

Overview	Legal Change	Action required
<p><b>Public Re-imburement Options Available in face of COVID-19.</b></p> <p>Leading options for government support for businesses in the face of the COVID-19 downturn.</p>	<p>Many German businesses are now in lockdown or seeing sharp reductions of business activity. What government measures are available to support businesses in the event of loss of activity?</p> <p>The basic principle is that employees are paid even where there is no business activity until their employment is terminated.</p> <p>Works councils, CBAs, company policies and employment contracts will play an important role.</p> <p>The main options are below. Some measures are existing and others have been updated as a result of COVID-19. The key measure to protect employers and jobs is <b>Short-Term Working</b>.</p>	<p>Check your CBAs, company policies, employment contracts and works council obligations.</p>
<p><b>Sick pay</b></p>	<p>Normal rules apply if an employee is on sick leave due to the virus. Employers must continue full remuneration for 6 weeks. Companies with less than 31 employees may apply for 80% compensation.</p>	<p>No change.</p>
<p><b>Federal Infection Protection Act (IfSG)</b></p>	<p>If the IfSG is used to quarantine or ban business activity, employers can reclaim the first 6 weeks of earnings paid to individual employees and thereafter the reduced sickness benefit from the relevant government authority.</p> <p>This claim won't apply if the employee is already on sick pay.</p>	<p>Submit the claim within 3 months of the end of the quarantine period or the cessation of the business activity.</p> <p>It is uncertain if and how this compensation will work in these circumstances but if it is potentially relevant to your business, an application should be made in order to reserve your position.</p>
<p><b>Short-Time Working (Kurzarbeit) (1)</b></p> <p>New measures updated on March 13, 2020.</p>	<p>This is the <b>option of choice</b> when a substantial drop of business occurs. It already exists but has been amended to meet the current crisis. It is there to prevent or reduce layoffs.</p> <p><b>Basics:</b></p> <ul style="list-style-type: none"> <li>- Right to loss of earnings compensation arises if at least 10% of employees have loss of earnings of more than 10% due to the crisis.</li> <li>- Social security contributions will now be 100% refunded.</li> <li>- Temporary employees can also now go on short-time working and get short-time compensation.</li> <li>- No requirement to build up negative working time balances (as previously)</li> </ul>	<p>Application for Short-Time Work compensation.</p> <p><b>Step 1:</b> Notify the Federal Employment Agency and meet their notification requirements.</p> <p><b>Step 2:</b> Apply to the Employment Agency for benefits for each employee for the respective month <u>within 3 months</u> of the month in which short-time working occurs.</p>

	<p><b>You will need a legal basis:</b></p> <ul style="list-style-type: none"> <li>- a collective bargaining agreement;</li> <li>- a works agreement; or</li> <li>- a contractual agreement.</li> </ul> <p>If employees are not willing to agree to a contract change then you can still terminate with an option to alter conditions (<i>Änderungskündigung</i>).</p>	<p>Check your CBA, works agreements, company policies and employment contracts before deciding on and introducing your Short-Time Working policy.</p>
<p><b>Short-Time Working (Kurzarbeit) (2)</b> Benefits of Short-Time Working</p>	<p>The compensation:</p> <ul style="list-style-type: none"> <li>- can be granted for up to 12 months;</li> <li>- is the same amount as the unemployment benefit (roughly between 60 and 67% of the actual loss of earnings – individual employee circumstances apply);</li> <li>- only takes into account earnings up to EUR 82,500 p.a. (West Germany) and EUR 77,400 p.a. (East Germany).</li> </ul> <p>Employers may grant top up benefits depending on economic circumstances. CBAs, company policies and individual employment contracts may provide for these in any event.</p>	<p>The Short-Time Working allowance is paid to the employer who passes it to the employee. This is done either in advance with other remuneration for work still carried out or the employer waits until the compensation is received before paying it to the employee.</p>
<p><b>Employees who stop work to care for a family member (e.g. due to a school or nursery closure).</b></p>	<p>Currently, where an employee stops coming to work in these circumstances for more than a few days (usually more than 5 days) the legal obligation to pay them stops unless this is contradicted by the CBA or employment contract.</p> <p>The government has stated that a new compensation claim will be available amounting to 67% of individual net income for parents of children up to the age of 12. Currently it appears it will be paid for 6 weeks to a maximum of EUR 2,046 per month.</p>	<p>Where you have lost employees in these circumstances, check government announcements in order to assist employees.</p>

**This is a high level general update only. Legal advice should be obtained on specific circumstances.**