Questions and answers relating to short-time work (Kurzarbeit) and skills development

(A) General questions about short-time work and the short-time work allowance

1. What is the short-time work allowance (Kurzarbeitergeld)?
The employment agency (Agentur für Arbeit) pays the short-time work allowance as partial compensation for a loss of earnings caused by a temporary cut in working hours. This relieves employers from employment costs. Companies can continue to employ their employees even in the event of a loss of orders. In other words, the short-time work allowance helps to prevent job losses.

2. Are the rules on the short-time work allowance being relaxed during the crisis? Yes. In light of the COVID-19 pandemic’s impact on the labour market and the economy, various special rules have been introduced with regard to the short-time work allowance. The conditions for receiving the short-time work allowance have been relaxed and its scope has been widened.

For a limited period, the minimum percentage of a company’s workforce which must be affected by a cut in working hours with a reduction in pay in order for the short-time work allowance to apply has been lowered to one-tenth of the workforce, rather than the normal requirement of one-third of the company’s workforce.

The period for which the short-time work allowance can be received has been extended to up to 24 months.
To offset losses of earnings, the short-time work allowance has been increased for employees whose pay has been reduced by at least 50 per cent; from the fourth month in which they receive the short-time work allowance, it is increased to 70 per cent (77 per cent for employees with a child), and from the seventh month to 80 per cent (87 per cent for employees with a child).

To reduce the burden on employers, the social security contributions which have to be paid solely by employers for employees working short-time are reimbursed at a flat rate by the Federal Employment Agency.

The rules on the short-time work allowance have been changed to cover temporary agency work.

Most of these changes apply until 31 December 2021.

Full details of the various special rules can be found in the questions and answers below.

3. How quickly can short-time work be introduced and what process is followed by the Federal Employment Agency?
In the case of a loss of orders, agreements to cut working hours in the company allow short-time work to be introduced and the local employment agency to be notified very quickly.

Employers calculate the short-time work allowance and pay it to the employees. The employer subsequently submits an application for reimbursement to the local employment agency, which, after examining the application documents, reimburses the employer without delay for the short-time work allowance it has paid. Questions can be clarified with the local employment agency quickly and without unnecessary bureaucracy. You can find your local employment agency at www.arbeitsagentur.de.

4. Doesn't it cost employers less to make their employees redundant?
The advantage of short-time work is that, if orders improve, it is immediately possible to increase working hours or return to normal working hours. The staff are available again immediately; there is no need to first find and hire workers and familiarise them with the workplace.

Moreover, in the event of redundancies, employees are entitled to receive their full pay until the end of the notice period – irrespective of whether they can still be employed full-time or not. Short-time work reduces companies’ costs immediately.

5. Is the process for granting and paying the short-time work allowance too bureaucratic?
The Federal Employment Agency has made the application process as simple as possible and minimised the amount of information which has to be submitted. The two-stage process for the payment and reimbursement of the short-time work allowance has worked well in practice. It is in the interest of all involved that the process is quick and unbureaucratic. The staff of the local employment agency are
available to answer any questions. The forms for notifying the employment agency of 
the cut in working hours and for applying for reimbursement can be found (in German) 
on the Federal Employment Agency’s website: www.arbeitsagentur.de. The website 
also explains how you can submit notifications and applications online or using the 
short-time work app (Kurzarbeit-App).

6. How are top-up payments (Aufstockungsbeträge) made by employers treated for tax 
purposes?
Employers can voluntarily choose to top up the short-time work allowance received by 
their employees; in addition, a number of collective agreements provide for top-up 
payments by employers. As the law currently stands, these payments normally 
constitute taxable pay.

The Coronavirus Tax Assistance Act (Corona-Steuerhilfegesetz) of 19 June 2020 
stipulated that, for a limited period, employers’ subsidies topping up the short-time 
work allowance or the seasonal short-time work allowance (Saison-Kurzarbeitergeld) 
are tax-free (section 3 no. 28a of the Income Tax Act (Einkommensteuergesetz)) up to 
the level of 80 per cent of the difference between the employee’s normal pay and 
actual pay under section 106 of Book III of the Social Code (Sozialgesetzbuch). The 
2020 Annual Tax Act (Jahressteuergesetz 2020) extended this arrangement for a 
further year. The tax exemption therefore applies to wage payment periods that begin 
after 29 February 2020 and end before 1 January 2022. The tax-free employers’ 
subsidies are also taken into account in the context of the “exemption with 
progression” rule (Progressionsvorbehalt).

7. What are the tax implications of the short-time work allowance?
The short-time work allowance is tax-free. However, as a wage replacement benefit, it 
is subject to what is known as the “exemption with progression” rule 
(Progressionsvorbehalt). This means that the short-time work allowance (including tax-
free employers’ subsidies and any other wage replacement benefits) is notionally 
added to the recipient’s taxable income solely for the purpose of determining his or 
her personal tax rate. This results in a higher tax rate. The second step is applying this 
higher tax rate to the recipient’s taxable income (excluding the short-time work 
allowance, tax-free employers’ subsidies and any other wage replacement benefits). 
Recipients of the short-time work allowance are required to submit an income tax 
return if they received more than 410 euros in total in the previous calendar year from 
the short-time work allowance and any tax-free employers’ subsidies or other wage 
replacement benefits (such as unemployment benefit, sickness benefit or parental 
allowance). The exemption with progression rule can only be applied when the tax 
office assesses the tax owed by the recipient; it cannot be applied by employers when 
withholding wages tax. The tax effects in practice vary from case to case and depend 
on various factors, such as the individual’s filing status or combination of filing statuses 
with his or her spouse or civil partner, the amount of wages tax withheld, other taxable 
income, deductible expenditure on old-age provision, or other deductions. Individuals 
may receive a tax refund or may have to pay additional tax. You can find out more 
about how the short-time work allowance is treated for tax purposes by contacting 
your tax office.
8. How is the short-time work allowance treated for the purposes of social security law?
Social security contributions are paid on the pay that employees do not receive as a result of short-time work (fictitious pay). The assessment basis for the calculation of these social security contributions is 80 per cent of the pay that employees do not receive as a result of short-time work. In other words, the amount paid in contributions is not based on the amount of the short-time work allowance. Consequently, the increase in the short-time work allowance from the fourth and seventh months in which it is received – a rise introduced in view of the pandemic – does not affect the amount paid in social security contributions.

9. Who pays the social security contributions for the short-time work allowance?
The employer is solely responsible for paying the social security contributions for this fictitious pay (both the employer’s and employee’s share). In other words, the total amount paid in social security contributions depends on the employee’s remaining pay if the employee is still working reduced hours, and on the reduction in pay, but is not affected by the percentage level of the short-time work allowance.

Under the current special rules on the short-time work allowance, the social security contributions paid by employers will be fully reimbursed by the Federal Employment Agency at a flat rate until 30 September 2021; this measure is intended to reduce the burden on employers. From 1 October 2021 to 31 December 2021, companies which have introduced short-time work by 30 September 2021 will have 50 per cent of their social security contributions reimbursed at a flat rate.

10. How are top-up payments (Aufstockungsbeträge) made by employers treated for the purposes of social security law?
Social security contributions only have to be paid on such top-up payments if the employer’s subsidy and the short-time work allowance together exceed 80% of the difference between the employee’s normal pay and actual pay under section 106 of Book III of the Social Code (Sozialgesetzbuch). If a higher subsidy is paid by the employer, social security contributions are only paid on the amount above this level (see section 1 (1) no. 8 of the Ordinance on the Assessment for the Purposes of Social Security Law of Grants from Employers as Pay (Verordnung über die sozialversicherungsrechtliche Beurteilung von Zuwendungen des Arbeitgebers als Arbeitsentgelt)). This provision in social security law applies permanently.

11. Can employees take holiday leave while on short-time work?
Yes, in principle, employees can still take holiday leave during the period of short-time work. They will receive the normal level of holiday pay from their employer.

12. Are employees entitled to receive the short-time work allowance for public holidays?
Employees working short-time are entitled to continued payment of their wages in the case of public holidays. The amount to be paid by the employer in wages for the public holiday is based on the amount of short-time work allowance that an employee would have received if the day had not been a public holiday. These wages are not reimbursed to the employer by the employment agency.
However, if a business normally operates even on public holidays (for example in the hotel and restaurant sector), the employees who would have worked on a public holiday if short-time work had not been introduced are entitled to receive the short-time work allowance; however, they are not entitled to receive the allowance on the compensatory day off work they would have received for working on the public holiday. In each of these cases, this is determined on the basis of the duty roster.

(B) Conditions regarding the short-time work allowance

1. What conditions have to be met to receive the short-time work allowance?

In principle, the short-time work allowance (Kurzarbeitergeld) can be granted if an agreement has been reached by the employer and the employee representative body, or by the employer and the employees affected, to cut working hours in the company in accordance with the provisions of labour law, and this results in a substantial loss of working time and pay. The following conditions must be met:

- The cut in working hours must be caused by economic reasons or circumstances beyond the employer’s control (e.g. flooding, orders issued by the authorities).
- The cut in working hours must be unavoidable and the company must have done everything possible to reduce or resolve it (e.g. use of the credit in working time accounts, within certain limits).
- The cut in working hours must be temporary in nature. This means that, in principle, a return to the normal working hours can be expected during the period for which the short-time work allowance is available.
- The employment agency (Agentur für Arbeit) must have been notified of the cut in working hours.
- The employee must remain in employment subject to social insurance contributions after the cut in working hours, and must not be made redundant.
- The cut in working hours must be substantial. For a limited period ending on 31 December 2021, this means that at least ten per cent of the company’s employees must face a reduction of more than ten per cent in their gross monthly pay, provided that the company has introduced short-time work by 30 September 2021.

Normally, without the changes made in view of the pandemic, the minimum requirement is that one-third of the company’s employees must be affected.

2. Who is entitled to receive the short-time work allowance?

All employees who have not been made redundant and who remain in employment subject to social security contributions are entitled to receive the short-time work allowance if at least one-third of the company’s employees are facing a reduction of more than 10 per cent of their working hours due to the introduction of short-time work. For a limited period ending on 31 December 2021, this minimum requirement has been reduced from one-third to ten per cent of the workforce. This applies to companies which have introduced short-time work by 30 September 2021.
3. Are there concrete requirements for individual agreements on short-time work?
As the introduction of short-time work changes a key element of the employment relationship, a concrete agreement is needed on the cut in working hours and the associated reduction in pay.

An agreement of this kind should, at a minimum, specify the amount by which working hours are to be cut or the extent of the short-time work, and state when the cut in working hours or short-time work begins and is expected to end. For logical reasons, the agreed end date should fall within the maximum possible duration for which the short-time work allowance can be received, although adjustments to the actual conditions in the company are possible at short notice at any time.

The Federal Ministry of Labour and Social Affairs and the Federal Employment Agency cannot impose concrete requirements regarding the agreement of short-time work, as these agreements, like the underlying employment contract, are subject to private autonomy and freedom of contract. Employers’ associations, chambers of crafts, or chambers of industry and commerce could potentially provide assistance in this area.

4. Do working hours need to be reduced by the same percentage for all of a company’s employees?
Working hours do not need to be reduced equally for all employees. However, there must be an objective justification for any differences. What is important is that, for all affected employees, the cut in working hours with a reduction in pay, i.e. short-time work (Kurzarbeit), is effectively agreed on the basis of collective agreements, firm-level agreements or the provisions of individual contracts.

5. By how much can working hours be reduced for employees working short-time?
Whether the loss of working time represents hours, days or even weeks depends on the company’s order books and on agreements within the company. If working hours are reduced by 50 per cent, for example, employees receive their normal pay for 50 per cent of their usual working time, and receive short-time work allowance equivalent to 60 or 67 per cent of what they would have been paid for the other half of their usual working time (for more details about the temporary increase in the short-time work allowance introduced as a result of the pandemic, please see Question D 5). In the case of “short-time work zero” (Kurzarbeit null), the cut in working hours is 100 per cent, meaning that work is stopped entirely for a temporary period.

6. Can people in marginal employment (geringfügig Beschäftigte) receive the short-time work allowance?
People in marginal employment cannot receive the short-time work allowance as they do not pay unemployment insurance contributions.

7. Are all employees counted when determining a company’s number of employees, or do only employees in jobs subject to social security contributions count?
All employees are counted who work for the company for at least one day in the month in which short-time work applies. This includes employees who are not in jobs subject to social security contributions.

The following types of employee are to be counted, for example:
• people in marginal employment (geringfügig Beschäftigte),
• employees who are ill,
• employees who are on leave,
• employees on maternity leave.

However, the following groups, for example, are not to be counted:
• apprentices (expressly regulated by law),
• employees whose employment relationship is suspended, for example during parental leave.

8. Can apprentices receive the short-time work allowance?
Apprentices can also receive the short-time work allowance. However, all reasonable efforts should be made within the company to continue providing vocational training.

If short-time work for apprentices is, nonetheless, unavoidable, they are first entitled to continue to receive their normal pay for a six-week period (section 19 (1) no. 2 of the Vocational Training Act (Berufsbildungsgesetz)).

Following that, the short-time work allowance can be paid. The guidance on the short-time work allowance issued by the Federal Employment Agency recommends that, when examining the question of whether short-time work for apprentices is necessary, the company should consult the competent body under the Vocational Training Act (e.g. the chamber of industry and commerce, the chamber of crafts), in consultation with the employment agency’s vocational guidance service.

If the company ends short-time work and initially returns to normal working hours, before working hours are reduced again at least partially at a later date, apprentices are once again entitled to continue to receive their normal pay if at least three months have passed between the two periods of short-time work in the company.

9. Is short-time work also possible for apprentices who are given fixed-term contracts after completing their apprenticeship?
Yes. The short-time work allowance can also be paid for apprentices who take up a job (fixed-term or permanent) subject to social security contributions with the same or another employer after completing their apprenticeship if the company introduces short-time work.

10. Is support available to avoid short-time work for apprentices?
As part of the federal programme “Ausbildungsplätze sichern” (“Safeguarding training places”), companies providing vocational training can, subject to certain conditions, receive financial assistance to support their vocational training activities, in order to avoid introducing short-time work for apprentices, despite working hours being cut in the company.

In other words, companies providing vocational training which have cut working hours by at least 50 per cent can, if they meet other conditions, receive subsidies towards training pay for apprentices and towards pay for instructors if they do not introduce short-time work for apprentices and their instructors.
The subsidies to avoid short-time work are available for a limited period until the end of December 2021.

More detailed information (in German) about this and other forms of support is available online on the Federal Employment Agency’s website www.arbeitsagentur.de.

11. Can the short-time work allowance be paid in municipal organisations or non-profit organisations?
It depends on the cause of the substantial cut in working hours and the nature of the organisation’s activities. In principle, municipal or public-sector organisations can also introduce short-time work and receive the short-time work allowance. The same is true of non-profit organisations such as associations or organisations in the cultural sector, for example theatres.

However, the substantial and unavoidable cut in working hours, which is one of the conditions for the granting of the short-time work allowance, must be caused by economic reasons or by circumstances beyond the employer’s control. Circumstances beyond the employer’s control would be, for example, the authorities ordering the temporary closure of the organisation. In this case, the employees who are affected by the cut in working hours would be entitled to receive the short-time work allowance. A typical example would be a swimming pool which is ordered by the authorities to close temporarily because the risk of coronavirus transmission is too high.

Clearly, public authorities do not carry out economic activities.

In commercial public-sector organisations, i.e. those which sell something or offer a paid service, the substantial cut in working hours can be caused by economic reasons. For example, short-time work could be introduced for drivers working for a public transport operator which has far fewer passengers to transport because of the COVID-19 pandemic and is therefore selling far fewer tickets.

A cut in working hours resulting in a loss of pay can only lead to an entitlement to the short-time work allowance if it is unavoidable. A cut in working hours at a municipal company or organisation is avoidable if, for example, municipal staff can be redeployed to an area which is under particular pressure during the crisis (such as the local public health office (Gesundheitsamt)).

12. What approach should employers take with regard to people in marginal employment if no work is available? Is it necessary to make them redundant before short-time work can be introduced?
It is not necessary to make people in marginal employment (geringfügig Beschäftigte) redundant before short-time work can be introduced. However, people in marginal employment cannot receive the short-time work allowance.
13. Can senior employees who are not covered by collective agreements also be entitled to the short-time work allowance, and can an employment contract with a senior employee not covered by collective agreements have a negative impact on the granting of the short-time work allowance?
An employment contract with a senior employee not covered by collective agreements does not preclude the payment of the short-time work allowance, provided that the employee is employed in a job subject to social insurance contributions. For information about the effects of pay which is above the contribution assessment ceiling, please see Question D 2.

14. Can service providers in the healthcare sector receive the short-time work allowance?
Workers in jobs subject to social security contributions who are employed by service providers in the healthcare sector can receive the short-time work allowance if the normal conditions for receiving it are met. This applies, for example, to staff employed by doctors or dentists authorised by the statutory health insurance funds, or staff employed by providers of therapeutic remedies and aids.

Only licensed hospitals which received compensation payments as part of the extended rescue package for hospitals for the period until 31 May 2021 are completely ineligible for the short-time work allowance, because they were designated to receive these payments by the Länder (federal states) based on the incidence figures and the proportion of intensive care beds available. During this period, they received a flat-rate payment to cover personnel and non-personnel costs. Hospitals which were not entitled to receive compensation payments as part of the rescue package – which include licensed hospitals not designated by the Länder, as well as purely private clinics – can receive the short-time work allowance if the other conditions are met.

More information is available (in German) on the Federal Employment Agency’s website (www.arbeitsagentur.de).

15. Can cross-border workers (Grenzgänger) receive the short-time work allowance?
Employees in border regions who commute to Germany for work can also receive the short-time work allowance.

Entitlement to the short-time work allowance is based on a complete or partial inability to work in the company or part of the company located in Germany because of an order issued by the authorities or a shortage of work. If cross-border workers are affected by the cut in working hours within the company, they receive the short-time work allowance for the reduction in working hours. This applies even if they are affected by a border closure or quarantine measure.

16. Can temporary agency workers also receive the short-time work allowance?
Temporary agency workers in companies which have introduced short-time work by 30 September 2021 can receive the short-time work allowance until 31 December 2021.
17. How does short-time work in the workplace affect employees who are not allowed to work (Beschäftigungsverbot) during pregnancy or in the period when they are breastfeeding, or employees on maternity leave (Mutterschutz)?

The Federal Ministry of Labour and Social Affairs, the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, and the Federal Ministry of Health have agreed that maternity benefits under the Act on the Protection of Working Mothers (Mutterschutzgesetz) have precedence over the short-time work allowance. This means you can receive maternity pay (Mutterschutzlohn) or maternity benefit (Mutterschaftsgeld) and a top-up payment from your employer (Arbeitgeberzuschuss) – in other words, benefits equivalent to your previous pay. Your employer can have maternity-related expenses reimbursed via the “U2 procedure” under the Expenses Compensation Act (Aufwendungsauseichungsgesetz). The binding legal decision on these issues in individual cases is a matter for the following authorities: the Federal Employment Agency (Bundesagentur für Arbeit) takes decisions on the granting of the short-time work allowance; the Federal Office for Social Security (Bundesamt für Soziale Sicherung) takes decisions on maternity benefit, and the statutory health insurance funds (gesetzliche Krankenkassen) take decisions on reimbursement via the U2 procedure. For further details, please also see the website of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (in German) at the following link: https://www.bmfsfj.de/bmfsfj/aktuelles/alle-meldungen/volle-mutterschaftsleistungen-auch-waehrend-kurzarbeit-im-betrieb/156596.

(C) Notification and application process, and evidence to be submitted

1. What needs to be done to apply for the short-time work allowance?

There is a two-stage process to be followed when providing notification of short-time work and applying for the short-time work allowance:

- The employer or the employee representative body notifies the local employment agency in writing of the cut in working hours. The employment agency responsible is the one in the district where the company is established. Notifying the employment agency is an essential condition for receiving the short-time work allowance, as the earliest the allowance can be paid is from the calendar month in which the notification of a cut in working hours is received by the employment agency. The employment agency then issues a written notice setting out whether the conditions for payment of the short-time work allowance are met. The employer calculates the short-time work allowance and pays it to the employees.

- The employer subsequently submits a written application for reimbursement of the short-time work allowance payments to the employment agency in the district in which the employer’s payroll office (Lohnabrechnungsstelle) is located. The application must be submitted within three months. The application must be submitted within three months. This period begins at the end of the calendar month containing the days for which the short-time work allowance is claimed.

If you have questions about the application process, please contact your local employment agency directly or contact the service for employers run by the Federal Employment Agency on the following telephone number: 0800 4 5555 20 (from within Germany only). The necessary forms and a table for calculating the short-time work
allowance are available (in German) on the Federal Employment Agency’s website: www.arbeitsagentur.de. The website also explains how you can submit notifications and applications online or using the short-time work app (Kurzarbeit-App).

2. When, or by what deadline, must the local employment agency be notified of the cut in working hours (short-time work)?
The monthly principle applies. In general, the notification about the cut in working hours must be submitted no later than the last day of the calendar month to allow the short-time work allowance to be paid for that month. A notification for that month cannot be submitted at a later date.

If the cut in working hours is the result of circumstances beyond the employer’s control (e.g. measures ordered or recognised by the authorities), the notification for the calendar month in question is deemed to have been provided in time if it is submitted without delay. In this case, it is sufficient for the notification about the cut in working hours to have been submitted without culpable delay.

3. How do I prove that economic reasons exist for the introduction of short-time work (Kurzarbeit)?
A detailed explanation of the reasons for the cut in working hours must be provided on the form used to notify the local employment agency about the cut in working hours. The form includes a declaration by employers that the information provided is true to the best of their knowledge.

If an employee representative body exists, it must state its agreement with the information provided by the employer or submit a separate statement. The notification must be submitted in writing or electronically to the employment agency in the district where the company is established (section 99 (1), first sentence, of Book III of the Social Code (Sozialgesetzbuch)).

4. Do employers have to introduce short-time work for the entire company, or is it possible for it to apply only to certain departments?
Short-time work does not need to be introduced for the entire company. It can be limited to individual departments within the company.

5. What role does the works council (Betriebsrat) play in the introduction of short-time work, and what happens if no works council exists?
The agreement of the works council is required for short-time work to be introduced in a company. In the case of companies without a works council, if no collective agreement containing a short-time work clause applies, or if the employer does not dismiss the employees while offering them new contracts with reduced working hours (Änderungskündigung), short-time work can generally only be introduced with the consent of the affected employees. In some cases, consent is already provided via a clause on short-time work in employment contracts. The employer can then introduce short-time work on this basis. If this is not the case, short-time work must be agreed individually or in individual contracts.
6. What happens if the employer and the works council (Betriebsrat) are unable to agree on the introduction of short-time work?
Under section 87 (1) no. 3 of the Works Constitution Act (Betriebsverfassungsgesetz), the works council has a right to co-determination when it comes to the introduction of short-time work. In concrete terms, this means that if the employer and the works council are unable to agree on whether and how short-time work should be introduced, the conciliation committee (Einigungsstelle) can be convened by either the employer or the works council. The conciliation committee’s decision replaces an agreement between the employer and the works council (section 87 (2) of the Works Constitution Act).

(D) Calculation, amount and duration of the short-time work allowance

1. How is the short-time work allowance calculated?
In many companies, software is used to calculate the short-time work allowance. If software of this kind is not available, the table produced by the Federal Employment Agency can be used to calculate the short-time work allowance.

The table for calculating the short-time work allowance is available (in German) on the Federal Employment Agency’s website: www.arbeitsagentur.de.

2. On what basis is the short-time work allowance calculated if the employee earns more than the contribution assessment ceiling (Beitragsbemessungsgrenze)?
The short-time work allowance is calculated on the basis of the difference between the employee’s actual pay (actual gross pay in the month in which short-time work takes place) and his or her normal pay (gross pay subject to social security contributions which the employee would otherwise have earned in the month in question). In other words, the normal pay to be used in the calculation is, in principle, the regular pay for the purposes of social insurance up to the contribution assessment ceiling.

As in the case of unemployment benefit (Arbeitslosengeld), protection against loss of pay is provided up to the level of pay for which social security contributions are paid. Consequently, if the actual pay received during short-time work is above the contribution assessment ceiling, the short-time work allowance cannot be paid.

3. Are top-up payments regulated by a collective agreement taken into account in the calculation of the short-time work allowance?
Top-up payments (Aufstockungsbeträge) or subsidies to the short-time work allowance paid by the employer are not taken into account in the calculation of the short-time work allowance. They do not reduce the amount of short-time work allowance paid, provided that a loss of pay still exists.

4. How do existing agreements to safeguard jobs affect the level of the short-time work allowance?
Agreements to safeguard jobs through temporary changes to working hours (Beschäftigungssicherungsvereinbarungen zur vorübergehenden Änderung der Arbeitszeit) which the employer reaches with the works council (Betriebsrat) or – if no works council exists – with the employees do not have a negative impact on the level
of the short-time work allowance. The short-time work allowance is based on the wage paid before the introduction of the agreement to safeguard jobs.

5. **How much is the short-time work allowance?**
Short-time work allowances are calculated on the basis of the net wages lost. As a rule, a short-time worker receives 60% of the standardised net wages lost. If there is at least one child living in an employee’s household, short-time work allowance is 67% of pay lost net of deductions.

The special rules introduced as a result of the pandemic mean that the short-time work allowance is increased in stages for employees whose pay is reduced by at least half. From the fourth month in which employees receive the short-time work allowance, it is raised to 70 per cent (77 per cent for employees with at least one child), and from the seventh month it is raised to 80 per cent (87 per cent for employees with at least one child). Months in which employees receive the short-time work allowance are counted from 1 March 2020. These rules have been extended until 31 December 2021 for employees who have gained entitlement to the short-time work allowance by 31 March 2021.

A table for calculating the short-time work allowance is available (in German) on the Federal Employment Agency’s website: [www.arbeitsagentur.de](http://www.arbeitsagentur.de).

6. **For how long is the short-time work allowance paid?**
The statutory period for which the short-time work allowance can be received is normally up to 12 months. In view of the current COVID-19 pandemic, the period for which it can be received has been extended to up to 24 months – ending on 31 December 2021 at the latest – for companies which introduced short-time work by 31 December 2020.

7. **Do employees need to have had their pay reduced by at least 50 per cent in all three preceding months in order to qualify for an increase in the level of the short-time work allowance from the fourth month?**
To qualify for the higher rate of the short-time work allowance introduced as a result of the pandemic, employees must have had their working hours reduced by at least 50 per cent in the month in question. In other words, employees can receive the higher rate if their pay is reduced by at least 50 per cent in the fourth month or in subsequent months in which they receive the short-time work allowance. The reduction in their pay does not need to have met this threshold in the preceding months; it is only necessary for the employees to have been receiving the short-time work allowance. The extent of the cut in working hours during those months is irrelevant. The number of months in which the allowance is received is calculated on the basis of months of short-time work from March 2020 onwards.

8. **How does a break in receiving the short-time work allowance affect the higher rates from the fourth and the seventh months?**
What counts is the number of months in which an employee has personally received the short-time work allowance; when and for how long short-time work was introduced in the company, and whether there was a temporary return to normal working hours, is irrelevant. To receive the higher rates, it is sufficient for employees
to have received the short-time work allowance in a total of three or six months respectively. The number of months does not reset after a break in receiving the short-time work allowance. This also applies to employees who, while receiving the short-time work allowance, change employer and receive the allowance (again) in their new place of employment.

Example A:
An employee in the hospitality sector received the short-time work allowance in March, April and May 2020; from June 2020, the employee returned to normal working hours. The company re-introduced short-time work from November 2020 (the fourth month in which the employee receives the allowance). The employee receives the higher rate from November 2020.

Example B:
An employee in the events industry received the short-time work allowance in June, July and August 2020, and started work at a different company on 1 September 2020. Short-time work was introduced at the new company in October 2020. The employee receives the higher rate of the short-time work allowance from October 2020.

These arrangements apply until 31 December 2021 for employees who gain entitlement to the short-time work allowance by 31 March 2021.

9. Do months in which the seasonal short-time work allowance (Saison-Kurzarbeitergeld) is paid count for the purposes of the increase in the rate of the short-time work allowance?

Regarding the payment of a higher rate of the short-time work allowance or the seasonal short-time work allowance from the fourth and the seventh months in which the allowance is received, it is irrelevant whether the employee previously received the seasonal short-time work allowance or the short-time work allowance for short-time work on economic grounds. Both forms of the allowance count for the purposes of the increase in the rate, and the higher rate applies to both forms of the allowance as well. All that matters is the number of months in which either allowance has been received from March 2020 onwards. This means that from December 2020, employees in the construction sector, for example, can – depending on the length of time for which they previously received the short-time work allowance for short-time work on economic grounds since March 2020 – qualify for the higher rate of the seasonal short-time work allowance from the fourth and seventh months in which their pay is reduced by at least 50 per cent.
(E) Additional earnings

1. How do additional earnings / a second job affect the level of the short-time work allowance?
If an employee had a second job before short-time work was introduced, it has no impact; in other words, the pay received from the second job is not deducted from the short-time work allowance.

If an employee begins a second job while receiving the short-time work allowance, the pay received from the second job is, in principle, deducted from the short-time work allowance, as the actual amount of pay received by the employee has increased. An exception currently exists for marginal employment (geringfügige Beschäftigung), also known as “450 euro jobs”, taken up while receiving the short-time work allowance. This means that the pay received from such jobs is not deducted from the short-time work allowance. This applies for a limited period until 31 December 2021, as a special rule introduced as a result of the pandemic.

2. If I have been placed on short-time work and would like to take up a second job, who do I have to notify and how?
You are required to notify your (main) employer that you are taking up a second job and to state how much you are earning from it.

(F) Effects of the short-time work allowance on social protection

1. Does short-time work have a negative impact on social protection for employees?
No. Employees working short-time have to cope with a reduction in their income, but they remain in jobs subject to social security contributions. They retain their social safety net in the form of health insurance, pensions, long-term care insurance, occupational accident insurance and unemployment insurance.

2. Who pays the social security contributions during the period of short-time work?
In the case of the pay earned during the period of short-time work, social security contributions continue to be paid jointly by the employer and the employee. In the case of the time which is not worked because of short-time work and for which the short-time work allowance is paid, the social security contributions are paid by the employer alone. As a result of the pandemic, for a limited period ending on 30 September 2021, the social security contributions which are to be paid by the employer alone are reimbursed to the employer by the Federal Employment Agency in full at a flat rate. From 1 October 2021 to 31 December 2021, 50 per cent of the contributions will be reimbursed if the company has introduced short-time work by 30 September 2021.

3. How does short-time work affect pension entitlements?
Employees remain enrolled in pension insurance while receiving the short-time work allowance and contributions continue to be paid for them.
The contributions to be paid on the employee’s reduced wages are, as normal, shared by the employer and employee. Contributions are also paid on 80 per cent of the lost pay, i.e. the difference between what the employee is normally paid and what he or she is actually paid, and these contributions are paid by the employer alone (for information about measures taken to reduce the burden on employers during the pandemic, please see the previous question, Question F 2). These additional contributions paid by employers mean that short-time work has only a very minimal impact on the level of pension benefits later in life.

Anyone who has questions relating to how short-time work affects pension benefits later in life can contact the staff of the information and advice centres of Deutsche Rentenversicherung (German Pension Insurance) on the website www.deutsche-rentenversicherung.de (in German) or the service hotline on 0800 1000 480 70 (from within Germany only).

4. Does the short-time work allowance affect entitlement to and the level of unemployment benefit (Arbeitslosengeld)?

In many cases, short-time work helps to avoid redundancies for operational reasons (betriebsbedingte Kündigungen). If redundancies nonetheless take place, employees do not suffer any disadvantages as a result of short-time work.

Periods in which an individual has received the short-time work allowance do not have a negative impact on entitlement to unemployment benefit. If a job is, in principle, subject to social security contributions for employment promotion, receiving the short-time work allowance does not change this. This remains true even if employees stop working entirely in the framework of short-time work.

Periods in which employees receive the short-time work allowance count towards the qualifying period (Anwartschaftszeit) for entitlement to unemployment benefit in the same ways as “normal” periods of employment, and are also taken into account when calculating the entitlement period.

If employees become unemployed after receiving the short-time work allowance, unemployment benefit is calculated on the basis of the pay they would have received without the cut in working hours. This ensures that employees do not suffer any disadvantages in terms of their entitlement to benefits if they should become unemployed after receiving the short-time work allowance.

5. Can employees be made redundant during a registered period of short-time work?

The principle of proportionality (i.e. that dismissal should be the last resort) means that the introduction of short-time work in the event of a temporary loss of work, as a less severe measure, can make redundancies for operational reasons (betriebsbedingte Kündigungen) impermissible. However, short-time work does not prevent redundancies for operational reasons if the company is unable in the long-term to provide work for the employees concerned. If an employee is actually made redundant, the short-time work allowance can no longer be paid.
1. Can funding be provided for continuing education and training during the period of short-time work?
Yes. The Act to Secure Employment (Beschäftigungssicherungsgesetz) introduced special funding rules specifically for this area, which apply for a limited period until 31 July 2023. These allow employers to receive subsidies towards course fees under section 106a of Book III of the Social Code (Sozialgesetzbuch) in the case of continuing vocational education and training for employees which is begun during the period of short-time work, provided that:

- the continuing education or training programme lasts for more than 120 hours,
- the programme and the provider are eligible to receive funding, and
- the employer is not required to provide the continuing education or training on the basis of federal or Land legislation.

2. How does the employment agency’s funding for continuing education and training work in practice?
Employers can contact the employment agency to apply for it to cover the costs of skills development programmes.

The employment agency examines whether an entitlement to funding exists and determines whether funding is possible. If so, employers are reimbursed the following percentages of the course fees for participants in these programmes:

- 100 per cent for employers with fewer than ten employees,
- 50 per cent for employers with ten to 249 employees,
- 25 per cent for employers with 250 to 2,499 employees, and
- 15 per cent for employers with 2,500 or more employees.

A guide to finding a suitable programme and various tips are provided in the leaflet “Förderung der beruflichen Weiterbildung” (“Support for continuing vocational education and training”), which is available from the employment agency. Comprehensive information about eligible programmes is also available from the Federal Employment Agency’s “KURSNET” online database of initial and continuing training programmes, and from the providers themselves.

3. Can a continuing education or training programme begun during the period of short-time work be continued if the short-time work is reduced or ended?
Yes. If a continuing education or training programme begun during short-time work does not end until after the period of short-time work ends, the subsidies towards course fees can still be paid for the remainder of the programme. However, wage subsidies cannot be paid after the individual stops receiving the short-time work allowance.

4. Are there other financial incentives to use periods of short-time work for skills development?
Employers whose employees engage in continuing education or training begun during the period of short-time work can obtain reimbursement from the employment
agency of 50 per cent of the social security contributions that employers alone are required to pay for employees working short-time in that month. The continuing education and training programmes must have a duration of more than 120 hours, and the programmes and providers must be eligible for funding. This option can also apply to upgrading training programmes under the Upgrading Training Assistance Act (Aufstiegsfortbildungsförderungsgesetz), provided that they were begun during the period of short-time work; course fees are not reimbursed for these programmes.

5. What opportunities exist for continuing education and training before short-time work becomes an issue, or in companies where short-time work is not necessary?

The introduction of the Skills Development Opportunities Act (Qualifizierungschancengesetz; the link leads to the German text of the Act) in 2019 paved the way for employees to receive support for continuing education and training irrespective of their training, age and the size of their company, and thus further opened up access to support.

The expansion in support for continuing education and training is focused on all employees who perform work activities which could be replaced by technology, who are otherwise affected by structural change, or who want to engage in continuing vocational education and training in a shortage occupation.

The support for continuing education and training includes, on the one hand, subsidies towards the costs of continuing education and training (e.g. course fees) for individual employees (employee support) and, on the other hand, the payment of wage subsidies to employers for absences from work caused by continuing education and training (employer subsidy). Support for continuing vocational education and training which takes place outside of short-time work is subject to different rules than continuing education and training during periods of short-time work.

6. Is it possible to continue a continuing education or training programme begun before the introduction of short-time work?

If, before the introduction of short-time work, an employee began skills development which takes place wholly or partially during working hours, requiring the employee to be released from work for that purpose, it must be kept in mind that the short-time work allowance is paid for cuts in working hours which are necessary for economic reasons. In these cases, however, the periods of release from work are caused by continuing education and training, and so the employee retains his or her entitlement to be paid. If the employee continues to be paid, the employment agency will continue to fund the costs of continuing education and training, if applicable.

Last updated: 25 June 2021. Any changes to the German version of this page are only reflected up to this date. The English language page will be updated.