

Overview of Government's job preservation measures to mitigate the effects of special circumstances caused by the COVID 19 epidemics

March 2020



The Croatian Government introduced certain measures to support job preservation and mitigate the effects of the special circumstances caused by COVID 19.

Employment protection measures

The employment protection measures introduced include:

- grants for preserving jobs in COVID 19 affected sectors,
- temporary suspension of previous grants for self-employment and employment in order to secure additional funds for preserving jobs in COVID 19 affected sectors,
- extension of measure for continuous seasonal employees,
- deferral of payment of financial compensation for all employers of the quota for employment of persons with disabilities and exemptions from the quota for employment of persons with disabilities.

Effectively for the majority of employers this means compensation of salary costs in the amount of the minimum net salary per employee during the period of 3 months starting as of 1 March 2020.

For employers and other taxpayers whose business activities are effected by COVID 19 it is possible to submit request for postponement of the tax liabilities payments. In addition, for postponed tax payments it is possible to request an instalment payment (up to 24 months).

Industries and employers eligible for grants for preserving jobs in COVID 19 affected sectors

Eligible industries and eligible employers:

- a. Employers form the following industries:
 - hospitality, food and beverage,
 - transportation and logistics,
 - labour-intensive activities within the manufacturing industry: textiles, clothing, footwear, leather, wood and furniture,

- b. employers unable to carry out their activities in accordance with the decisions of the Civil Protection Service,
- c. other employers who can prove impact of special circumstances caused by COVID-19.

Eligible groups of employees:

- employees employed in Eligible industries and by eligible employers,
- does not include owners, co-owners, shareholders, board members, directors, procurists, etc., with the exception of employers employing up to 10 employees and craft owners.

An employer will not be granted support if there has been a decrease in the number of employees in the period from 20 March 2020 until the date of submission of the request if the percentage of employment decline is greater than:

- 40% for employers employing up to 10 workers,
- 20% for small entrepreneurs,
- 15% for medium-sized entrepreneurs,
- 10% large entrepreneurs.

The above does not include the expiry of a definite-term employment contract, the retirement of workers and the termination due to the employee's misconduct.

Requirements for grant obtaining

Employers from the above mentioned industries must prove one of the following reasons (without cumulation) and sign the statement under material and criminal liability, in order to receive the grant:

- decrease of revenue
- cancellation of reservations, events, congresses, seminars, etc.,
- cancellation of Contracts and Orders,
- inability to deliver finished products or contracted and paid raw materials, raw materials, machinery, tools, etc.,
- inability of ordering raw materials, tools and machines necessary for work.

Employers that by the decision of the Headquarters of Civil Protection are not allowed to perform activities have to submit the aforementioned decision.

An employer, who is having difficulty in doing business because of special circumstances submits evidence of cancellation of Contracts and Orders problems in transportation and delivery of goods or procurement of raw materials etc.

An employer which is facing a decrease of revenue is required to provide a tabular comparison of revenue by the end of the month in which the claim was filed with the same month of the previous year, with a projection of revenue in the coming period of three months, comparing the same period in the previous year. A decrease of more than 20% is acceptable.

Grant amount and period

Grant amount:

- HRK 3,250.00 per month for full-time employees which is equal to the minimum net salary in Croatia in 2020,
- up to HRK 1,625.00 per month for part-time employees,
- pro rata amount of HRK 3,250.00 or HRK 1,625.00 per employee for time they did not work subject to the decision of the Civil Defense.

Grant period:

- as of 1 March 2020 and maximum up to 3 months.

The existing grants for self-employment and employment will be suspended with a view of securing funds for preserving jobs in epidemic COVID 19 affected sectors.

Submission of the requests and payment

The request is submitted:

- on-line,
- by email to the address of the Regional Center of the Croatian public employment service (HZZ) of the county where the employer is registered
- personally to the competent office of the Employment Service according to the seat of the employer.

Requests are accepted until further notice.

- HZZ is obliged to receive and process the request within 10 days from the receipt of all documentation
- HZZ is obliged to ensure regular payment of funds, which is made no later than 15th of the month for the previous month.

Extension of measure for continuous seasonal employees

- Financial support to employers for continuous seasonal employees when they are not working, in order to provide the necessary workforce in all seasonal industries which have periods of reduced workload during the year due to the seasonal characteristics of their business.
- After the expiration of the first six months for employers already using the measure and for the duration of the special circumstances caused by the COVID 19, employers will be entitled to 100% of the cost of the extended insurance.
- After the expiration of the first six months for employees already using the measure and for the duration of the special circumstances caused by the COVID 19 the employees will be entitled to 50% net of the minimal salary in the amount of 1.625,00 HRK.

Access to the online application system and all supporting documentation are provided on the following Employment Service page: <https://mjera-orm.hzz.hr/potpورا-ocuvanje-radnih-mjesta/>

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