

Benefits for entrepreneurs and employees



Media coverage of the Covid-19 Act, much touted by the Polish government ahead of its actual implementation, was rife with speculation about benefits to be extended to the self-employed, to businesses, and to their workers. So, what are the actual benefits proffered? And what are the eligibility criteria?

JOB PROTECTION

Entrepreneurs may approach the **head of the competent regional [województki] labour office** with an application for benefits towards job protection financed out of the Guaranteed Employee Benefits Fund. If such an application is successful, the recipient enterprise also receives relief on social insurance contributions which would normally be payable on the employee benefits.

Who is eligible?

The benefits must be applied towards remuneration for employees affected by **economic standstill or reduced working times**. In other words, an operation must suffer standstill or implement reduced working hours before relief may be sought.

Before putting his operation on standstill or a reduced working time regime, the employer must agree these measures with employee representatives appointed in the manner

customary for the given employing enterprise. Implementation of standstill or reduced working time shall not require notice of termination of the current employment conditions.

Additional criteria

Apart from that, the employer seeking subsidies must meet the following criteria:

- **a drop of commercial turnovers of at least 15%** when comparing 2 selected consecutive months after 1 January 2020 to the analogous consecutive months of 2019 or, alternatively, **of at least 25%** taken as the ratio of revenues for any chosen month after 1 January 2020 (and before the application is submitted) to revenues for the preceding month;
- The employing enterprise seeking aid may not meet the criteria for announcement of bankruptcy, and
- **May not have any arrears** in payment of taxes, ZUS contributions or compulsory health insurance contributions through Q3 2019 (unless any such arrears are covered by an arrangement with the Social Insurance Institution and/or the tax authority, and the employer has been keeping up with the instalment payments prescribed in such plan);
- Remuneration of the employees concerned in the month prior to that in which aid is sought **may not be higher than 300%** of the average monthly salary for a full-time position for the previous quarter, as announced by the Central Statistical Office for Poland (GUS).

Value of the benefit

- An employee affected by economic standstill may receive reduced remuneration, subject to the reservation that such reduced wages may not be less than 50% of the given employee's normal remuneration and that they may not be lower than the statutory minimum wage (with due heed for the given employee's working time, i.e. full-time or some form of part-time). The remuneration subsidy may be up to **50% of the minimum wage**.
- The employer may reduce working time by 20%, and not past half-time employment, always subject to the reservation that the resulting pay cut may not leave the employee affected with less than the statutory minimum wage. In such a case, the remuneration subsidy may be up to half the reduced remuneration, but not more than **40% of the average monthly salary for a full-time position for the previous quarter, as announced by the Central Statistical Office for Poland (GUS)**.

Duration

Any awarded subsidies shall be paid out over an aggregate period of 3 months from the date of application.

SUBSIDIES TOWARDS REMUNERATION FROM THE LOCAL SELF-GOVERNMENT

The Covid-19 Act also provides that an enterprise may **seek subsidies towards employee remuneration** and towards the **payroll taxes applicable thereto** from the local self-government (represented by the starosta); whether or not such support will be granted, and likewise its amount, is left to the prerogative of the competent local authority.

Reduced turnovers

The main criterion for aid eligibility is comprised in **a drop of revenues afflicting the enterprise applying for support**. This benefit has been devised as an alternative for entrepreneurs who do not want to shut down their operations or implement reduced working times, or are unable to do so, but are still looking to the state for help in weathering the corona crisis.

The drop in business revenues is taken as the ratio of revenues for any 2 selected consecutive months after 1 January 2020 (and before the application is submitted) to revenues for the analogous consecutive months in the preceding calendar year.

The maximum subsidy available for the given employer shall correspond to the product obtained by multiplying the number of employees for whom subsidies are sought by the relevant percentage rate assessed in accordance with the following criteria:

Turnover drop by at least 30%	50% of remuneration (+ ZUS contributions), not more than 50% of the minimum remuneration (PLN 1,300) + ZUS contributions
Turnover drop by at least 50%	70% of remuneration (+ ZUS contributions), not more than 70% of the minimum remuneration (PLN 1,820) + ZUS contributions
Turnover drop by at least 80%	90% of remuneration (+ ZUS contributions), not more than 90% of the minimum remuneration (PLN 2,340) + ZUS contributions

Additional criteria

Apart from that, the employer seeking subsidies must meet the following criteria:

- The employing enterprise seeking aid may not meet the criteria for announcement of bankruptcy and
- may not have any arrears as regards taxes, social insurance contributions, or other liabilities specified in the Covid-19 Act;
- Receipt of any subsidies is predicated upon keeping the employees for whom subsidies were granted on the payroll. Any subsidies shall be paid out in monthly instalments, and pay-out must, in each and every instance, be preceded by the employer's submission of a declaration that, in the given month, he continues to retain the employees in question, and the employees towards whose pay cheques aid was collected must be kept on by the employer for a further period corresponding in length to that for which aid was collected;
- The employer must be a micro enterprise or a small or medium sized enterprise (SMEs are generally defined as enterprises employing up to 250 people) – this subsidy is not addressed to large employers.

Duration

Any awarded subsidies shall be paid out over an aggregate period not exceeding 3 months.

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