



# GMS Flash Alert

## Global Compensation Edition

2020-126 | March 27, 2020



# Switzerland - Government Compensation for Employees Who Cannot Work Due to COVID-19

The Swiss Federal Council has released measures to mitigate the economic consequences of the coronavirus (COVID-19).<sup>1</sup> Employees who are no longer able to work because (a) they need to stay at home to look after their children or (b) they are in self-quarantine, are eligible for federal compensation ("Erwerbssersatz"). Employers who continue to pay their employees' salaries may obtain the compensation on behalf of their employees. Similar compensation is available for self-employed individuals who are unable to work due to closure of their business or a ban of public events.

## WHY THIS MATTERS

When employers continue to pay salaries to their employees and the employees are unable to work due to the coronavirus, employers are eligible to obtain compensation on behalf of their employees. The measures are limited to a maximum of six months and hence the compensation should be applied for as soon as possible.

## Compensation for Parents

Parents, who had to stop or reduce paid employment because their children's child-care has been suspended, are eligible for compensation provided they were at the time:

- insured in Swiss social security (either living or working in Switzerland); and
- were employed or self-employed.

The suspension of the child-care must be directly related to measures taken to fight the coronavirus. This is the case when schools, child-care facilities or kindergartens have closed or when high-risk category persons (e.g., those above 65 years of age or with certain pre-existing illnesses) can no longer provide care.

No government compensation is provided if the work can be done remotely (e.g., home office) or during the school holidays unless the planned care is not taking place.

The government compensation can be claimed from 19 March 2020 onwards until either a child-care solution has been found or the measures against the coronavirus have ceased. Compensation is 80 percent of average gross income, maximum of CHF 196 per day. Each parent is eligible for compensation individually, however, for each day of care only one compensation is paid out.

If the person is eligible for compensation through other means (i.e., insurance), no government compensation is paid. Employees who receive a short-time work compensation ("Kurzarbeitszeitentschädigung") are not eligible for government compensation.

## Daily Cross-Border Commuters

Daily commuters who work in Switzerland are also eligible for government compensation provided they meet the criteria outlined above. If they are unable to work due to other reasons (e.g., closing of borders), they are not eligible for government compensation.

## Apply for compensation

Compensation should be applied for with the competent regional social security office ("AHV-Ausgleichskasse"). There is no automatic payment of compensation.

## FOOTNOTE:

1 Federal Council, "[Corona virus: Aid for workers and companies in pillars 1 and 2](#)," 25 and 20 March 2020 (in German, French and Italian).

## Contact us

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**The information contained in this newsletter was submitted by the KPMG International member firm in Switzerland.**

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