

Job retention schemes in Europe

Estonia

Epp Kallaste¹

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)	Short-time work scheme (STW)
Name of the scheme	<i>Töötasu hüvitis</i> (Wage subsidy) (administered by the Estonian Unemployment Insurance Fund)
Start date of the implementation of the special Covid-19 JRS rules	The wage subsidy for the period of March–May was enacted with the 23 March 2020 amendment to the Employment Programme 2017–2020, established under the Labour Market Services and Benefits Act. The follow-up subsidy for June was enacted with the 2 June 2020 amendment to the Employment Programme 2017–2020. The scheme was discontinued at the end of June 2020 and re-introduced with slight amendments for the period March-May 2021. With the 8 January 2021 amendment of the Employment Programme 2021–2023 wage support (<i>töötasu toetus</i>) was established for the period 28 December 2020–17 January 2021 in response to the restrictions imposed to tackle the Covid-19 pandemic.

1. Centar Research Institute.

Eligibility	<p>The wage subsidy in Estonia was applied for by the company or establishment, but the subsidy was paid into the employees' accounts.</p> <p>March, April and May 2020</p> <p>The scheme applied to employees of companies meeting at least two of the following three criteria:</p> <ul style="list-style-type: none"> (i) they experienced a decline in turnover or income of 30% or more for the month in which it seeks government assistance, compared with the same month the previous year; (ii) they are unable to provide work in the agreed amount for at least 30% of their employees; (iii) they reduced wages of at least 30% of their employees by at least 30% or to the minimum wage level. <p>Furthermore, the employee to whom the wage subsidy was paid must:</p> <ul style="list-style-type: none"> – have had a valid employment contract with the employer; and – their workload must have been reduced because the employer did not have enough work. <p>Reduction of working time or wages must be in accordance with Art. 35 or 37 Employment Contracts Act.</p> <p>June 2020</p> <p>The scheme applied to employees of companies that experienced a decline in turnover or income of 50% compared with June 2019 and met at least one of the following two criteria:</p> <ul style="list-style-type: none"> (i) they were unable to provide work in the agreed amount for at least 50% of their employees and working time was reduced by at least 30%; (ii) they reduced the wages of at least 50% of their employees by at least 30% or to the minimum wage level. <p>In addition to the above criteria the company must not have tax arrears.</p> <p>The employee to whom the wage subsidy was paid had to have started employment on 1 March 2020 at the latest and must have had their workload reduced because the employer did not have enough work to give them, in accordance with Art. 35 or 37 Employment Contracts Act.</p>
Exceptions (category of workers or companies excluded from support)	<p>Applied only to workers with employment contracts – all the civil contracts were excluded. No sectoral, ownership or size restrictions with regard to companies as long as eligibility criteria were met.</p>
Duration of support (maximum duration for which JRS support is paid)	<p>March–May 2020: The wage subsidy may be paid for two months out of the three months from March–May 2020.</p> <p>June 2020: The subsidy was established just for June 2020.</p>
Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	<p>March–May 2020: The amount of the wage subsidy was up to 70% of the employee's average monthly gross wage, but not more than €1,000 per month. The employer was required to pay an employee receiving a wage subsidy a gross wage of at least €150. The employee had to receive at least the minimum wage of €584, adding together the employer's minimum contribution of €150 and the subsidy from the Estonian Unemployment Insurance Fund.</p> <p>June 2020: The amount of the wage subsidy was up to 50% of the employee's average monthly gross wage, but not more than €800 per month. The employer was furthermore required to pay a gross wage of at least €150 to employees receiving a follow-up subsidy.</p> <p>The subsidy was paid as a gross amount and compulsory unemployment insurance contributions and income tax were withheld from the subsidy. Employers' unemployment insurance and social security contribution – paid in Estonia by employers – was paid by the Estonian Unemployment Insurance Fund in accordance with the amount of the subsidy.</p>
Cap on support (maximum amount of JRS support payable)	<p>March–May 2020: The maximum amount of the wage subsidy was €1,000.</p> <p>June 2020: The maximum amount of the wage subsidy was €800.</p>
What share of the support is covered by the state and by the employer?	<p>The employer has to pay the employee who receives a wage subsidy at least €150.</p>
Dismissal protection	<p>March–May 2020: The subsidy had to be reimbursed if the employee was dismissed during the month for which the subsidy was claimed and for one month afterwards.</p> <p>June 2020: The subsidy had to be reimbursed if the employee was dismissed during the month for which the subsidy was claimed and for two months after it.</p>
Role of collective bargaining in the adoption and implementation of JRS support	<p>There is no role for collective bargaining.</p>

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)

No.

Special provisions as regards training/ requalification/ reorientation of employees on JRS

No.

Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)		
	Persons	Companies/organisations
March 2020	33,518	6,709
April 2020	121,063	16,018
May 2020	91,017	10,484
June 2020	31,815	4,064
July 2020	–	–
August 2020	–	–
September 2020	–	–
October 2020	–	–
November 2020	–	–
Total	137,469 persons received the subsidy. The sum of monthly receivers is bigger because some people received the subsidy for several months	17,534 establishments received the subsidy

Source: Data provided by the Unemployment Insurance Fund as of 26 January 2021 by e-mail. The number of workers is lower than it was immediately after the subsidy payment because of reimbursements because recipients no longer met the conditions.

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)

Wholesale and retail establishments accounted for the largest share (21%) of those that received the subsidy; manufacturing industry ranked first for the proportion of compensated employees (24.8% of beneficiaries).

The NACE sectors with the highest shares of STW payments (over 8% of the total) were:

- food and beverage services (NACE code 56) (7.46% of the total and 18.9% in March);
- retail, except for motor vehicles and motorcycles (NACE second level, code 47) (8.9% of the total and 11.3% in March).

The following had shares over 4%:

- wholesale, except for motor vehicles and motorcycles (NACE code 46) (5.94%);
- wholesale and retail and repair of motor vehicles and motorcycles (NACE code 45) (4.21%);
- accommodation (NACE code 55) (4.14%);
- employment placement agencies (NACE code 78) (4.38%);
- special construction work (NACE code 43) (4.05%).

In June the relative importance of the following two sectors grew:

- accommodation (NACE code 55) (7.02% of total payments in June);
 - employment placement agencies (NACE code 78) (10.12% of total payments in June)
- (source: www.tootukassa.ee as of 27 January 2021).

Receiving subsidies reflects, on one hand, the severity of the crisis, but also size of sector and the conditions of the scheme.

Almost half of all establishments received a subsidy in accommodation and catering. About a quarter received compensation in health care and social work, manufacturing and other service activities (source: Unemployment Insurance Fund (2021) *Ülevaade töötasu hüvitise saajate käekäigust [An overview of the progress of wage subsidy recipients]*).

Is there any data on how many workers lost their jobs after STW expired?

Some 8.2% of subsidy recipients registered as unemployed during the period March–Dec 2020 and 4.3% after dismissal (source: Unemployment Insurance Fund (2021) *Ülevaade töötasu hüvitise saajate käekäigust [An overview of the progress of wage subsidy recipients]*).

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)

March 2020	€27,494,840
April 2020	€113,313,407
May 2020	€90,318,016
June 2020	€24,625,647
Total	€255,751,911

Source: Data provided by the Unemployment Insurance Fund as of 26 January 2021 by e-mail.

Total expenditure on STW is 0.965% of estimated GDP in current prices in 2020. Estimated GDP is €26.5 billion (Ministry of Finance's summer macroeconomic forecast).

The average monthly gross wage from which the subsidy was calculated, was €1,190 and average subsidy per employee €689 (source: Unemployment Insurance Fund (2021) *Ülevaade töötasu hüvitise saajate käekäigust [An overview of the progress of wage subsidy recipients]*).

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

Temporary agency workers were subject to the standard STW through their employment contract. The company with which the worker had the employment contract applies for the subsidy. All other types of workers were excluded from the standard STW scheme.

In addition to the STW schemes various support schemes have been established for companies, non-profit organisations and other establishments (including in some cases the self-employed). The support is intended to cover losses, including wages:

- The state made advance payments of social contributions to self-employed persons in the first quarter of 2020 to help cope with the economic difficulties caused by the crisis.
- In the period from 1 March to 17 May 2020, no interest was payable for both self-employed persons and other taxpayers on delayed tax payments.
- **One-off support for small and micro companies** (including the self-employed) to compensate for the crisis damage caused by Covid-19. Total amount of support was planned to be €10 million.
- **Support for tourism companies and tourism service providers in 2020 spring** (planned total amount €25 million). One-time support in the amount of €2,000–60,000 depending on the sector, number of employees, loss of turnover and employment taxes paid.
- Additional tourism sector support in 2020 autumn. The remaining amount of the last two schemes (planned total amount of €5.56 million) were directed to the tourism companies support scheme.
- **Crisis support in the field of education and young people.** Support to cover unavoidable costs of the operators of private schools, childcare, kindergartens and hobby schools in order to alleviate the crisis impact (planned total amount €15 million).
- **Crisis support in the field of culture and sports** (planned total amount €25 million). Support to museums (€6 million); theatres (€4 million); concert organisers, music groups, performers and their support services that have not yet received support from the Ministry of Culture (€1 million); institutions and organizations receiving support from the Ministry of Culture (€200,000); support for sports federations that develop team sports and are members of the National Olympic Committee to maintain the sustainability of championships (€1.2 million); sports organisations organising physical activity events (€200,000); cinemas and film production and distribution companies and other film companies (€800,000); exhibition institutions and professional art support service providers (€600,000); micro and small designers, designers whose livelihood is dependent on authors, which they reproduce for sale (€500,000).
- **Support for groups participating in the song and dance festival movement, covering or reimbursing the labour costs of the person or persons directly involved in their supervision** (for example, conductor, folk dance director, assistant conductor, concertmaster, piano accompanist) (€600,000 in total).
- **Support for the sustainable functioning of religious communities** (€2 million euros).
- Additional measures for product development, loan guarantees, covering rental expenses of shops, but also local government investments, building renovations etc.

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.

What are the eligibility criteria?

- Main eligibility criteria for **one-off support for small and micro companies** (including self-employed):
- 1–49 full time equivalent employees as of 1 March 2020;
 - does not operate in the following sectors:
 - agriculture, forestry and fishing (NACE 2008 section A) and processing and preservation of fish, crustaceans and molluscs (NACE section C 102);
 - accommodation and food service activities (NACE Section I 551, 552, 553, 56 (except 5629));
 - activities of travel agencies and tour operators, reservation and related activities (NACE section N 79);
 - does not have tax arrears, is not in the process of winding up or bankruptcy;
 - turnover in 2019 between €20,000 and €100,000;
 - fall in turnover in April or March 2020 of 30% compared with same month previous year if total turnover in 2019 was €40,000–€100,000;
 - total support through Covid-19 measures together with this one does not exceed €800,000.

Support for tourism:

- Partial compensation for loss of turnover of an **accommodation establishment**: decrease in turnover by 40% in March or April 2020 compared with same month previous year and turnover in 2019 of up to €3 million.
- Partial compensation for loss in turnover of a **catering undertaking** may be applied for if turnover in March or April 2020 fell by at least 40% compared with the same month in 2019 and total labour taxes paid in 2019 was at least €10,000. If the company has operated less the decrease in March or April turnover at least by 40% compared with the average turnover per month during the time of operation.
- Partial compensation for losses of a **travel company** may be applied for if total labour taxes paid for 2019 was at least €10,000.
- Partial compensation for a decrease in turnover of a **tourist attraction operator** may be applied for if the fall in turnover in March or April 2020 was at least 40% compared with the same month in 2019.
- Partial compensation for losses of a **tourism service provider**: a tourism service provider whose turnover in 2019 based on its annual report or income statement, or whose income in 2019 based on the income tax return of a natural person was between €20,000 and €40,000 may apply for support.

Support in the accommodation, catering and travel sectors is for companies only. Tourist attractions and tourism service providers might also be self-employed persons, non-profit organisations or state- or municipality-owned establishments.

Additional support for tourism companies in autumn 2020:

- For those companies that did not get support from the spring round. An exception was made for travel agents accredited to the International Air Transport Association (IATA), which had the right to apply for repeated support.

Crisis support in the **field of education and young people**:

- Legal persons governed by private law operating general education school, preschool child care institution, providing child care services for at least six children or to a severely disabled child and with activity license, or hobby school. Legal persons governed by private law or self-employed persons whose main activity is provision or organisation of hobby education.
- Persons registered in the Estonian Commercial Register for at least six months and that have offered to persons up to 26 years of age systematic and supervised hobby education or hobby activities at least once a week during the previous eight academic months.
- Instructors and teachers who organise hobby education and activities have a professional or higher education or professional qualifications or have completed relevant training programmes.
- Hobby activities are not organised as part of hobby education or activities conducted in general education schools.

Labour cost support for song and dance festival instructors:

- legal person or local government under which the collective (choir, dance group etc.) operates;
- has received an operating grant from the budget of the Ministry of Culture through the programme for choirs, orchestras and folk dance groups participating in the song and dance festival in 2019;
- income fell during the period from 1 March 2020 to 31 May 2020, or wages or pay were reduced or lost;
- had a valid contract with the instructor before the state of emergency;
- no tax arrears, not bankrupt and has submitted declarations and reports on time.

Support for religious communities:

- religious association or non-profit organisation;
- no tax arrears, not bankrupt, management members have not been found guilty of criminal, economic and other offences.

How is the financial support for non-standard workers calculated?

One-off support for small and micro companies:
 - Support in the amount of €3,000–€5,000; €3,000 if turnover in 2019 was €20,000–€40,000, and €5,000 if turnover was €40,000–€100,000.

One-off support for tourism:
 - accommodation companies: 100% of labour taxes for 2019 paid, but not more than €60,000;
 - catering companies: 20% of labour taxes for 2019 paid, but not more than €30,000;
 - travel companies' compensation of losses: 95% of labour taxes for 2019 paid, but not more than €60,000;
 - tourist attraction operators: 50% loss of total turnover in March, April, May and June 2019, but not more than €50,000;
 - tourism service providers: support €3,000.

Crisis support in education and young people for the months March–May 2020:
 - Maximum amount of support per child/student is €80 per month and may be applied for up to a maximum of three months (March, April, May). Maximum support was calculated for 50% of children/students. Application based on number of children/students on 1 March 2020.

Song and dance festival instructor, labour cost support:
 - Amount of support from March to May 2020 up to 70% of gross wage of supervisor for the period 1.10.2019 to 29.02.2020. On top of this, social security and unemployment insurance contributions. Maximum allowance is €1,000 gross per supervisor and per calendar month, plus social and unemployment insurance contributions.

Religious associations support:
 - associations of churches and congregations belonging to the Council of Estonian Churches: combined support for congregations of legal persons belonging to these churches or associations of congregations is €2,000 per congregation and €1,000 per clergyman;
 - religious associations not belonging to the Council of Estonian Churches are entitled to support for the congregation of €1,000 per clergyman paid by the congregation;
 - support limit for a monastery with up to five members is €3,000, and for a monastery with a larger membership it is €10,000;
 - support up to €20,000 for activities with an important social impact.

Which sectors were most affected in terms of providing support to non-standard workers?

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Are there any measures for training/requalification/reorientation for non-standard workers?

Not in the framework of the Covid-19 crisis measures.