

Spain: a package of economic and employment support measures

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On 17 March, Spain's Council of Ministers approved a decree law that will free up funds and make certain work-related legislation more flexible for this emergency period and 'in a bid to protect and support families, employees, independent workers and businesses.' The main thrust of the government's measures is geared to supporting companies that avoid laying off workers by way of a series of provisions for lowering working time and boosting in-work flexibility, all with the aim of avoiding a situation whereby a temporary crisis has a permanent effect on the labor market.

Support for flexible working. The decree law intends for employees to be able to adapt or lower their working time by up to even 100% in order to address and meet the necessities stemming from the Covid-19 crisis.

Teleworking has been established as the primary method of flexible working ahead of partial unemployment. If physical presence is required then legally compliant risk evaluations must be undertaken by the worker himself/herself.

More flexible mechanisms for partial unemployment. The decree law seeks to encourage staff volume management by way of flexible ERTes (temporary employment regulation plans – the equivalent of partial unemployment). It simplifies the implementation procedure and shortens the consultation time to 7 days thus enabling faster staffing adjustment to falling business activity whilst avoiding employment termination. Specific measures for the implementation of representation bodies within 5 days are also available for companies with staff representation. The labor authorities then have 7 days to confirm all conditions for such bodies are in order, thus taking the fast track process to just two weeks.

Partially unemployed workers to be fully covered. Covid-19 related ERTes will be considered as a 'force majeure' and as such employees will receive full unemployment benefits, including those who do not fulfill the regularly required conditions. This extraordinary unemployment benefit will not impact any future rights to regular unemployment benefits.

For reduced working situations, companies will pay the salary element corresponding to the time worked, and the public employment services will pay the rest (the actual compensation amount is calculated on the basis of 70% of a specific contribution basis for the first 180 days, and 50% thereafter). Public schemes will fully cover social contributions for small businesses (independent workers with a small number of employees) and SMEs, and they will cover 75% of the contributions for companies with 50 or more staff

The business cessation process will also be made simpler for independent workers so they can have faster access to benefits related to economic difficulties.

Social contributions exemptions. Entrepreneurs will be exempt from some or all of the social contributions related to ERTes. The exemption is 100% for independent workers and SMEs (< 50 employees) and 75% for all others that apply the partial unemployment procedures and commit to not terminating employment contracts.

Business access to loans. The decree law also provides credit guarantees and approvals of up to €100 billion that will enable between €150 billion and €200 billion to be made available to maintain

operations for businesses in difficulties due to the health crisis. An addition €2 billion is being directed towards exporting businesses especially smaller, weaker companies such as SMES.

Reaction. Both employers and trade unions welcomed the plan that they have been calling for since the first week of March. However, the ATA, association of independent workers, is looking for more in the form of full exemption from social contributions during the period of confinement.

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Par Cécile Thibaud