

## Short Work Update – Extension of Supportive Legislation for Short-Time Work

### INTRODUCTION

Even if optimists already see early signs of a recovering employment market, economic development over the coming months will continue to be marked by considerable uncertainty. Given this situation, the heads of the government coalition in Berlin had already agreed at the end of August on an extension of the special regulations governing short-time pay during the pandemic. On September 16, 2020, the federal cabinet sent an equivalent package of measures on its way on which we would like to inform you.

### DETAILS OF THE NEW REGULATION

The following, major new regulations concerning short-time work are based on the ministerial draft bill of the [Beschäftigungssicherungsgesetz](#), including the ancillary regulations ([Erste Verordnung zur Änderung der Kurzarbeitergeldverordnung](#) and [Zweite Verordnung über die Bezugsdauer für das Kurzarbeitergeld](#)):

- The **easing of eligibility requirements for short-time pay** (cf. [Client Newsletter 01/2020](#) „Employment Law and Corona – Short Work et al., An Overview“) is supposed to be extended until **December 31, 2021** for businesses that have launched short-time work by March 31, 2021 so that a loss of work of at least 10 % will continue to be sufficient, and there is no obligation to accumulate negative balances on working time accounts. Similarly, short work for temporary employees will be extended.
- For businesses that begin with short-time work by December 31, 2020, the period for drawing short-time pay will be extended up to **24 months**, but for no longer than December 31, 2021.
- The provision on the **gradual increase** of short-time pay (from 70% or 77% as applicable, from the fourth, and then from 80% or 87%, as applicable, from the seventh month) is also supposed to be extended until December 31, 2021 for employees whose claim to short-time pay has been created by March 31, 2021.
- The limited, modified **provisions on the crediting of supplementary income** are supposed to be extended **in part** until December 31, 2021: **Compensation from a low-paying job** (so-called mini-job for up to EUR 450.00) will remain exempted from crediting.
- The full **reimbursement of social security contributions** during short-time work is supposed to be extended **until June 30, 2021**. In the period from **July 1, 2021 to December 31, 2021, 50%** of the social security contributions are supposed to be reimbursed if short-time work began by June 30, 2021.

Working on the assumption that the employment market in 2022 will reach the level it had prior to the start of the Covid-19 pandemic, the federal government is explicitly relying on a “bridge to secure employment”. This means that it is not letting the easing of eligibility requirements for short-time pay and its support stop abruptly at the end of the year, but has decided on a gradual phase-out. The measures will give planning security to many of the businesses currently affected by short-time work. Despite this, many employers are currently facing the challenge of finding further savings potential due to plunging sales figures. Now that many of them have introduced short-time work lately, the current issues they face have to do with the reorganization of existing work processes, flexibilization/reduction of compensation components and long-term personnel planning.

We are happy to assist you with all of these topics and your questions concerning all aspects of employment law in particular in these times of the Coronavirus.

### CONTACT



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