

Job retention schemes in Europe

Lithuania

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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)	Short-time work scheme (STW)
Name of the scheme	<i>Subsidijos darbo užmokesčiui įmonėms, deklaruojančioms prastovas karantino/ekstremalios situacijos metu</i> (Wage subsidies for companies declaring downtime during lockdown/emergency situation)
Start date of the implementation of the special Covid-19 JRS rules	<p>On 17 March,² the government of the Republic of Lithuania introduced a scheme for companies to receive wage compensation during interruptions of their operations, if as a consequence of a government declaring a lockdown, the employer is not able provide employees with the work agreed in their employment contracts. The official start date of the measure was 19 March 2020 (although officially, companies could apply for subsidies to the Public Employment Services [PES] only from 5 April 2020; furthermore, on 10 April 2020,³ the amendments to the Law on Employment No. XII-2470 came into force, which approved new subsidy amounts).</p> <p>Amendments to the Law on Employment of the Republic of Lithuania – which entered into force on 10 April 2020 – changed the procedure for payment of subsidies: the subsidy ceiling was increased from 1 to 1.5 monthly minimum wages and new subsidy amounts were approved:</p> <ul style="list-style-type: none"> – 70% of calculated wages but not more than €910.5 gross (up to 1.5 monthly minimum wages); – 90% of calculated wages but not more than €607 gross (up to 1 monthly minimum wage).

1. Lithuanian Centre for Social Sciences.
2. Law No. XIII-2822 adding Article 5-1 and amending Articles 24, 25, 35, 37, 41, 42, 44 of the Law on Employment of the Republic of Lithuania No. XII-2470 (17 March 2020); Law No. XIII-2821 amending Articles 47 and 49 of the Labour Code (LC) (17 March 2020).
3. Law amending Articles 5-1, 13, 24, 35, 37, 38, 39, 41, 42, 44, 49 and 50 of Law on Employment of the Republic of Lithuania No XII-2470 (7 April 2020).

Until 10 April 2020, the subsidy amount constituted 60% of calculated wages. For businesses whose activities were terminated or severely restricted due to lockdown, the subsidy amount constituted 90%. The subsidy ceiling in both cases was 1 monthly minimum wage or €607 gross (however, it should be noted that no wage subsidies were paid to companies in accordance with this initial scheme. All the subsidies started to be paid in accordance with the scheme adopted on 10 April 2020).

Amendments to the Law on Employment of the Republic of Lithuania – which entered into force on 12 June 2020 – established that the subsidies to businesses will be paid as long as the state of emergency and (or) lockdown continues. Until then, the measure would only be valid after a declaration of a state of emergency and lockdown. Furthermore, the amendments to the Law introduced a special regulation for employees 60 years of age or over: employers may be paid higher wage subsidies for employees 60 years of age or over whose work has been suspended. The amount of the subsidy may be 100% or 70% of wages, at the choice of the employer:

- if the employer chooses a 100% subsidy, the state will contribute a maximum 1 monthly minimum wage (€607 gross);
- if the employer chooses a 70% subsidy, the state will contribute 1.5 monthly minimum wages (€910.5 gross).

On 1 January 2021, amendments to the Law on Employment of the Republic of Lithuania came into force in Lithuania, amending the procedure for paying wage subsidies for companies declaring suspension of operations because of lockdown. Under the new procedure, the amount of the wage subsidy equals 100% of the calculated funds, but not more than 1.5 monthly minimum wages (€963 gross) in case of full-time employment contracts.

Eligibility	<p>The eligibility criteria for wage subsidies are as follows:</p> <ol style="list-style-type: none"> 1. the company has suspended operations (fully or partially) because of an emergency situation and (or) lockdown (as specified in Article 47 of the Labour Code of the Republic of Lithuania) to retain jobs; 2. the company does not have the status of a budgetary entity;⁴ 3. the company is not bankrupt or in liquidation; 4. during the past year the company and its representatives have not been subject to any administrative penalties for labour law violations (for example, illegal or undeclared work, violations for employing foreign nationals, etc.). <p>Other important requirements:</p> <ol style="list-style-type: none"> 1. During a calendar month when an employee was not working the employee's pay for that month may not be lower than the minimum monthly wage (MMW, €607 gross or €437 net) approved by the government for full standard working hours as agreed in the employment contract. 2. Employers shall inform the State Labour Inspectorate (SLI) when suspending operations for employees. 3. Employees must not work during suspension of operations. 4. Having received the subsidy, employers must retain at least 50% of the jobs for which subsidies were paid for at least three months after the end of the subsidy payments, except for persons dismissed under the Labour Code (LC) on agreement at a hearing by the parties to the employment contract, or on the initiative of the employee either for valid reasons or without a valid reason, or on the initiative of the employer due to the fault of the employee and without intent of the parties to the employment contract, or due to the death of the employee.
Exceptions (category of workers or companies excluded from support)	<p>The following categories are excluded:</p> <ol style="list-style-type: none"> 1. budgetary entities;⁵ 2. companies that are bankrupt or in liquidation; 3. companies that have been subject to administrative penalties for violations of labour law during the past year; 4. self-employed persons (including platform workers).
Duration of support (maximum duration for which JRS support is paid)	<p>Amendments to the Law on Employment of the Republic of Lithuania, which entered into force on 12 June 2020,⁶ established that subsidies will be paid to businesses as long as the state of emergency and (or) the lockdown declared by the government continues. Until then, the measure was only valid after the declaration of the state of emergency and lockdown. As of 1 January 2021, however, the procedure has been amended and new subsidies have been approved.</p>

4. According to the Law on Budgetary Institutions, a budgetary institution is a public legal entity with limited civil liability, performing state or municipal functions and maintained from state or municipal budgets, as well as from the State Social Insurance Fund, Compulsory Health Insurance Fund budgets and other state monetary funds.
5. The main reason why budgetary entities are not eligible to apply for wage subsidies is that the funds for staff salaries are provided/foreseen in advance in their budgets.
6. Law No XIII-3008 amending Articles 47 and 49 of the LC (4 June 2020); Law No XIII-3005 amending Articles 25, 41, 42, 44 and 48-1 of Law on Employment of the Republic of Lithuania No XII-2470 (4 June 2020).

<p>Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)</p>	<p>For employees up to 60 years of age, the amount of the subsidy may reach 90% or 70% of the wage amount subject to the employer's choice. If the employer contributes 10% and chooses a 90% subsidy, the state will contribute a maximum of 1 monthly minimum wage (€607 gross); if the employer chooses a 70% subsidy, the state will be able to contribute more: 1.5 monthly minimum wage or €910.5 gross. Wages accrued during suspension of operations may not exceed those fixed earlier in the employment contract.</p> <p>For 60+ employees, if the employer chooses a 100% subsidy, the state will contribute a maximum 1 monthly minimum wage (€607 gross); if the employer chooses a 70% subsidy, the state will be able to contribute 1.5 monthly minimum wages (€910.5 gross).</p> <p>According to the Labour Code No XII-2603, an employer can also declare partial downtime for an employee when, for a certain period of time, there is a reduction in the number of working days per week (of at least 2 working days) or the number of working hours per day (of at least 3 working hours). In case of partial downtime, employers pay employees their normal wages/salaries for the time worked, while for the time not worked the wage support rules described above apply.</p> <p>Social security and pension contributions are continued during the period of the payment of the subsidy. Subsidies to employers are paid on a gross basis, meaning that the subsidy includes contributions and taxes payable to the State Social Insurance Fund (Sodra) and the State Tax Inspectorate (STI). Social security and pension contributions are paid in the usual manner (in case of open-ended contracts, the employer pays 1.77% and the employee 19.5%; in case of temporary contracts, the employer pays 2.49% and the employee 19.5%).</p> <p>It should be noted that until 1 January 2021, support in Lithuania was basically linked not to contractual wages but to the monthly minimum wage. Thus, most employees during the suspension of operations in 2020 got either 1 monthly minimum wage (€607 gross) or 1.5 monthly minimum wages (€910.5 gross). The employer could always pay higher wages than the monthly minimum wage but would only receive a subsidy of €910.5 gross (if the employer chooses to contribute 30%) and €607 gross (if the employer chooses to contribute 10%). According to the Ministry of Social Security and Labour, about 93% of employers who applied for subsidies paid only the monthly minimum wage to the employees whose work was suspended (data of 28 July 2020) (Eurofound, 2020)⁷.</p> <p>On 1 January 2021, amendments to the Law on Employment of the Republic of Lithuania came into force according to which the amount of the wage subsidy equals 100% of calculated funds, but not more than 1.5 monthly minimum wages (€963 gross) in case of full-time employment contracts. This means that the employer does not have to make a contribution to the employees' wages. The amount of the subsidy cannot exceed the wage set in the employment contract before the declaration of the state of emergency and lockdown (the exception is when wages increase due to the new monthly minimum wage approved by the government⁸).</p>
<p>Cap on support (maximum amount of JRS support payable)</p>	<p>The cap depends on the model of subsidy chosen by the employer: €607 gross in the case of a 90% subsidy; €910.5 gross in the case of a 70% subsidy.</p>
<p>What share of the support is covered by the state and by the employer?</p>	<p>The share of support covered by the state and by the employer depends on the model of subsidy chosen by the employer:</p> <p>For employees up to 60 years of age:</p> <ul style="list-style-type: none"> – state support – 90% or 70%; – employer support – 10% or 30%; <p>For 60+ employees:</p> <ul style="list-style-type: none"> – state support – 100% or 70%; – employer support – 0% or 30%.
<p>Dismissal protection</p>	<p>Having received the subsidy, the employer is required to retain at least 50% of jobs for at least three months from the end of the payment of the subsidy. If the employer fails to meet this requirement, they will not be able to participate in the PES employment support measures for at least 12 months.</p>

7. Eurofound (2020) Wage subsidies for companies declaring a suspension of operations because of lockdown: Lithuania. Instrument fiche: Short-time working and temporary lay-offs (*Draft report*).

8. The monthly minimum wage in Lithuania was increased from €607 to €642 on 1 January 2021.

Role of collective bargaining in the adoption and implementation of JRS support

In Lithuania, **no collective agreements have been concluded** between trade unions and employers' associations related to the wage subsidy scheme.

As regards social partners' involvement in the adoption and implementation of the measure in general, social partners note that there was little dialogue in the initial process of developing the measure. According to the President of the Lithuanian Trade Union Confederation (LTUC), the main reason for this was that the situation was extraordinary and that therefore measures had to be adopted very quickly (Eurofound 2020). After the announcement of lockdown on 16 March 2020, the trade union Solidarumas submitted an official letter to the government asking them to retain jobs and to pay 80% of the average wage to employees during suspension of operations (Solidarumas 2020)⁹. The observations of LTU Solidarumas were partially taken into account, but in general, meetings with ministry representatives were more to provide information about the measures being implemented than to consult and hear the opinion of the social partners. According to the representatives of the Lithuanian Confederation of Industrialists (LCI), the lack of social dialogue during the preparation of measures meant that they had to be adjusted later, after introduction, and additional time was needed to fine tune measures effectively (Eurofound 2020).

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)

There are **no such provisions** in law.

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

In Lithuania, there has been **no scheme allowing for employees' training during suspension of operations**. Given that employees do not have to go to work during downtime, they could devote this time to training, but only at their own expense.

9. Solidarumas (2020) Lietuvos profesinės sąjungos 'Solidarumas' koordinacinės tarybos nutarimas dėl įvedamo karantino. Available at: <https://www.lps.lt/2456-lietuvos-profesines-sajungos-solidarumas-koordinacines-tarybos-nutarimas-del-ivedamo-karantino>, accessed on 29 January 2021.

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)	Applications for wage subsidies	Actual number of workers receiving wage subsidies
March 2020	108,550	108,503
April 2020	170,384	170,298
May 2020	137,632	137,580
June 2020	80,556	80,469
July 2020	21,632	21,616
August 2020	13,846	13,820
September 2020	10,141	10,078
October 2020	10,628	10,601
November 2020	43,201	42,906
December 2020	43,770	35,433

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)

Unfortunately, only limited statistics are available on this issue. According to the Ministry of Social Security and Labour (MSSL), on 27 July 2020 the distribution across sectors of companies granted subsidies was as follows:*

- wholesale and retail trade, and repair of motor vehicles and motorcycles (34.4%);
- industry (10.1%);
- accommodation and food service activities (10%);
- other professional, scientific and technical activities (6.9%);
- health care and social work (6.1%);
- construction (5.7%);
- transportation and storage (5.6%);
- administrative and support service activities (4.1%);
- other activities (17.1%).

It is likely that percentages were similar during the period from March to December 2020.

* This does not allow us to evaluate the 'most affected sectors', as the number of companies might be higher in sectors with a larger number of smaller companies.

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

Unfortunately, the official information is not available. Figures provided by the data analysis company Scorify, however, show that, from 1 March to 26 November 2020, the number of employees in companies that received wage subsidies and post-lockdown subsidies **decreased by only 3%, from 355,700 to 346,439** (VZ.lt, 2020¹⁰).

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)

According to the data provided by the MSSL, the total amount paid out in wage subsidies amounted to **€171.5 million as of 9 December 2020**. This represents 0.35% of GDP in 2020, which according to Eurostat was €48.669 million in current prices.

10. VZ.lt (2020) Prastovų kompensacijos: pusei išmokėtos sumos neskelbiamos, gavo ir ataskaitų neteikiančios įmonės. Available at: <https://www.vz.lt/smulkusis-verslas/2020/12/09/prastovu-kompensacijos-kiek-padejo-o-kas-jau-grazino#ixzz6gKBrGbWF>, accessed on 26 January 2021.

Information on non-standard workers and JRS¹¹

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?¹²

It should be noted that most non-standard workers (fixed-term employees, temporary agency workers, part-time employees) have access to wage subsidies as they are employees and work under employment contracts. The measure excludes the self-employed (including platform workers), however, although for them there are several **support programmes**:

1. self-employed persons can apply for compensation;
2. self-employed persons who were unable to carry out their activities and lost income as a result of lockdown could apply to the PES for a subsidy of €6,980.50 to change their economic activity;
3. tax concessions and tax deferrals for the self-employed that were affected by the spread of the Covid-19 coronavirus and included in the list of the State Tax Inspectorate (STI).

What are the eligibility criteria?

Compensation for the self-employed

Until 1 January 2021,¹³ a fixed benefit of €257 per month was granted to self-employed persons in Lithuania. The benefit was paid if a self-employed person met all of the following conditions:

- registered as self-employed for at least three months in the past year and not deregistered before the government declared the state of emergency and lockdown;
- earnings under an employment contract did not exceed €607 gross (if they were working under an employment contract);
- no outstanding debts to the state and or regarding social insurance payments to Sodra (or the debt has been rescheduled and is thus not an impediment);
- the claimant does not have the status of a legal person in liquidation or bankruptcy.

The benefit was paid during the lockdown and for another two months after the emergency situation or lockdown was lifted. The first lockdown in Lithuania was announced on 16 March 2020 and lifted on 16 June 2020, so the duration of the measure during the first lockdown was 16 March 2020–16 August 2020. The second lockdown was announced on 7 November 2020 and was lifted on 1 July 2021; support was available until 31 August 2021. As already mentioned, however, some changes have been made since 1 January 2021. To be eligible for compensation, a self-employed person has to be included in the list of types of self-employed affected by the Covid-19 restrictions. At the end of the lockdown/emergency, the benefit will be paid for one more month and discontinued thereafter.

Subsidy to change economic activity

A self-employed person was eligible for a flat-rate grant of €6,980.50 if the the following conditions were met:

- registered as self-employed for at least three months in the past year and not deregistered before the government declared the state of emergency and lockdown;
- during the state of emergency and lockdown period, monthly gross earnings if working under an employment contract or on the grounds of legal relations deemed to be equivalent to an employment relationship do not exceed the minimum wage (€607 gross);
- the claimant does not have the status of a legal person in liquidation or bankruptcy.

Tax concessions and tax deferrals

Taking into account the restrictions/prohibitions imposed on activities during lockdown, the STI has taken note of specific activities in which taxpayers may consequently have suffered a direct negative impact and has published a list of those to whom the following assistance measures will apply automatically: non-recovery of declared taxes (other than customs duties), exemption from the payment of default interest and no interest accruing on tax loan agreements. These taxpayers are subject to analogous measures to facilitate the payment of state social insurance contributions to the State Social Insurance Fund Board (Sodra).

Sodra and the STI provide tax concessions to businesses and the self-employed during the lockdown and for two more months after it is lifted.

11. 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.

12. The following questions refer to any existing schemes for non-standard workers.

13. Since 1 January 2021, the amount of compensation has been increased from €257 to €260 and the procedure has been changed. Since 1 January 2021, self-employed persons may apply for a €260 pay-out if as a result of restrictions on economic activity, the person has been included in the list of self-employed persons affected by Covid-19 restrictions published by the State Tax Inspectorate (STI).

How is the financial support for non-standard workers calculated?	<p>Compensation for the self-employed</p> <p>Until 1 January 2021, the benefit constituted €257¹⁴ for a full month (benefits paid for an incomplete month are proportionately lower). The benefit is linked to the amount of the minimum consumption needs for the current year as specified in Law No X-1710 of the Republic of Lithuania on the Establishment of Reference Values for Social Security Benefits and Basic Rate of Fines and Penalties.</p> <p>Subsidy to change economic activity</p> <p>The maximum amount of aid requested for a change of self-employment activity is €6,980.50. The subsidy could be used exclusively for purchasing work equipment/implements, services and directly work-related items.</p>
Which sectors were most affected in terms of providing support to non-standard workers?	Unfortunately, such information is not available.
Are there any measures for training/requalification/reorientation for non-standard workers?	<p>As already mentioned, self-employed people who were unable to carry out their activities and lost income as a result of the lockdown could apply to the PES for a subsidy to change their economic activity. The maximum amount of aid requested for this purpose was €6,980.50, and the person will have to carry out the activity for which the subsidy has been received for 12 months. Jobs may not be created for seasonal or temporary work. It should be noted, however, that this was a one-off measure which ended when the allocated funds were exhausted.</p> <p>There were two calls for self-employed persons willing to change their economic activity (on 9 June 2020 and 10 August 2020). On 10 August 2020, the call was closed only 30 minutes after opening because the total amount of €4 million had been exhausted within half an hour (Simeleviciene 2020).¹⁵ There is no information regarding the first call, but that had also closed on the same day. According to the PES, 2,071 self-employed persons (or 1.3% of the total number of self-employed) applied for a career change subsidy and 1,343 of them were subsidised (15min.lt, 2020).¹⁶</p>

14. Since 1 January 2021, the amount of compensation is €260.

15. Simeleviciene J. (2020) Per pusvalandį išdalinus savarankiškai dirbantiems skirtas lėšas kilo pasipiktinimas: skundžiasi dėl sistemos trikdžių, 11 August. Available at: <https://www.15min.lt/verslas/naujiena/finansai/per-pusvalandi-isdalinus-savarankiskai-dirbantiems-skirtas-lesas-kilo-pasipiktinimas-skundziasi-del-sistemos-trikdziu-662-1359406>, accessed on 29 January 2021.

16. 15min.lt (2020) Veiklą nori keisti daugiau nei 2 tūkst. dirbančiųjų savarankiškai. Available at: <https://www.15min.lt/verslas/naujiena/karjera/veikla-nori-keisti-daugiau-nei-2-tukst-dirbanciuju-savarankiskai-666-1370938>, accessed on 29 January 2021.