

About the proposal short-term reduction of work hours

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The government has presented additional budgetary measures in response to the new corona virus. One of the proposals is about a system for short-term reduction of work hours.

The proposal for short-term reduction of work hours is based on a previous proposal for a new system for support for short-term reduction of work hours, but the degree of subsidy is greatly increased. The state will cover three quarters of the cost of the employees' decrease of workhours, in comparison with the previous proposal of short-term reduction of work hours where the cost is shared between employers, employees and the state. The proposal means that the employer's salary costs can be reduced by half, while the employee receives more than 90 percent of the salary. The purpose being that affected companies

should be able to keep their personnel and gear up quickly when the situation changes.

The new regulations will come into force on April 7, but may be applied from March 16 and be valid during 2020.

The public financial measure is currently estimated at SEK 2.4 billion for 2020. However, the effect may change as it is based on utilization rate estimates. The Growth Agency will administer support and will receive SEK 20 million from the state.

The proposal entails an employee with a monthly salary of SEK 32,700, who decreases his working hours to 40 percent, will be able to retain 92.5 percent of his salary, ie SEK 30,200. At the same time, the employers' costs related to the employee is reduced to 47.5 percent, from 43,000 for salary and employer tax to SEK 20,425. The state accounts for the remaining part of the cost, ie SEK 19,350, which corresponds to 75 percent of the total cost of the reduction in working hours.

Questions and answers

What is short-term reduction of work hours?

Short-term reduction of work hours may be used when the company is suffering from temporary financial problems due to a series of unexpected events. In practice this means that employees reduce their working hours during a period of time, while the state provides financial support. Employees may retain a large amount of their regular salary during the short-term reduction of work hours and the company's personnel costs will decrease. The system is used to avoid layoffs and facilitate companies to get back up and running quickly when the situation changes. In order to use the short-term reduction of work hours, both employers and employees must agree on it. Short-term reduction of work hours may be described as a support in regard to short-term work with a high degree of subsidy.

What does the proposal entail?

This means that during 2020, the state will take a larger share of the cost of short-term reduction of work hours, compared to the regular support in regard to short-term work. The state covers three-quarters of the cost, the employee and the employer sharing the remaining quarter. In this way, the employee may decrease working hours and still receive more than 90 percent of the salary.

To which degree is working time reduced?

There are three fixed levels for working hours reduction in the proposal: 20, 40 or 60 percent, which entails reduced costs by 19, 36 and 53 percent for the employer in the three different cases.

During which period does the regulation apply?

The new regulations will come into force on April 7, but will be implemented from Monday, March 16. The state will bear three quarters of the cost during 2020. This means that companies and employees may

start planning to receive compensation for short-term reduction of work hours from 16 March.

Is there a salary cap?

According to the calculations in the proposal, the salary cap is SEK 44,000. The cap will be regulated in a regulation which the government will decide on when the law comes into force.

Is holiday allowance included?

No, only ordinary cash salary is covered by the support.

Can self-employed people use the support?

No, since self-employed people have no employees, the support cannot be used by them. However, small business owners with at least one employee can do so.

Which employers are covered by the proposal?

All employers, with the exception of public funded companies, can receive support for short-term reduction of work hours.

All employees who:

Has been employed during a “comparison month” that occur three months before the month when the Swedish Growth Agency decided on approval.

The employer was obliged to pay employer contributions for during the “support month”.

Does not belong to the employer's family.

How should I go about applying for a short-term permit for my company?

A condition in regard to support is that agreements on short-term work / short-term reduction of work hours are signed by the parties on the labour market. The Growth Agency is the responsible authority

and will provide more information shortly,
available on its website.