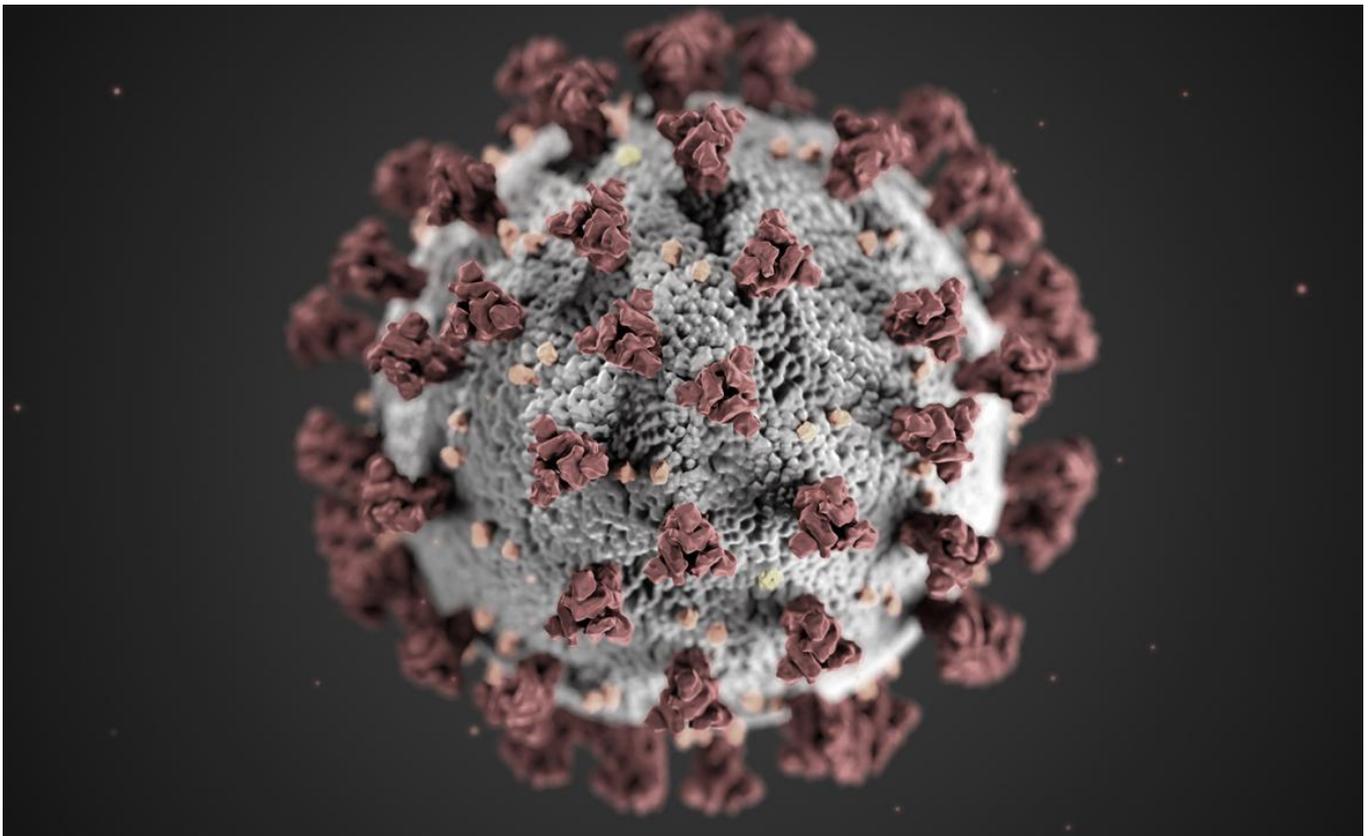


NJORD Estonia: COVID-19: Terms of the temporary salary compensation paid through the Unemployment Insurance Fund

To grant an income for the employees and help employers to overcome temporary difficulties, the government has entered into force a regulation introducing a temporary salary compensation paid through the Unemployment Insurance Fund on March 23, 2020.



If you have any questions regarding the fulfilment of the prerequisites for the salary compensation, please contact tallinn@njordlaw.ee.

The basic terms and conditions for the salary compensation are the following

- The temporary salary compensation is paid to an employee whose employer is significantly impacted by the emergency situation.
- The salary compensation is paid, when an employer is in a situation where they comply with at least two of the following terms:
 1. the employer must have suffered at least a 30% decline in turnover or revenue for the month they wish to be subsidized for, as compared to the same month last year;
 2. the employer is not able to provide at least 30% of their employees with work at the agreed volume;
 3. the employer has cut the wages of at least 30% of employees by at least 30% or down to the minimum wage.
- The amount of the salary compensation will be 70% of the average monthly wage of the employee. The maximum amount of the salary compensation is €1000. In addition to that, the employer must pay a wage of at least €150 to the employee.
- The Unemployment Insurance Fund will pay all taxes on the salary compensation (treated as wages) and the employer will pay the taxes on the employee's wage.
- To qualify for the salary compensation, the employer must pay the minimum wage for the emergency situation and then apply for the temporary salary compensation within 5 calendar days. The employer will send a separate application to the Unemployment Insurance Fund per each month.
- The salary compensation shall be payable for the period from March 1, 2020 to May 31, 2020, but for no more than two calendar months during which the terms were met.

The explanations provided by the Unemployment Insurance Fund can be found here:

in Estonian <https://www.tootukassa.ee/content/tootasu-huvitis>

in English <https://www.tootukassa.ee/eng/content/temporary-salary-compensation-program>

The Government Regulation can be found here: <https://www.riigiteataja.ee/akt/120032020002?fbclid=IwAR2mrERLT4jYUIREEHtnqkJQpanv7Wcal56gYcrXkPUhVeBMPYpgGiMB1Fc>



KATRIN SARAP
ATTORNEY AT LAW,
PARTNER

(+372) 66 76 440

KATRIN.SARAP@NJORDLAW.EE