

NEWSFLASH

Short-time work is finally regulated!

Dear Ladies and Gentlemen,

Many states have successfully used short-time work during the pandemic to keep their economies alive and reduce unemployment.

Fortunately, Romania has joined this circle since 10.08.2020. The Emergency Ordinance 132/2020 (the "EO") is the result of an initiative launched as early as at the beginning of March, in which our law firm was actively involved.

What does short-time work mean?

The basic idea is that the employer can reduce the working time and the salary of employees in times of crisis. The State increases the salary thus reduced by a certain amount ("short-time allowance"). Under normal circumstances, this mechanism has a long-term beneficial impact on all parties involved.

How has Romania regulated short time work?

If the conditions are met, the employer may reduce the working time of the affected employees to a maximum of 50% of their normal working time.

The short-time allowance amounts to 75% of the loss of wages. It is paid by the employer and reimbursed to the latter by the state.

What does a calculation example look like?

If an employee earns, for example, EUR 1,000, in case of short-time work of 50%, his salary will be reduced to EUR 500. The State bears the short-time allowance equal to 75% of the difference, i.e. 375,- EUR. Thus, the employee works only half time, but receives EUR 875.

What are the prerequisites for short-time work?

The employer's activity must be temporarily reduced as a result of an officially imposed state of emergency/ alarm or siege.

What are the conditions for the reimbursement of short-time allowance?

The measure must

- affect at least 10% of the employer's staff
- be based on a decrease in revenue of at least 10% in the previous month or in the month before, compared to the similar month of the previous year.

What does the employer have to do?

It orders short-time working

- in due time
- for at least five working days

- after informing and consulting the trade union, the employee's representatives or, where applicable, the employees
- by unilateral decisions,
- which have to be registered in the employee register "Revisal",
- set the working program for the entire month.

Unfortunately, as per the EO, he is compelled to schedule the working time for the entire month, which makes flexible reactions (e.g. to new orders) difficult.

How does the reimbursement work?

Reimbursement will be made within 10 days upon request. The procedure and the period during which short-time work can be imposed by the employers shall be determined by a government decision. Such decision has not yet been published, but is currently being drafted.

Are there interdictions for the employer?

If the employer introduces short-time work for certain employees, among other restrictions,

- no new employees must be recruited for carrying out similar activities
- the concerned employees must not work overtime
- collective redundancies must not be initiated.

From the point of view of the economy, further regulations are needed – especially to introduce a general short-time work regulation, which is independent of pandemics and similar conditions. This seems to be intended.

In any case, we are pleased that the intensive cooperation on the project, which has been carried out since the beginning of the state of emergency, has shown initial successes. Our law firm will continue to devote itself to this matter. As soon as the procedure for requesting the reimbursement is known, we will report again.

We will be happy to answer any questions you may have pertaining to this subject.

Sincerely,
STALFORT Legal. Tax. Audit.

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