

Austria

So regarding measures to downscale:

1. “COVID-19-Kurzarbeit”: This is a new model of reducing work hours with state subsidies, effective as of today but retroactively as of March 1.

The speediest solution of all possible. Also it is the solution favoured by the government.

The reduction is possible for 3 months (with prolongation for another 3 possible) if the work time is reduced to not less than 90% as calculated over the entire period. Thus work time can be reduced to zero for some weeks if the employees work the required hours some other time during the period.

Employees will receive 80 – 90% of their income. The employer’s payments to social securities and others are also subsidised.

The employer can also chose to unilaterally force employees to consume open holidays from last year or any overtime before working reduced hours.

Another nice benefit: The subsidy can be requested in arrears.

Downside: Thus subsidies employees cannot be terminated but 1 month after the reduction of working hours (and thus the subsidy) has ended.

Further info on the details and formalities can be found here (sorry, only German):

<https://www.ams.at/unternehmen/personalsicherung-und-fruehwarnsystem/kurzarbeit#wien>

2. Laying off employees with guarantee to re-employ: The most used measure before the “COVID-19-Kurzarbeit”.

Basically employees were enticed to agree to the termination, thus waiving any possibility to challenge the termination, in exchange for a guarantee of re-employment at some time (“Wiedereinstellungszusage”).

The risk here is of course that the employer does not know, whether the period agreed suffices to weather the crisis. Thus this model is usually used in seasonal work, where the times for reemployment are well-known.

3. Laying off of employees: Possible but prone to the same risks as any termination, as it can be challenged. Though probably the chances of success in case of a challenge are higher than usual if the Corona-crisis is stated as a reason.

Also if a certain number or percentage of employees (depending on the company's size) should be laid off within 30 days, the early warning system ("Frühwarnsystem") kicks in. This requires employers to first inform the unemployment service, present a reasoning, plan etc and obtain an approval. Without this, all terminations are considered void.

The problem is, that even unanimously agreed terminations count. On the other hand this is the most secure way to lay off a larger number of employees.

4. Reduction of salary: This requires an explicit agreement between employer and employee. If a collective reduction is the aim, the union needs to be contacted as otherwise only few employees would agree to a reduction.

This has worked during the financial crisis of 2008/2009 but requires time to negotiate. Possibly an option should the work time reduction not suffice.

5. Mandatory holidays: This is only possible, if the entire company or parts are closed as a whole ("Betriebsurlaub").

Not a measure to truly save money but at least holidays and perhaps overtime can be reduced. This in turn can avoid having to pay them out at a lay-off. Though in comparison the COVID-19-Kurzarbeit is the better solution as it allows for individual mandatory holidays, while keeping the business as a while still open, and additionally helps to reduce costs immediately.

Additionally companies in Austria can apply for general federal or state subsidies (e.g. from the city of Vienna).

For general information on measures to assist companies during the Corona-crisis the Ministry for Economic Affairs has a good page (unfortunately only in German) summarising them:

<https://www.bmdw.gv.at/Themen/International/covid-19.html>

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