

# Reduced employment ratio due to the Covid – 19 epidemic



**Legislation has been passed to encourage employers to maintain employment relationship instead of termination during Covid - 19**



# To be entitled to file an application



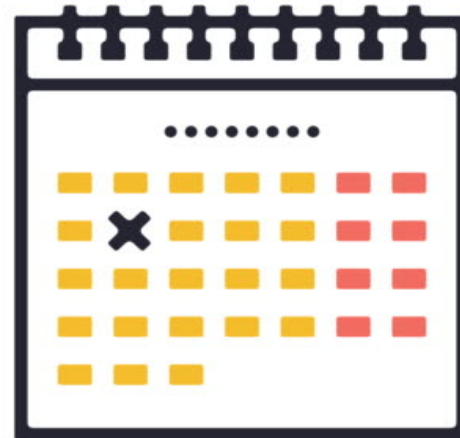
- ❑ Applicants must be employed for at least 45% before the reduced work ratio was implemented
- ❑ Applicants must be at least 18 years old
- ❑ The employment ratio must be reduced by at least 20%
- ❑ The employee must continue to work a minimum of 25%



# Time frame for reduced employment ratio



Reduced employment ratio is valid from  
the 15<sup>th</sup> of March 2020 until the 1<sup>st</sup> of June 2020.



# New contract

Employer must sign a new mutual agreement with employee, when reducing employment job ratio.

Agreement on a temporary employment ratio reduction –

[https://www.asi.is/media/316381/samkomulgum-laekkun-starfshlutfalls-2020\\_lok\\_2\\_engb.docx](https://www.asi.is/media/316381/samkomulgum-laekkun-starfshlutfalls-2020_lok_2_engb.docx)



# Union fee



We strongly advice employees to keep on paying into the union, when applying to [vmst.is](http://vmst.is) (Directorate of Labour) for partial unemployment benefits, so that they do not loose their rights.



# Guaranteed payment



- ❑ Workers whose pay for a full-time position prior to the reduction was ISK 400,000 or less will receive full compensation.
- ❑ Workers whose pay for a full-time position prior to the reduction was higher than ISK 400,000 are given a guarantee that the sum of wages received from the employer and unemployment benefits paid will not fall below ISK 400,000.
- ❑ The sum of wages received from the employer and unemployment benefits paid is limited to 90 per cent of the pay earned prior to the reduction in working time taking effect, and may not exceed ISK 700,000.



# Studying alongside employment

Students are entitled to unemployment benefits according to the provisional clause if their employment ratio has been reduced and other conditions are fulfilled.





# Temporary work permit

Those who have temporary work permit may be entitled to payments in the recourse.



# Vacation pay (orlof)

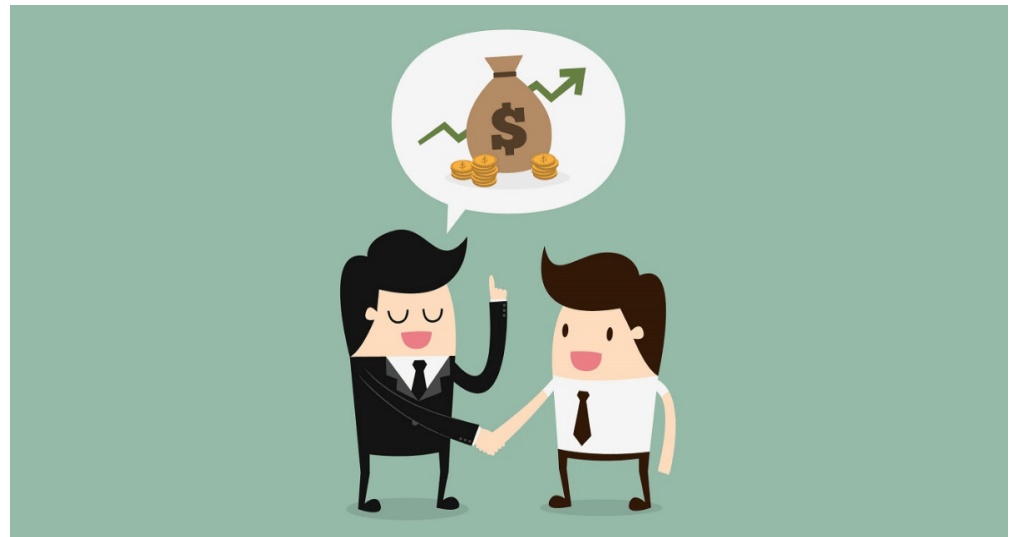
Vacation pay is not paid with the employment benefits, just the remaining job percentage.



# Pay rise effective of 1<sup>st</sup> of April 2020



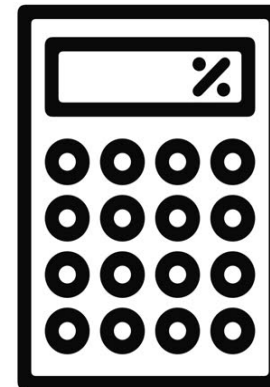
Pay raise effective 1<sup>st</sup> of April will only affect the remaining job percentage and the partial unemployment benefits.



# Employment history



You do not need to work for the same employer to be entitled to benefits in reduced employment ratio. The average wages earned in the previous three months before the employment ratio, which have been subjected to social insurance tax, are taken into consideration.



# Wage Guarantee Fund



In the event that a company declares bankruptcy, the employee retains all entitlements to payments from the Wage Guarantee fund in proportion to the previous employment ratio.



**STAY INFORMED!  
STAY CONNECTED!  
STAY SAFE!**

