

CAN AN EMPLOYER DO TEMPORARY LAYOFFS?

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I. According to General Provisions

Greek Law 3198/1955 allows employers to set the whole or part of their employees to a situation of temporary layoff ("Diathesimotita") in case their financial activity has suffered a severe limitation. In these cases, the employer has the right, instead of terminating the employment contract, to suspend, in writing, the contracts of some or the whole of the employees for a maximum time period of three (3) months per year. The law sets as a prerequisite for this measure a previous consultation with the legal representatives of the employees. During this period of suspension, the employer is obliged to pay to the employees, whose contracts have been suspended, an amount that equals the ½ of their regular remuneration. Furthermore, the Institution of Employment of Labor Force (OAED) provides to the affected employees who remain unemployed during the time period of suspension, an amount of 10% of their regular remuneration.

II. According to Special Provisions Due to Coronavirus (COVID-19) Pandemic

The Legislative Act dated 20 March 2020 (Article 11, par. 2A) has provided that employers and businesses which are seriously affected by the negative consequences of the Covid-19 virus spread, have the right to suspend the employment contracts of a part or of all of their employees in order to adjust their operational needs to the new financial conditions. A special purpose state compensation of eight hundred euros (800 €) has been already granted to those employees whose employment contract has been suspended on the initiative of the employer for the period from 15 March 2020 until 30 April 2020.

The most recent Legislative Act of 1 May 2020 (Article 10, par. 1) has provided that the abovementioned employers and businesses who have suspended the employment contracts of their employees, may extend the duration of the suspension for 60% of the suspended employees for a period not exceeding 30 days and, in any case, to no later than 31 May 2020. In case they exceed the percentage of 60%, employers will be obliged to pay salaries to the affected employees. According to the par. 3 of the same article, the employees that remain in a temporary layoff situation are entitled to a special purpose compensation in proportion to the days of this extension.

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*The present has been published in the collective paper of the International Lawyers Network (ILN):
"Can an employer do temporary layoffs?", available here:*

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