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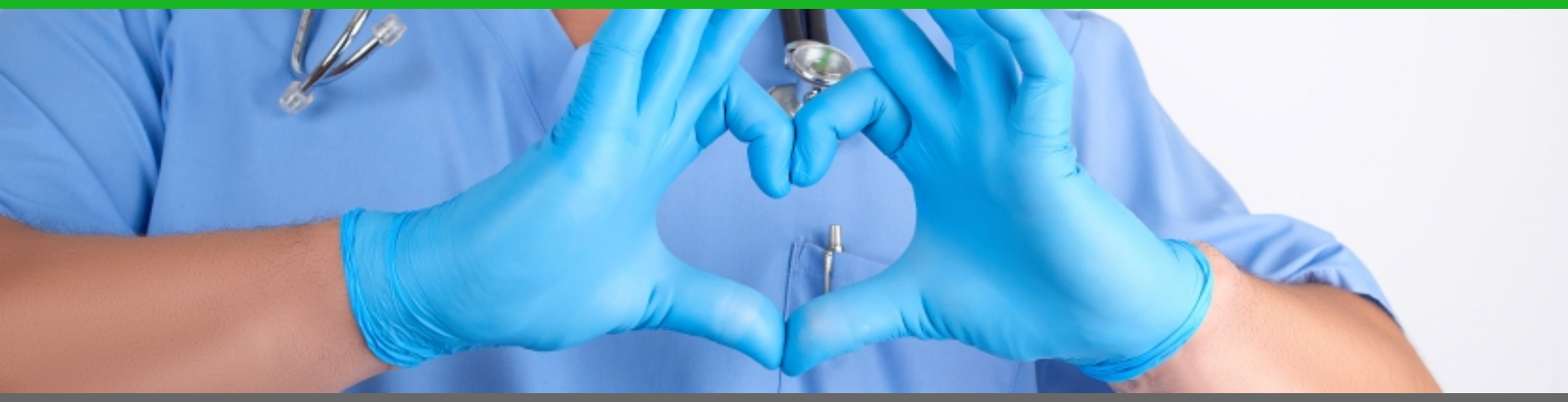
Reduced working time in the time of the Corona crisis



Purpose of reduced working time is to temporarily reduce costs of labour force while keeping employees

Dear clients,

Corona – Reduced working time – securing business, company, preserving job positions

Reduced working time is a temporary reduction of standard working time and incomes due to economic difficulties. Purpose of reduced working time is to temporarily reduce costs of labour force while keeping employees.

Reduced working time requires:

✔ agreement between the social partners, commercial chamber and trade unions
✔ this agreement is also a business agreement, in businesses without business council it is personal individual agreement
✔ approval by the Labour Office

Reduced working time can be applied to

Reduced working time can be requested by:
✔ all companies
✔ for all employees as well as managers, trainees and ASVG insured managers

It is not possible to apply for reduced working time for part-time employees, free staff /freie DN/ and for members of managing board and GSVG insured managers.

Corona and reduced working time

The social partners have developed an attractive model with following key points:

Leave: Before reduced working time, employees must, at the employer´s request, take full leave from previous years plus overtime-if any, in full. If reduced working time is extended for longer than 3 months, employees must take an additional 3 weeks of leave.

What does an employee receive during reduced working time?

Guarantee of net income during reduced working time

✔ employees with a gross wage of less then 1700 euro shall receive from their employer a salary of 90% of the net salary that was received before regime of reduced working time began
✔ for a gross wage of between 1 700 euro up to 2 685 euro it is 85%
✔ for a gross wage above 2 685 euro it is 80%

Social security contributions are paid on a salary basis as before a regime of reduced working time.

What will be paid to employer by the Labour Office?

The Labour Office will cover almost fully the additional costs that will arise in comparison with actual working hours for employers . It applies to incomes up to 5 370 euro. Parts of revenue over 5 370 euro will not be covered.

For example: *40 hours a week work, gross wage 2 000 euro (before regime of reduced working hours), working time will be reduced to 10%. The employer has to pay a wage of 85% (net income guarantee) and social security contributions based on remuneration before the regime of reduced working time.* ***However, in the end the employer only bears the costs of the agreed reduced working time (in this case, only 10%).***

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The rest will be almost fully covered by the Labour Office.

Form of assistance from the Labour Office: The Labour Office will cover for employer flat rates for each hour of work which will not take place due to corona crisis. Companies have to report the number of *lost hours* to the labour office on a monthly basis and then a payment from the labor office will be made on the basis of such a report. No contribution from the Labour Office is paid for lost hours due to leave and sick leave.

Working hours: Standard working time must contain at least 10 percent. Temporarily it can also be 0.

An example:
- for 40 hours working time
- agreed duration of reduced working time for 6 weeks
- for 5 weeks 0 hours a week
- for 1 week 40 hours a week
= 10% reduced working time for a duration of 6 weeks

Overtime is allowed during regime of reduced working time.

Termination of employment, retention obligation: during a regime of reduced working time and 1 following month afterwards, the termination of employment by an employer is prohibited.

Duration: The regime of reduced working time can be agreed for a three months. If necessary, an extension of another three months is possible.

Your Auditorea team