



NEWSLETTER - Measures for preserving jobs in Coronavirus-affected industries (COVID - 19)

Considering the state of the economy caused by the Coronavirus (COVID-19), the Croatian Employment Institute (CEI) is implementing two important measures:

- temporarily suspending part of the program of active employment policy measures that were to be implemented in 2020, namely: subsidies for employment, subsidies for professional specialization, subsidies for self-employment, Education and training and Public works, only the implementation of the following measures continues: Subsidies for preserving jobs and Subsidies for preserving jobs in the textile, clothing, footwear, leather and wood manufacturing sectors.
- On the other hand, CEI is now focusing its measures on preserving jobs in the sectors that are most vulnerable. In order to preserve jobs and secure steady employment rate, the CEI introduces a new measure: Subsidies for job preservation in industries highly affected by the Coronavirus (COVID - 19), as follows:

Amount of subsidy:

- amount of 3.250,00 HRK per month for a full-time employee,
- amount of 1.650,00 HRK per month for a part-time employee,
- proportional part of the amount of 3.250,00 or 1.650,00 HRK per employee for the time they were off work according to the decision of the Civil protection Directorate from March 19, 2020 - e.g., 13 non-working days in March $(3.250,00 \text{ kn} : 31) \times 13 = 1.362,90 \text{ kn}$

Employers can receive support starting from March 1, 2020 and up to a maximum period of 3 months (March, April, May).

Target groups of employers:

- **employers from the eligible sectors providing**
 - accommodation activities and the preparation and serving of food and beverages,
 - transportation and storage,
 - health tourism,
 - manufacturing industries - textiles, clothing, leather, footwear, wood and furniture.
- **employers closed by the decision of Civil protection Directorate**
 - individual stores (wholesale and retail) EXCEPT those determined by Decision
 - museums, theaters, cinemas, libraries, reading rooms, exhibitions, shows and fairs,
 - caterers with the exception of food preparation and food delivery services,
 - service providers such as hairdressers, beauticians, barbers, pedicures, massage parlors,
 - sports activities: sports competitions and organized trainings, gyms, sports and recreation centers,
 - dance schools, children's playrooms,
 - driving schools and foreign language schools,
- **and other employers who can prove the impact of extraordinary circumstances.**

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Employers who CANNOT apply for subsidy:

- Employers who have registered a business entity in the last 12 months and who use self-employment funds,
- Employers who experienced a decrease in the number of employees in the period starting from 20 March 2020 until the date of submission of the Subsidy Application if the percentage of employment decline is greater than:
 - 40% for employers employing up to 10 workers,
 - 20% for small size businesses,
 - 15% for medium size businesses
 - 10% for large size businesses.

The decline in the number of employees does not include:

- expiration of a fixed-term employment contract,
- the retirement of workers,
- dismissal due to misconduct of employee.

Targeted groups of employees:

- Employees employed at employers from the eligible sectors and sectors affected by the decision of Civil Protection Directorate,
- It does NOT include owners, co-owners, founders, board members, directors, procurators, etc. which employ more than 10 employees,
- Includes owners, co-owners, founders, board members, directors, procurators employing **up to 10 employees and a craft owner.**

Conditions under which employers may request support:

- Decline in the number of employees from 01-20 March 2020 / income decline,
- Employers should describe the reasons why they are seeking support for job preservation and support it with sufficient evidence and confirm with a signed **Statement of Accuracy of Information and Reasons**, which they provide under their material and criminal responsibility,
- **Reasons** may be:
 - decline in sales,
 - cancellation of reservations, events, congresses, seminars, etc.,
 - cancellation of contracted work and orders,
 - inability to deliver finished products or contracted and paid raw materials, machinery, tools, etc.,
 - inability for new orders of raw materials, tools and machines necessary for work,
- In order to receive a support, one of the above reasons must be fulfilled and proved, there is no cumulation of reasons and only one must be satisfied.
- The employer should indicate **the activities it has undertaken to preserve jobs.**

Obligations of Croatian Employment Institute (CEI)

- Receive and process **Subsidy application** within 10 days of receiving all necessary documentation,
- Inform the applicants of the approved application and **sign the Subsidy agreement**,
- Ensure the continuous payout of funds,
- Before disbursement of funds, check the status of employees for whom the subsidy is paid,
- The subsidy is paid by the 15th of the month for the previous month,

- Before disbursement, check the solvency of the employer,
- Perform regular control of the number of employees during the contract period.

What the employer cannot do while receiving support?

- It is **forbidden** to cancel employment contracts.
- Justified termination of employment: expiration of fixed term contracts, consensual dismissal at the request of employee, personally conditioned dismissal, the retirement of employee and dismissal for misconduct of employee.
- If during the period in which the subsidy is used, employer cancels the employment contract - the Croatian Employment Institute should be informed immediately or within 8 days at the latest.
- It is **forbidden** to import foreign workforce or hire new workers while using this support.

Obligations of the employer towards the CEI during the time of receiving the support:

- Every month, the employer has to submit to the CEI evidence of payment of salary to the employee for whom it is receiving grants → by the end of the month for which the subsidy was paid.
- Proof of paid salary is a table containing a list of employees (handwritten employee signature and pay date).

Submission of Application for a grant:

- Application Form with associated tables. The Application Form is a standardized form available at the Institute's website or at www.mjere.hr.
- A Statement of the accuracy of the information and the reasons for using the grant.
- The table lists of employees with associated data for whom application is submitted.
- The request may be submitted online, by e-mail (e-mail) or to the competent office at the CEI according to establishment of the employer business.

Documentation submitted with the Application by the Employer who, by the Decision of the Civil Protection Directorate, does not perform the activity:

- Provide a copy of the Decision, if it is a decision of the Civil Protection Directorate at regional and local level.

Documentation submitted with the Application by the Employer who has difficulty in doing business due to extraordinary circumstances:

- Evidence of canceled contracts, contracted projects, problems in the transportation and delivery of goods, ordering raw material and similar.
- Explanation of revenue decline: provide a comparison in tabular form of revenues until the end of the month in which the application has been filed with the revenues of the same month in the previous year, together with the forecast of revenue for the next three months and comparing it with the same period, same 3 months of the previous year.
- A drop of more than 20% is acceptable.
- For the purpose of proving the justification of support for preserving jobs when no justification can be seen from the submitted documentation, the CEI may request additional documentation, for example, quarterly VAT report for the comparative period of 2020/2019 or similar documents.



Employers' payroll obligations:

- To determine salary according to one of the sources of labor rights and it should be calculated in accordance with the source of labor rights.
- calculated public contributions (contributions, taxes and surtax).
- submit salary data to Tax Authorities via JOPPD-form.