

Series of articles
"Coronavirus & Business"

Practical guide to the instruments for subsidising employee's remuneration

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Practical guide to the instruments for subsidising employee's remuneration

This guide will describe the most important information about the instruments for subsidising employee remuneration provided by the Anti-Crisis Package. The Q&A format will guide you through all basic issues that you should know when assessing your situation in the current market conditions.

1. What kind of subsidy for employee remuneration can I apply for as an entrepreneur?

Each entrepreneur may apply for a subsidy to the remuneration paid from the Guaranteed Employee Benefits Fund (FGŚP). Micro, small and medium-sized entrepreneurs can apply for funding from the district governor.

2. What is the difference between the FGŚP subsidy and subsidy from the district governor?

In order to apply for a subsidy from the FGŚP, it is necessary to show a decrease in turnover and it is obligatory to introduce at least one of two restrictions in the functioning of the company – economic stoppage or reduction in the employees' working time.

In order to apply for a subsidy from the district governor, you have to show a decrease in turnover, but you do not need to introduce economic stoppage or reduce the working time.

3. Can I apply for both types of subsidy?

No, both these instruments are publicly funded and cannot be combined.

4. Do FGŚP subsidies cover all employees?

No, the financing from FGŚP does not cover employees whose remuneration exceeds three times the average gross domestic remuneration determined by the Statistics Poland Office for the quarter preceding the application.

5. How much is the amount of subsidy?

In the case of a subsidy from FGŚP, for employees earning less than three times the national average remuneration, the amount of subsidy is as follows:

- in the case of economic stoppage – no more than 50% of the minimum wage and the amount of a subsidy to social security contributions in the corresponding part. Account should be taken of the fact that the employee's remuneration is reduced as a result of the stoppage and the subsidy is calculated on the basis of the reduced amount of remuneration.
- in the case of reduced working time – up to half of the remuneration of a given employee, but not more than 40% of the average gross

domestic remuneration. Account should be taken of the fact that the amount of the subsidy is calculated on the basis of the remuneration due for the reduced working time.

In the case of a subsidy from the district governor – depending on the decrease in turnover – in the amount of up to 50, 70 or 90% of the minimum wage and the amount of a subsidy to social security contributions in the corresponding part. You can find out more about the decrease in turnover in question 8.

6. Can I simultaneously introduce a state of economic stoppage and reduce the working time of employees?

Yes, but only one solution can be applied to one employee. For example, it is possible to introduce stoppage for blue collar workers and to reduce working time for white collar workers. In order to take advantage of the financing from the FGŚP, you need to introduce at least one of these solutions.

7. If I want to apply for a subsidy from a district governor, should I make changes in working time or introduce a stoppage?

No, the subsidy from the district governor is only contingent on a decrease in turnover in the amounts referred to in question 8.

8. What is a decrease in turnover? How do I calculate it if I meet the statutory criteria?

The decrease in turnover is understood as a decrease in sales of goods or services in terms of quantity or value. The minimum

decrease in turnover for applying for funding from the FGŚP is 15% or 25%. The 15% threshold applies to two freely chosen months from 2020 as compared with two analogous months from 2019. The 25% threshold applies to one selected month as compared with the analogous month from 2019.

In the case of applying for a subsidy from the district governor, the threshold for the decrease in turnover is higher – the minimum value is 30%. However, the higher the decrease in turnover, the higher the subsidy from the district governor – the statutory thresholds are 30/50/80%, in which case the subsidy is 50/70/90% of the minimum remuneration respectively.

9. Does the subsidy cover also the payment of contributions for social security?

Yes, in the percentage corresponding to the percentage of the subsidy of the remuneration. This means that the rest of the contributions are paid by the employer himself/herself.

10. How can I introduce a state of economic stoppage or reduce the working time?

Both solutions are implemented by the agreement between the employer and the trade unions. If there are no trade unions in the company, the agreement shall be entered into with the employees' representatives. If it is not possible to elect the workers' representatives due to remote work or other physical absence from the workplace, an agreement may be entered into with the representatives elected at an earlier date for other labour law purposes.

If no representatives have been elected in the company before, the elections must be held.

A copy of the agreement shall be sent to the district labour inspector no later than 5 days after conclusion. The agreement should indicate the professional groups covered by the instrument and the rules applicable to the implementation of the instrument.

The agreement shall be attached to the application for granting a subsidy.

11. What will happen if I introduce a state of economic stoppage?

A state of economic stoppage means that employees do not perform their duties and, at the same time, remain in a state of readiness to perform work. Employees do not have to go to the workplace. The remuneration of employees covered by the stoppage may be reduced by 50%, but not less than to the amount of minimum remuneration. If an employee is employed part-time, then the minimum wage is calculated in proportion to the full-time job (e.g. 4/5 of the full-time job – at least 4/5 of the minimum remuneration, but not less than 50% of the total remuneration).

12. What happens if I introduce a reduction in working time?

The reduction in working time consists in reducing the time during which an employee works for the employer. This can be done up to 20% of the employee's working time. In the case of part-time work, the 20% is calculated for the part of the working time that is applicable for the employee (e.g. 4/5 of the full-time job, i.e. 32 hours per week, can be reduced by 20% from 32 hours, not from 40 hours). You cannot reduce the working time to less than half a full-time job (not less than ½ a full-time job).

13. Where can I apply for a subsidy from FGŚP?

The application is submitted to the Director of the Provincial Labour Office. Templates and additional information about their completion are available on the government website: <https://www.gov.pl/web/rodzina/dofinansowanie-do-wynagrodzen>.

14. How can I apply for a subsidy from the district governor?

The application for a subsidy shall be submitted to the District Labour Office within 14 days as of the announcement of the call for application by the governor of this office. The subsidy contract is entered into with the district governor.

15. For how long can I receive this subsidy?

Both FGŚP subsidy and the subsidy from the district governor can be granted for a maximum of 3 months. The provisions provide for the possibility to extend this deadline by way of a regulation.

16. Can I fire the employee for whom I am receiving a subsidy?

As a rule, the employer should maintain the level of employment for the period of a subsidy from the FGŚP or from a district governor, and the subsequent period of the same length. If the subsidy is awarded for 3 months, the employment must be maintained for a total of 6 months (3 months of receipt of the subsidy and another 3 months). Failure to maintain the level of employment results in the necessity to return the received subsidy. The subsidy covers a specific employee, not a number of full-time equivalents. If one employee

is made redundant and another employee is hired to replace that person, the subsidy received must be returned!

Do you have more questions? Contact our lawyer

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