

SME INFO – POLAND

30 March 2020

ANTI-CRISIS SHIELD ACT – INFORMATION REGARDING EMPLOYMENT AND SOCIAL INSURANCE INSTITUTION IN POLAND



The purpose of SME INFO is to provide general information and to draw the attention to the current changes in law which we believe to be important for the business operation of our clients. It is not a replacement for careful review of the acts and rules and the consultation with your tax advisor.

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A package of bills in the Anti-crisis Shield Act has been accepted to assure the financial liquidity of companies and the safety of employees. Below you'll find a summary of solutions regarding employment and Social Insurance Institution (referred to in the later part of the text as "ZUS")

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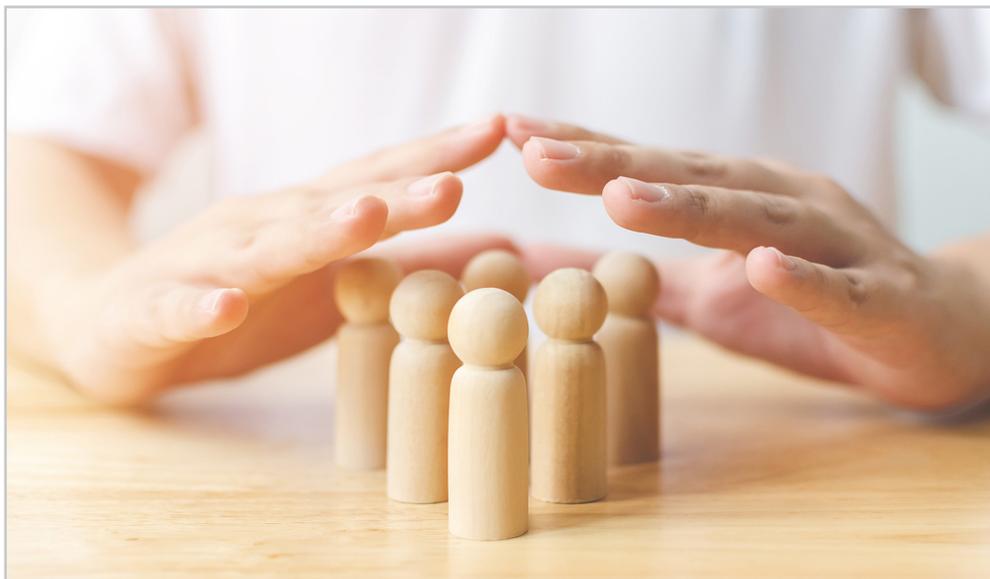
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1. REMUNERATION CO-FINANCING

The application for co-financing of employee remunerations in the view of the outbreak of COVID-19 may be filed by an entrepreneur who has introduced economic downtime or reduced working hours, but there can be no grounds for declaring bankruptcy. A decrease in turnover at which it is possible to apply for co-financing is defined as a decrease in sales of goods or services in terms of quantity or value as follows:

- no less than 15%, calculated as the ratio of total turnover over the 2 consecutive months in the period after 1 January 2020, to total turnover from the corresponding 2 months in the previous year, resulting from COVID-19 pandemic;
- no less than 25%, calculated as the ratio of total turnover during any given month in the period after 1 January 2020, compared to turnover from the previous month;

The decision on remuneration co-financing is granted after having received entrepreneur's application and such co-financing is payable within a total of 3 months of the date of application.



A duly submitted application for a grant must include:

- a copy of the collective agreement or agreement that provides for a period of economic downtime or reduction in working hours;
- a statement on the status of the entrepreneur;
- a statement on the decrease in economic turnover;
- a declaration on no grounds for bankruptcy;
- a declaration of not being in arrears with taxes and contributions;
- a declaration on the proper use of funds;
- a statement on the number of employees;
- a statement on the bank account number;
- a statement on the applicable rate for accident insurance of the employees covered by the application to exceed the limit of 30 times.

Co-financing in regard to full-time employees

- Subsidies in the period of economic downturn - in this case the employer pays the employee a reduced salary in the amount not exceeding 50%, but not less than the amount of the minimum wage for work (PLN 2 600 gross), taking into account the working hours. Such remuneration may be co-financed by the Guaranteed Employee Benefits Fund up to 50% of the minimum remuneration for work.
- In the event of reductions in working time - the employer may reduce working time by 20%, but not more than ½ of the full-time. In such a case, the remuneration may not be lower than the minimum wage determined taking into account the working time. With such a reduction in the working time, the Fund will subsidize up to 40% of the average monthly salary from the previous quarter announced by the President of the Central Statistical Office plus social security contributions due from the employer on the benefits granted, i.e. PLN 2 452.27.

Decrease in turnover in relation to the amount of co-financing

- Decrease by at least 30% - co-financing in the amount not exceeding the sum of 50% of the remuneration of individual

employees covered by the application for co-financing together with contributions, but not more than 50% of the amount of the minimum remuneration for work (PLN 2 600 gross) for each employee.

- **Decrease by at least 50%** – co-financing in the amount not exceeding the sum of 70% of the remuneration of individual employees covered by the application for co-financing together with their contributions, but not more than 70% of the amount of the minimum remuneration for work for each employee.
- **Decrease by at least 80%** – co-financing in the amount not exceeding the sum of 90% of the remuneration of individual employees covered by the application for co-financing together with their contributions, but not more than 90% of the amount of the minimum remuneration for work for each employee.

2. EXEMPTIONS FROM CO-FINANCING

The co-financing of employee remuneration shall not be granted in case of employees whose remuneration in the month preceding the month in which the application referred to in paragraph 1 was submitted exceeded 300% of the forecast average gross monthly remuneration in 2020. (PLN 15 681). Financial aid from the Guaranteed Employee Benefits Fund is available only if the entrepreneur did not obtain any aid in relation to the same employees for the same titles of payments for the protection of workplaces.

3. CO-FINANCING ON THE BASIS OF A CONTRACT WITH A DISTRICT GOVERNOR

There is a possibility of concluding an agreement with a district governor, who will grant the entrepreneur co-financing of part of the costs of employees' remunerations and social security contributions in the event of a decrease in economic turnover following the outbreak of COVID-19. Such co-financing may be granted for a maximum period of 3 months for micro-, small- and medium-sized businesses.

The entrepreneur will be obliged to maintain the employment relationship with the employees covered by the contract for the period of co-financing and a period equal to that period, after the fulfilment of co-financing period. If this condition is not met, the entrepreneur shall be obliged to return the grant, proportionally to the period of failure to keep the employee in employment, within 30 days from the date of delivery of the call from the district governor. In order to take advantage of this support, one should follow the website of the district Employment Agency – its director will announce the deadline for submitting an application.

4. BENEFITS FOR AWAITING WORK

Benefits for awaiting work will be available if, as a result of the COVID-19 outbreak, an uninterrupted stoppage lasting at least 30 calendar days before the month in which the application for such benefit was submitted, occurred in the business activity of persons conducting non-agricultural business activity, or of contractors with whom a civil law contract was concluded. The benefit shall amount to 80% of the minimum remuneration applicable in 2020 (PLN 2 080).

Benefits for awaiting work will not be granted to persons whose income from a non-agricultural business activity or civil law contract, obtained in the month preceding the month in which the application was submitted, was higher than 300% of the forecasted average monthly remuneration in 2020 (PLN 15 681).

Conditions necessary to obtain the benefit

- Conducting a non-agricultural business activity for which the income earned in the month preceding the month of filing the benefit application was at least 15% lower than the income earned in the month preceding that month;
- Possible suspension of a non-agricultural economic activity not earlier than 1 February 2020;
- In case of civil law contracts, they must have been concluded not later than 1 February 2020;
- Remuneration for performing a civil law contract amounts to not less than 50% of the minimum wage for work in 2020.

5. EMPLOYER'S OBLIGATIONS DURING PERIODS OF ECONOMIC DOWNTIME OR REDUCED WORKING HOURS

If it is necessary to introduce reduced working hours, the employer is obliged to establish its implementation and the conditions for performing work during the period of economic downtime in agreement with the company's trade unions, each of which associates at least 5% of the employees (representative in agreement with the Trade Union Act, or employee representatives, selected in accordance with the procedure adopted by the employer (in the absence of a company trade union organization)).

A copy of the agreement should be forwarded to the relevant district labour inspector within 5 working days of the agreement being concluded.

If the employees were covered by an inter-company collective agreement, the district labour inspector shall forward the agreement to the register of inter-company agreements.

The following information should be included in the agreement:

- a number of reduced working hours applicable to employees;
- employee groups subject to economic downtime or reduced working hours;
- the period for which the decisions are valid.

6. SOCIAL SECURITY EXEMPTIONS

The exemption from ZUS contributions may be applied for by taxpayers who at the end of February 2020 reported less than 10 insured persons to ZUS, provided that they were registered payers of contributions before 1 February 2020. Exemptions from ZUS contributions shall also apply to those who are natural persons conducting non-agricultural business activity registered before 1 February 2020, paying contributions exclusively for their own social and/or health insurance, and whose income, within the meaning of the provisions on personal income tax obtained in the first month for which the application for exemp-

tion from paying ZUS contributions is submitted, was not higher than 300% of the forecasted average gross monthly salary (PLN 15 681). The exemption concerns the payment of ZUS contributions for March, April and May 2020.

7. CHILDCARE ALLOWANCE

As of 8 March, the regulations provide for 14 days of additional care allowance for a parent who is taking care of a child/children under 8 years of age due to the closure of a nursery, kindergarten or school, while the newly approved project gives parents the opportunity to take advantage of another 14 days of such allowance. The age limit (children under 8 years of age) does not apply to disabled children whose parents are entitled to the childcare allowance for:

- Children under 16 years of age in the case of a disability certificate;
- Children up to the age of 18 in the case of a significant or moderate disability certificate;
- Children with a certificate of need for special education.

Only one parent may apply for an additional childcare allowance and the period of its payment is not included in the general limit of 60 days for the care of an ill child under 14 years of age. The amount of the additional allowance is 80% of remuneration.



8. INCOME TAX

Advance income tax payments for March and April 2020 are postponed until 1 June 2020.

9. FOREIGNERS – LEGAL RESIDENCE AND WORK PERMITS

The project includes the decisions on extension of residence visas and temporary residence permits for foreigners, extension of the deadline for submitting applications for residence permits, visa extension and extension of the stay under visa-free travel if it should fall within the period of an epidemic or emergency. The period of validity of temporary residence permits and national visas shall also be extended up to 30 days from the date of cancellation of the state of epidemic.

COVID-19!



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we need to look after and
help each other!**