting the scheme. 	<ul style="list-style-type: none"> Companies that do not operate in certain economic activities, as laid down in this law, AND have experienced, or foresee experiencing, a 40% reduction in their total revenues compared with the same period in 2019 (this was changed to 35% in August 2020 and back to 40% from September 2020 onwards). A company that applies to be included in the scheme must not have dismissed any employees since 1 March 2020. <u>Companies employing up to 3 people:</u> 100% of their staff will receive SUB. <u>Companies employing more than 3 people:</u> 45% of their staff will receive SUB (this was changed to 40% in August 2020 and to 50% from September 2020 onwards).

<ul style="list-style-type: none"> • <u>Companies employing up to 9 employees:</u> anyone employed by the company is eligible to participate (this includes managers and CEOs, as well as non-standard workers). • <u>Companies employing more than 9 employees:</u> From 1 March 2020–31 October 2020, 90% of their staff will be covered by the scheme. From 1 November 2020 to 31 January 2021, 97% of their staff will be covered by the scheme. 	<ul style="list-style-type: none"> • <u>Companies employing less than 2 people</u> may furlough 100% of their staff. On 13/4/2020 this limit was raised to include companies employing up to 9 people. • The employer may still employ staff that receive the SUB – in this case, the amount of the SUB is adjusted accordingly, and the employer is responsible for paying the remaining of the employees' wages and social insurance contributions. 	<ul style="list-style-type: none"> • From <i>July 2020</i> onwards, companies that expect to be reactivated may furlough 90% of their staff, whereas companies that expect to close may furlough up to 80% of their staff. • In <i>August 2020</i>, companies that expected to be reactivated may furlough up to 70% of their staff. • From <i>September 2020</i> companies that expect to be reactivated may furlough up to 80% of their staff. • From <i>November 2020</i> companies that expect to be reactivated may furlough up to 90% of their staff and companies that do not expect to be reactivated may furlough 97% of their staff. • The employer may still employ staff that receive the SUB – in this case, the amount of the SUB is adjusted accordingly, and the employer is responsible for paying the remainder of the employees' wages and social insurance contributions. 	<ul style="list-style-type: none"> • <u>Companies employing up to 3 people and expect to be reactivated during the period the scheme applies:</u> 100% of their staff will receive SUB. • <u>Companies employing more than 3 people and expect to be reactivated during the period the scheme applies:</u> 60% of their staff will receive SUB (this was changed to 45% in August 2020; and to 65% in September 2020 onwards). • <u>Companies employing more than 3 people but which do not expect to be reactivated during the period the scheme applies:</u> 80% of their staff will receive SUB (this changed to 97% in November 2020). • The employer may still employ staff that receive the SUB – in this case, the amount of the SUB is adjusted accordingly, and the employer is responsible for paying the remainder of the employees' wages and social insurance contributions. 	<ul style="list-style-type: none"> • The employer may still employ staff that receive the SUB – in this case, the amount of the SUB is adjusted accordingly, and the employer is responsible for paying the remainder of the employees' wages and social insurance contributions.
<p>Exceptions (category of workers or companies excluded from support)</p>	<ul style="list-style-type: none"> • Management shareholders owning more than 20% of shares in the company, general managers and senior executives are excluded from receiving SUB. • For Scheme [2] specifically, public sector companies, as well as companies whose total revenue has not been impacted as a result of the pandemic (for example, supermarkets, private hospitals and medical centres, energy and telecommunication companies etc) are not eligible for this scheme. 			

	[1] Special scheme for the complete suspension of business activities	[2] Special scheme for the partial suspension of business activities	[3] Special scheme for hotels and hospitality	[4] Special scheme for businesses linked to, or affected by, tourism, or for businesses linked to suspended businesses	[5] Special scheme for businesses in certain economic activities
Duration of support (maximum duration for which JRS support is paid)	<ul style="list-style-type: none"> • <u>SUB in case of complete suspension of business activities</u>: the measures were introduced on 16 March 2020, for a period of one month. However, this policy was extended every month until the end of January 2021 (at the time of writing). • <u>SUB in case of partial suspension of business activities</u>: the scheme was in place 16 March 2020–12 June 2020. It was replaced by Schemes [3], [4] and [5], depending on a company's NACE code. It was reintroduced in January 2021. 		The schemes were introduced on 13 June 2020. Scheme [4] is still in operation at the time of writing (January 2021); Scheme [5] lasted until 31/12/2020.		
Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	<ul style="list-style-type: none"> • The SUB is calculated as follows: <ol style="list-style-type: none"> 1. If an employee is entitled to unemployment benefit, then the SUB amounts to the value of 60% of social insurance units, as calculated according to the Law of Social Insurance . 2. If an employee is not entitled to unemployment benefit, the value of the SUB is calculated based on 60% of the January 2020 monthly (gross) wage or, if hired after January 2020, on 60% of the monthly (gross) wage in the month of hiring. • Social insurance contributions are covered by the state, unless an employer decided to partially employ some of the furloughed staff, in which case they are responsible for covering social insurance contributions for the hours worked (Schemes [2]–[5]). 				
Cap on support (maximum amount of JRS support payable)	The maximum amount paid in all cases is €1,214; the minimum amount paid is €360.				
What share of the support is covered by the state and by the employer?	The state covers 100% of STW support (unless the company continues to partially employ some of the employees – see above for Schemes [2], [3], [4] and [5]).				
Dismissal protection	Dismissals are not allowed for the period of receipt of the benefit and for a specific period after leaving the scheme, depending on the date a company entered the scheme.				
Role of collective bargaining in the adoption and implementation of JRS support	The social partners were informed about the policies but did not actively participate (through collective bargaining or other forms of social dialogue) in setting up or managing the schemes.				
Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)	A fine of up to €40,000, or 2 years' imprisonment, or both, in the case of false declaration by the employer.	None mentioned.	A fine of up to €40,000, or 2 years' imprisonment, or both, in the case of false declaration by the employer.		
Special provisions as regards training/ requalification/ reorientation of employees on JRS	No special provisions exist.				

Quantitative data

<p>How many workers were on JRS each month? (please indicate whether these are applications for JRS or the actual numbers of workers on JRS)</p>	<p>See Appendix 1</p>
<p>Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)</p>	<p>See Appendix 2</p>
<p>Is there any data on how many workers lost their jobs after JRS expired?</p>	<p>The Schemes were still in operation at the time of writing.</p>
<p>Is there any data on how much money the state spent on JRS, and over time? (in absolute figures and as a percentage of GDP)</p>	<p>The Cypriot government has spent € billion (7% of GDP) on these measures; €30 million (2.4% of GDP) has come from the SURE programme.</p>

Information on non-standard workers and JRS²

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed? ³	<ul style="list-style-type: none"> • The above schemes apply to all employees in a company (including non-standard workers, if there are any). • For the self-employed or freelancers, there is a Special Scheme for the Self-Employed. This was introduced on 16/3/2020 and lasted until 12/6/2020. From 13 June onwards, the self-employed fell under the Special Schemes discussed previously. Details of the Special Scheme for the Self-Employed are provided below.
What are the eligibility criteria?	<ul style="list-style-type: none"> • Self-employed or freelancers whose business has been suspended as a result of government regulations. • Self-employed or freelancers who have partially suspended their business activity, i.e. whose total revenue has been reduced by 25% during the reference month, and foresee a similar reduction for the following month, compared with the same period last year. • From 13/5/2020, self-employed whose business activities are linked to companies whose activities have been suspended, and who have experienced an 80% reduction to their total revenues. • This scheme was not open to certain professions. The list was changed monthly based on the impact the pandemic and the lockdown had on the market. The following professions, however, remained constant in all the lists the Ministry published: medical and para-medical professionals (with the exception of dentists), pharmacists, and teachers in public education. • If the self-employed person employs other people (if it is a small business) an additional criterion for participation in the scheme is that they must not have dismissed any employees since 1 March 2020 and, if participation in the scheme is approved, they must not dismiss employees for as long as they participate in the scheme and for a period after exiting the scheme equal to the period it participated in the scheme plus one month. • In addition to this scheme, self-employed persons who also employ workers can still place them under the Schemes for the complete or partial suspension of business activities. • A self-employed person is not eligible to receive this allowance if they are receiving unemployment benefit, or any other benefits from the Social Security Fund.
How is the financial support for non-standard workers calculated?	<ul style="list-style-type: none"> • Under this scheme eligible self-employed persons receive a benefit equal to 60% of their weekly insurance contributions. The weekly insurance contributions are calculated based on the level of insurance contributions that the self-employed had to contribute for the fourth trimester of 2019. • The benefit cannot be lower than €300 or higher than €900 over a four-week period. • Under this scheme, the state will cover social insurance contributions.
Which sectors were most affected in terms of providing support to non-standard workers?	No data available.
Are there any measures for training/ requalification/ reorientation for non-standard workers?	No such specifications exist.

2. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
3. The following questions refer to any existing schemes for non-standard workers.

Appendix 1

Number of workers participating in the Schemes during the reference period (March 2020 – December 2020)

Time period	[1]	[2]	[3]		[4]		[5]
			Re-activated companies	Non-reactivated companies	Re-activated companies	Non-reactivated companies	
16/3/2020-12/4/2020	74,108	54,189	0	0	0	0	0
13/4/2020-12/5/2020	71,699	77,463	0	0	0	0	0
13/5/2020-12/6/2020	38,366	77,263	0	0	0	0	0
13/6/2020-30/6/2020	432	0	14,598	0	7,081	2,724	6,131
1/7/2020-31/7/2020	229	0	13,155	4,628	8,114	1,540	4,582
1/8/2020-31/8/2020	189	0	10,025	2,636	6,794	1,174	4,019
1/9/2020-30/9/2020	191	0	12,177	2,466	8,165	875	3,020
1/10/2020-31/10/2020	222	0	10,928	2,504	8,867	1,038	3,483
1/11/2020-30/11/2020	8,843	0	9,301	10,028	8,478	3,117	3,880
1/12/2020-31/12/2020	11,357	0	5,205	10,967	8,956	4,431	3,560

Source: Ministry of Labour, Social Welfare and Social Security Cyprus.

Notes:

[1]: Special scheme for the complete suspension of business activities

[2]: Special scheme for the partial suspension of business activities

[3]: Special scheme for hotels and hospitality

[4]: Special scheme for businesses linked to, or affected influenced by, tourism, or for businesses linked to suspended businesses

[5]: Special scheme for businesses in of certain economic activities

Appendix 2

Number of participating companies per sector mostly affected by the Schemes in the beginning (March-April) and end (November-December) of the referent period

Time period	[1]	[2]	[3]		[4]		[5]
			Re-activated companies	Non-reactivated companies	Re-activated companies	Non-reactivated companies	
16/3/2020-12/5/2020	1. Wholesale and retail trade, transport, accommodation and food service activities (10,436) 2. Construction (4,650) 3. Arts, entertainment and recreation; other service activities (3,889) 4. Public administration, defence, education, human health and social work activities (1,815)	1. Wholesale and retail trade, transport, accommodation and food service activities (10,269) 2. Professional, scientific and technical activities; administrative and support service activities (5,922) 3. Construction (3,294) 4. Industry (except construction) (3,230)					
1/11/2020-31/12/2020	1. Wholesale and retail trade, transport, accommodation and food service activities (1,842) 2. Arts, entertainment and recreation; other service activities (977) 3. Public administration, defence, education, human health and social work activities (189) 4. Construction (27)		1. Wholesale and retail trade, transport, accommodation and food service activities (403)	1. Wholesale and retail trade, transport, accommodation and food service activities (577)	1. Wholesale and retail trade, transport, accommodation and food service activities (1,885) 2. Professional, scientific and technical activities; administrative and support service activities (730) 3. Arts, entertainment and recreation; other service activities (205)	1. Wholesale and retail trade, transport, accommodation and food service activities (1,268) 2. Professional, scientific and technical activities; administrative and support service activities (288) 3. Arts, entertainment and recreation; other service activities (149)	1. Wholesale and retail trade, transport, accommodation and food service activities (992) 2. Professional, scientific and technical activities; administrative and support service activities (443) 3. Industry (except construction) (288)

Source: Ministry of Labour, Social Welfare and Social Security, Cyprus.

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[5]: Special scheme for businesses in of certain economic activities