
URÍA MENÉNDEZ

Extraordinary labour measures to confront
the economic and social impact of COVID-19

19th March 2020

In response to the current pandemic and public health emergency, on 14 March the Spanish Government adopted Royal Decree 463/2020 declaring a state of emergency to manage the COVID-19 health crisis. The economic impact of this public health emergency has led to the approval of various measures aimed at alleviating its effects on the labour market.

I. Royal Decree-Law 8/2020 of 17 March on extraordinary urgent measures to confront the social and economic impact of COVID-19 includes the following measures:

- **Priority is given to organizational systems** that allow companies to continue their activities through alternative mechanisms, **in particular teleworking**, for which the relevant measures should be facilitated to make this possible..
- **Measures favouring work-life balance:** this allows employees who can prove that they have dependents to look after to **change their working hours or reduce them**, given the exceptional circumstances related to preventing the spread of COVID-19. Such changes could involve a change of shift, a change of timetable, a change of workplace, a change in how the employee provides their services – including teleworking – or any other change of conditions that the employer is able to offer or that can be incorporated in a reasonable and proportionate manner. In addition to these possibilities and provided an employee gives their employer 24-hours' notice, an employee can reduce their working hours by up to 100%, with the proportional reduction in salary (a “**special reduction in their working day**”).
- **Measures to temporarily suspend contracts and temporarily reduce working hours** (ERTEs) have also been established in order to avoid a situation such as the current one having a negative structural impact on employment. Specifically:
 - A loss of activity as a consequence of COVID-19 will be considered as **force majeure** for the purposes of suspending contracts or reducing working hours, and **collective redundancy**

procedures – whether they be as a result of force majeure or economic, technical, organizational or productions reasons – will be streamlined.

- **Those who are affected by the above** and who under normal circumstances would not have been in employment for the required length of time (i.e. not having made sufficient social security contributions) to be entitled to them **will be allowed to receive unemployment benefits.** Furthermore, the period of time during which their employment contract is suspended or their working hours reduced and during which time they receive unemployment benefits will not count towards the maximum period of time during which they would be entitled to receive unemployment benefits under normal circumstances.
- For the purpose of reducing the costs incurred by companies in cases of force majeure, **companies will be exonerated from paying 75% of their social security contributions.** Companies with fewer than 50 employees will be exonerated from paying 100% of their social security contributions.

It is important to bear in mind that Royal Legislative Decree 8/2020 provides that the application of these extraordinary labour measures is subject to **an undertaking by the employer that it will maintain employment positions for a period of six months from the date on which their activity resumes.**

2. Prior to the Spanish Government declaring a state of emergency other labour measures had also been adopted, such as:

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- The time during which employees have to undergo periods of isolation owing to COVID-19 or during which they have been infected with COVID-19 will be considered as **work accidents** exclusively for the purposes of their receiving social security benefits for temporary incapacity (Royal Legislative Decree of 10 March).

- The **discounts** granted to companies from the tourism, trade and the hospitality sector that generate income between February and June and continue to employ **permanent intermittent workers** have been extended (Royal Legislative Decree of 12 March).

Leading lawyers



Mario Barros

Partner

+ 34 91 586 07 15

Mario.barros@uria.com



Jesús Mercader

Counsel

+34 91 587 09 57

Jesus.mercader@uria.com



Juan Reyes

Partner

+34 93 416 51 97

Juan.reyes@uria.com

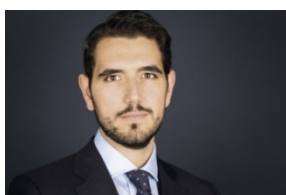


Ana Alós

Partner

+34 93 416 51 70

Ana.alos@uria.com



Raúl Boo

Counsel

+34 96 353 23 14

Raul.boo@uria.com



Jorge Gorostegui

Counsel

+34 944 794 924

Jorge.gorostegui@uria.com

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