



GAME MAKERS

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About furloughing In general





What is furloughing 1/2

- Furloughing (temporary lay-off) in Finland means temporary interruption of work and salary (or other form of remuneration) based on an employer's decision while the employment relationship still stays in place in other respects
- It can also be agreed on, but only on employer's initiative (otherwise negative implications on unemployment benefits)
- The employer is entitled to furlough employees either for a fixed period or for the time being (maximum of 90 days at a time) by interrupting the work completely or by reducing an employee's regular working hours prescribed by law or by the contract to the extent necessary in the view of the grounds for furloughing the employee(s)
- Occupational Health Care must stay in place at least for basic care: check this and talk about it with the employer before furlough begins



What is furloughing 2/2

- The work and the employer's potential to offer work must have diminished temporarily (estimated to last a maximum of 90 days) and the employer cannot reasonably provide the employee with another suitable work or training corresponding to its needs
- When the employer is furloughing people, **it cannot hire new workers** to do the work or transfer your work to another worker whose work has diminished in real life, if yours hasn't
- This means also the work given to a subcontractor or to temporary agency workers (in the case of actual termination of working contract this can be different)
- Usually furloughing based on financial reasons is done so that “all pitch in” , e.g., on weekly basis => part-time furloughing should always be by whole weekdays, not by reducing daily working time (unemployment benefit issue)
- Can be used instead of terminating the employment contract as a milder measure (but only by employer's choosing/decision)



The protocol for furloughing

- If there are 20 or more workers in the company, the company must fulfil the duty of **change negotiations** before this (or any other) measure can be taken
- And if more work appears before the actual furlough begins (and the grounds cease to exist), the employer must call off the furlough (or postpone or interrupt it, but only if the employee agrees to it => one can also *choose* to be furloughed)
- If there are less than 20 workers, the employer shall, based on information available to it, present the employee with an advance explanation of the grounds for the furlough, and its date of commencement, its estimated extent, way of implementation and duration
- If the furlough concerns several employees, this employer's statement may be given to the employees' representative or to all employees jointly
- The statement shall be presented without delay as soon as the employer becomes aware of the need for furloughing

The protocol for furloughing



- The employer shall **notify employees** of a furlough in person a minimum of 14 days before the furlough begins by giving a furlough notice (is about to be diminished to 7 days) (*furloughing notification period*)
- If you are on a sick leave before you get the notice, the sick leave continues, if you get sick after receiving it, you are furloughed (also applies to being on annual holiday before the notice for furloughing is given)
- If the notice cannot be given in person, it can be given by letter or electronically with the same minimum notice period
- The notice shall include the grounds for furlough, the date of commencement and the duration or estimated duration of the furlough
- At the employee's request, the employer shall provide a written furlough certificate giving at least the reason for the furlough, the date of commencement, and the duration or estimated duration of the furlough => usually the furlough notice is enough for the unemployment fund in these cases



Furloughing a representative of the workforce or a person in fixed-term contract

- A representative of the workforce (usually a shop steward) cannot be furloughed at all
- Also, a person in fixed-term employment contract cannot be furloughed unless the person (s)he is temping/replacing could be furloughed where (s)he doing the work



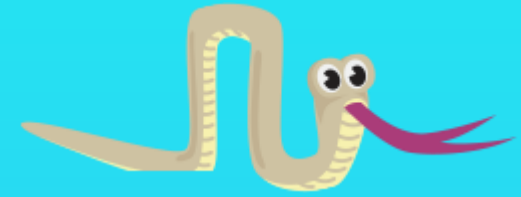
Having been
furloughed for
200 days



Rights and duties during the furlough 1/2

- During the furlough you can go and work somewhere else (also a competing company though, but with caution) with a special period of notice of 5 days for the new work, but you are not allowed to disclose any business and trade secrets of the company
- You can also resign without the period of notice according your working contract during all the days of your furlough, even though it's done by reducing the working time, but NOT anymore if the day of the actual commencement of your normal work is less than 7 days away

Rights and duties during the furlough 2/2



- If the furlough has lasted 200 days or more (excluding part-time furlough) and you resign, you are entitled to a compensation for the period of notice as if being let go by the employer (longer period of notice) and to a holiday compensation for the accrued, but unused holiday
- Being on an annual holiday doesn't cut this period and this holiday period also is counted in
- Even a short period of work, 4-5 days, (not done to circumvent the law though) will cut the period of 200 days and the counting starts from the beginning after the work



The rights and duties during the furlough – 200 days of furlough

- If the furlough has lasted 200 days or more and you resign yourself, you are entitled to a compensation for the period of notice as if being let go by the employer (= longer period of notice) and to a holiday compensation for the accrued, but unused holiday
- Part-time furloughing is not counted in as a whole furloughing
- Holiday doesn't cut this period and holiday period also is counted in
- The employee has the right to resign any time during the furlough period without a notice period (also in a case of 200 days of furloughing), if there are more than seven days before the start date (of work) announced by the employer
- This kind of resignation will be regarded as instigated by the employer as regards the unemployment benefits, and this also means that the non-competition clause(s) in your employment contract is no longer valid

Pay period at the termination of employment relationship, waiting period pay



- When an employment relationship ends, the pay period also ends (2:14 §)
- If payment of a debt arising from the employment relationship is **delayed**, the employee is entitled to full pay for the waiting days, though not for more than a *maximum* of six (6) calendar days, in addition to the penalty interest referred to in section 4 of the Interest Act
- If a debt arising from the employment relationship is unclear and/or contested or if the delay in payment is due to the employer's calculation error or other similar error, the employee is entitled to receive pay for the waiting days only if the employee has notified the employer of the delay in payment within one (1) month of termination of the employment relationship and the employer has not made the payment within three working days of the notification
- In such a case, entitlement to pay for the waiting days begins on the expiry of payment period granted to the employer



About Pay Security

Pay security system



- The wage guarantee/pay security system ensures the payment of employee claims arising from an employment relationship in the event of employer insolvency
- A wage guarantee application is submitted by the applicant
- If an employer has declared bankruptcy, wage guarantee may also be applied for by the administrator of the bankruptcy estate
- Wage guarantee is collectively funded by employers through unemployment insurance contributions



Eligibility requirements for pay security

EMPLOYMENT REQUIREMENT

- Pay security is only paid to employees in an employment relationship. An employment relationship is in question when the employee performs work on behalf of an employer under its management and supervision in exchange for wages or another form of compensation.
- Pay security will not be awarded to the managing director of a limited liability company, the general partner of a limited partnership, the general partner of a general partnership or a sole proprietor
- Other persons holding administrative authority in a company may also be excluded from eligibility for receiving pay security

EMPLOYER INSOLVENCY

- the employer declares bankruptcy
- the employer is unable to pay its liabilities in execution proceedings
- the employer has neglected to pay its tax withholding or employer contributions on time
- the employer's insolvency has been otherwise verified by a pay security authority

CLEAR AND UNDISPUTED CLAIM

- Pay security is only paid for clear and undisputed claims
- If the employer disputes the pay security claim and its validity cannot be ascertained by means of the pay security procedure, the pay security cannot be paid for the claim until its amount and grounds have been ruled on in a final judgement



Claims paid as pay security

- All claims arising from an employment relationship that the employer would otherwise be obligated to pay to its employees may be paid as pay security.
- The following claims may be paid as pay security:
 - actual pay (monthly pay, hourly pay, contract pay or commissions)
 - holiday bonus (lomarahha) and compensation
 - end-of-holiday pay
 - compensation for shortened working time (days off in lieu of shorter working hours)
 - pay during the period of notice
 - waiting period pay
 - tool and travel expenses
 - daily allowance
 - compensation for damage based on an employment relationship
 - working time bank claim
- This list is not exhaustive. Where claims other than those mentioned above are concerned, the preconditions for the payment shall be decided on a case by case basis



Application due date

- The pay security application must be submitted within three (3) months of the claim due date
- Employee claims arising from an employment relationship are generally paid on a monthly basis and severance pay upon the termination of employment. Compensation for damage based on a law or agreement, which have no specific due date, shall be applied for within three months of the date on which the case has been ruled on in a final judgement or agreed on by a contract
- If the application has not been submitted by the due date, the claim cannot be paid as pay security



Pay security limitations

- The maximum amount of claims payable as pay security is EUR 19,000 based on the work performed for the same employer. No maximum amount has been set for seamen's pay security
- Working time bank claims have their own maximum amount in pay security which is equivalent to six months' salary paid to the employee for work performed for the employer. This also applies to seamen
- The amount of pay for waiting time shall not exceed the amount of claims paid as wage guarantee from whose delay the obligation to pay for waiting time arises
- Travel or other expenses incurred by the employee in connection with the performance of work that must be compensated by the employer are paid as pay security, provided that these expenses are ordinary in nature and their amount is reasonable



Pay security limitations

- The employee's right to pay security is also limited by regulations intended to prevent misuse of the system. For justifiable reasons, pay security authorities have the right to deny pay security or consider the amount of the pay security in the following cases:
 - The employee claim is based on an agreement or arrangement, which was apparently made for the purpose of receiving pay security.
 - The claim applied for as pay security is apparently disproportionate to the amount which can be considered reasonable where the work performed and other circumstances are concerned
 - The employee repeatedly applies for pay security claims involving the same employer
 - The employee remained in the employment relationship even after he/she should have been aware of the fact that the employer was unable to fulfil its salary payment obligations
- For justifiable reasons, the pay security may also be limited to the amount which the employer paid to the employee for the year prior to submitting pay security application as a claim arising from an employment relationship



Pay security application

- Pay security is applied for with a form: <https://www.suomi.fi/services/form/application-for-pay-security-a-ely-centre/ac9e0280-c3af-4fee-8ba1-8fd11f28b9d3>
- In order to determine the claim, append also copies of a written employment contract, employment certificate and pay slip to the application
- The Uusimaa ELY Centre is responsible for processing and deciding on the pay security application. The application processing time varies on a case-by-case basis
- Processing time is affected by, for example, the time needed for the notification procedure. Decisions are given in Finnish and Swedish.
- The processing time of pay security applications will be shorter if:
 - you fill out the application carefully, answer all questions found on the form and remember to sign it
 - you append all the necessary documents (employment contract, payslips, shift lists, termination of employment notice, bank statements) to your application
 - you respond to any requests for additional information precisely and quickly
 - you keep your contact information up to date and immediately notify the ELY Centre of any changes. Also report whether your employer has paid the claims after you submitted your pay security application to the ELY Centre



Pay security application

- The ELY Centre will send the application for pay security to the employer/bankruptcy estate of the employer for its own information and provide them with an opportunity to issue a statement concerning to the application. At the same time, the employer insolvency will be investigated by means of the Suomen Asiakastieto Oy credit information database, enforcement authorities and tax authorities.



How to do calculations for the application

Annual holiday compensation:

- All accrued and unused annual holiday must be paid to you in *holiday compensation*. The calculation is as follows: “your monthly salary / 25 x the number of holiday days”

Period of notice:

- *Period of notice* as it is stipulated in your employment contract /if it's not, according to Employment Contracts Act (check further slide) as if the employer would be letting you go. BUT the employer has the right to deduct from this salary the salary (s)he has paid for the furloughing notice period, usually 14 days. If the period of notice is e.g., one month, the calculation is as follows: “your monthly salary / 21,5 x 14”. If two months, the calculation is as follows: “your monthly salary / 21,5 x 14 + one month's salary”



How to do calculations for the application

Waiting period pay

- When an employment relationship ends, also the pay period ends (2:14 §)
- If payment of a debt arising from the employment relationship is delayed, the employee is entitled to full pay for the waiting days, though not for more than a maximum of six (6) calendar days, in addition to the penalty interest for a waiting time. The calculation is as follows: “your monthly salary / 21,5 x 6”



General notice periods

Unless otherwise agreed (in your employment contract), the notice periods to be observed by the employer are the following if the employment relationship has continued uninterruptedly:

- 1) 14 days, if the employment relationship has continued for up to one year;
- 2) one month, if the employment relationship has continued for more than one year but no more than four years;
- 3) two months, if the employment relationship has continued for more than four years but no more than eight years;
- 4) four months, if the employment relationship has continued for more than eight years but no more than 12 years;
- 5) six months, if the employment relationship has continued for more than 12 years.

Unless otherwise agreed, the notice periods to be observed by the employee are the following if the employment relationship has continued uninterruptedly:

- 1) 14 days, if the employment relationship has continued for no more than five years;
- 2) one month, if the employment relationship has continued for more than five years

Unemployment benefits and how to get them





Registration at the TE-Office

- Register as a job seeker at the TE-Office no later than the first day of unemployment
- You can also pre-register online
- Entitlement to daily allowance (either from the unemployment fund or from Kela) can start no earlier than the day on which your job application as a job seeker has been validated
- You must be available at the labour market and keep your job search valid all time whilst unemployed to receive daily allowance
- <http://www.te-palvelut.fi/te/en/index.html>



Earnings-related daily allowance

- You are entitled to an earnings-related daily allowance if
 - you have been a member of the unemployment fund (e.g., KOKO-kassa) for at least 26 weeks (= membership condition)
 - you have been employed for a total of 26 calendar weeks **AND 52 weeks as of 1st of September 2024** in a 28-month period (employment condition)
 - studying full-time extends this 28-month period by max. of seven (7) years
 - you have been working for 18 hours a week and the monthly salary has been either the minimum according to the collective agreement or at least 1.399.00 euro (2024), will be “eurodized” which means you will have to have earned at least 930,00 euro per month to earn the allowance (comes into force the 1st of September)
- **NOTE: The employment condition must be met during while you are a member of the unemployment fund**



Waiting period (“own-liability time”)

- Set before paying the daily allowance and it lasts for seven (7) days
- Daily allowance is paid five (5) days a week (Mon-Fri), so this means a week and a half without the allowance
- Retained only **once** during the maximum daily allowance period of 300/400/500 days
- Hence the waiting period is set anew when the 26/52-week employment condition is met again, for example on the basis of part-time work, work between furloughing periods or a fixed-term employment relationship, but only at most once a year



Applying for the daily allowance from the KOKO-kassa (Unemployment Fund)

- You can fill in the daily allowance application electronically at the eService (<https://kokokassa.fi/en/>)
- The daily allowance application form is also available from the TE-Office or from the fund's website in a printable paper form
- You can send in the application already after one (1) week of unemployment / furloughing to the fund
- **Send the application to the fund no later than 3 months from the date on which you want the daily allowance to be paid: applications older than 3 months will be rejected!**
- The applications can be completed afterwards (the annexes etc.)



The difference between the earnings-related daily allowance from the Fund and the unemployment allowance from KELA (will be reduced from this after 8 weeks by 20 % and after 34 weeks by 25 % as of the 1st of September 2024!)

