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Review of measures to mitigate the effects of the COVID-19 epidemic

Tamara Mravinec

BSC Kranj, **Slovenia**

tamara.mravinec@bsc-kranj.si

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Tackling the effects of the COVID-19 epidemic in **Slovenia**



The corona crisis crippled the economy, plunged countries into borrowing and large deficits in their „money bags“.

But any crisis can also be an opportunity and should be seized to transform into a developed digital society of the 21st century.

professor Mojmir Mrak, Faculty of Economics
@ University of Ljubljana

The first anti-corona package of measures (#PKP1), 11 April 2020



A 3 billion EUR package of measures to preserve jobs, improve social situation of people, provide emergency assistance to self-employed, maintain operations, improve corporate liquidity and support research projects to combat the epidemic, reduce attendance fees, wages and exemptions from distribution services, aid to agriculture and public procurement measures.

#PKP1

Key measures in the field of economy

- Employers are exempt from paying pension and disability insurance contributions for those employees who work. Contributions are fully covered by the state.
- Every employee whose last paid salary did not exceed three times the minimum wage is paid a monthly crisis allowance of 200 EUR by the employer. The allowance will be completely exempt from taxes and contributions.
- The state will fully (100%) cover the amount of compensation for workers on leave (furlough), i.e. 80% of the worker's salary and compensation for the salary of a worker who is unable to perform work due to force majeure.
- Employers are exempt from paying social security contributions for workers who are temporarily on leave or unable to work due to force majeure.

Self-employed, partners, religious servants, farmers

- Payment of a monthly basic income in the amount of 350 EUR for March and 700 EUR for April and May. Exemption from social security contributions from 13 March to 31 May 2020.

Second anti-corona package of measures (#PKP2), 1 May 2020

On 1 May 2020, the *Act on Providing Additional Liquidity to the Economy for Mitigating the Consequences of the COVID-19 Epidemic* (# PKP2) entered into force. The aim of the law is to enable companies to revive their investment activity and thus preserve jobs.

It includes measures to ensure the liquidity of the economy and adjustments to PKP1.

With # PKP2, the Republic of Slovenia granted two million euros in guarantees.

Government guarantees for corporate liquidity loans

- The amount of each guarantee will be a maximum of 70% of the principal for large companies and 80% of the principal for micro, small or medium-sized enterprises.
- The amount of the loan will be a maximum of 10% of revenues in 2019 and not more than the annual labor costs.
- The loan repayment period is a maximum of 5 years.
- Those who lost their jobs during the epidemic receive a temporary wage compensation of 513.64 EUR gross/month.

Other measures

- Tenants of business premises owned by the state or municipality will not have to pay rent during the epidemic.
- Accelerate the issuance of building permits, simplify administrative procedures under the Construction Act and regulations in the field of environmental protection and nature conservation.

Third anti-corona package of measures (#PKP3), 1 June 2020

Measures in the field of labour, public finances, economy, tourism (tourist vouchers), agriculture, forestry and food, scholarships, student food subsidies, higher education, infrastructure and public procurement.

Key measures in the field of economy

- Subsidization of part-time work for a worker in the range of 5 to 20 hours per week, the measure will apply from June to December 2020,
- Subsidizing remuneration for all industries for one month after the end of the epidemic,
- Tourist vouchers for all residents of Slovenia (adults 200 EUR, minors 50 EUR), estimated at 345 million EUR,
- Ensuring the liquidity of companies through public funds by providing financial resources already provided in the budget of the Republic of Slovenia for fast and very favourable liquidity loans through the Slovenian Enterprise Fund and the Slovenian regional Development Fund,
- Suspension of the conditions for granting incentives in terms of the number of new jobs and the value of the investment,
- Additional financial incentives, namely state aid in the form of grants and repayable funds, to ensure the digitalisation and digital transformation of companies and for development projects in the process or with the possibility of rapid start-up.

Fourth anti-corona package of measures (#PKP4), 11 July 2020

Extension of the measure of waiting for work (those on leave), determination and payment of compensation for the ordered quarantine, financing of additional staff in social welfare institutions in the public network and introduction of a mobile health protection application for informing about contacts with the infected.

The goal of # PKP4 is to further protect human health, prevent the spread of infection and respond to the real needs of the citizens of the Republic of Slovenia.

#PKP4

There are two key intervention measures for **job retention**, namely the measure of reimbursement of wage compensation for workers on leave and the measure of subsidizing part-time work.

The Employment Service (ESS) will continue to pay the eligible employer a **partial reimbursement for the worker on leave** in the amount of 80% of the salary compensation, which is limited by the amount of the highest unemployment benefit, which is 892.50 EUR.

The cost of compensation for **workers' wages who have been quarantined** and whose employer cannot organize work at home will be covered by the state budget until the end of September 2020. The amount of this compensation depends on the reason for issuing the quarantine decision. For those who will be quarantined and their employer will be able to order work at home, nothing changes.

Fifth anti-corona package of measures (#PKP5), 24 October 2020

The package (valued at 420 million EUR) focuses on protecting jobs, caring for the elderly and preventing the spread of COVID-19 infections. It covers measures in the fields of health, labor, social protection, the economy, education, the enforcement of criminal sanctions and justice, agriculture, the economy and food, and infrastructure.

Protective measures for the labour market and the economy

- The measure of subsidizing workers on leave has been extended until the end of 2020 for all industries that show a decline in revenue of at least 20% compared to 2019.
- The self-employed, partners (who are managers) and farmers are provided with a monthly basic income (1,100 EUR per month for October-December 2020) and the reimbursement of partial compensation for the period of quarantine.
- Since the activity of transport services was prevented during the quarantine period (between 16 March and 11 May), the providers will be compensated for the costs incurred during that period.

Sixth anti-corona package of measures (#PKP6), 28 November 2020

Subsidizing temporary leave of employees, extending the moratorium on loans, subsidizing part-time work, financing allowances for hazards and special burdens, partially compensating fixed costs for affected economic operators, delaying the payment of rent for tenants of office buildings or business premises, providing health services and facilities.

Value of #PKP6 = 1 billion EUR

#PKP6

PKP6 extends the following measures:

- Reimbursement of wages for those on leave
- Delay of payments on bank loans
- Financial compensation to farmers for loss of income

PKP6 introduces some new measures:

- Partial coverage of fixed costs to the most affected companies
- Providing fixed-term employment (without publicly announcing the position) due to urgent work needs during an epidemic
- Simplified procedures for reporting work at home to facilitate the organization of work during a declared epidemic
- Rental exemption (tenants) if owned by the state or a local community
- Delayed and instalment payment of VAT

Seventh anti-corona package of measures (#PKP7), 31 December 2020

Crisis allowance for pensioners, students, newborns, recipients of child allowance, parents with several children, older farmers and low-income employees, monthly basic income for religious employees. Aid for carrying out rapid tests in the economy, aid for transport providers and aid to fire brigades.

Value of #PKP7 = 550 million EUR

Improving the position of a wider circle of beneficiaries

The crisis allowance will be given to pensioners (130-300 EUR), students (150 EUR), recipients of child allowance (50 EUR), parents with several children (200 EUR), older farmers (150 EUR) and employees who receive benefits of up to two minimum wages (200 EUR).

Measures for companies:

- Coverage of fixed costs (1,000 EUR/month per employee if sales revenues fell by 30 to 70% and 2,000 EUR/month per employee if sales revenue fell by more than 70%)
- Funds for guarantees for bank loans
- Aid to perform quick tests

Eighth anti-corona package of measures (#PKP8), 5 February 2021

The package provides additional measures to preserve jobs and help the economy in the aggravated situation of the epidemic, including extending subsidies for waiting for work and taking over the burden of raising the minimum wage by the state.

Value of #PKP8 = 320 million EUR

Keeping jobs and helping the economy

- The measure for temporary leave of employees is extended for the period from February to April, with the possibility of extending the measure until June 2021.
- The state will allocate a subsidy of 50 EUR to employers for the salaries of those workers whose salary without allowances does not reach the minimum wage. The subsidy is determined for work performed in the months from January to June 2021 inclusive.
- In the second half of 2021, the state will relieve employers of the burden of paying social security contributions for workers in employment.
- The state has set a lower minimum base for the payment of social security contributions for workers in employment. The minimum base will thus be the minimum wage for salaries paid for the months of July 2021 to December 2021.

Did Slovenia address the right things with these PKPs?

Slovenia responded to the crisis in a similar way to other EU countries, i.e. with extensive fiscal packages, which were aimed, at directly helping the population and at helping the economy.

Among the measures were those that were very successful, such as a moratorium on loan repayments, financial schemes to protect jobs, tourist vouchers and some others, as well as those that achieved less than expected, such as the guarantee scheme.

To be continued...

and see you soon 😊