MOEL to Provide Employment Retention Subsidy up to 90% for Every Industry.

The Ministry of Employment and Labor (MOEL) has announced its first-ever decision to increase the employee retention subsidy to maximum 90%, regardless of industry. This provisional measure is for the three months (April to June) and intends to encourage all companies affected by COVID-19 to retain employees.

Under this measure, enterprises eligible for preferential support as indicated in the box below are entitled to the employment retention subsidy to the extent of the amount for special employment support sectors, 90%.

*Scope of Enterprises Eligible for Preferential Support*

By industry, an enterprise with the following number of regular workforces;
- 500 employees or less: manufacturing business
- 300 employees or less: mining, construction, transportation, publishing/video, social service, science and technology service, health business
- 200 employees or less: wholesale and retail, food and lodging, financial and insurance, art, sports business
- 100 employees or less: other businesses

- As requirements are temporary reduced, an employer can be recognized as the one ‘unavoidable to make adjustments’ even though they did not meet the condition of “15% decrease in sales” in current regulation. So Employers, notwithstanding their business areas and decrease in sales, can apply for the subsidy when his/her business falls under the scope of the enterprises eligible for preferential support described above.

- For instance, where an employer pays 1.4 million KRW as business suspension allowance to an employee whose ordinary monthly pay is 2 million KRW, the employee retention subsidy to this case will be expanded as the table below, to ease the burden on the employer.
<Example: Increased Subsidy by One Employee>

<table>
<thead>
<tr>
<th>Case</th>
<th>Items</th>
<th>Current Subsidy (75%)</th>
<th>Increased Subsidy (90%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>An employee whose Ordinary monthly wage: 2 million KRW</td>
<td>Business suspension allowance (A)</td>
<td>1.4 million KRW</td>
<td>1.4 million KRW</td>
</tr>
<tr>
<td></td>
<td>Employee retention subsidy (B)</td>
<td>1.05 million KRW</td>
<td>12.6 million KRW (+ 210,000 KRW)</td>
</tr>
<tr>
<td></td>
<td>The amount responsible for employer (A-B)</td>
<td>350,000 KRW</td>
<td>140,000 KRW (- 210,000 KRW)</td>
</tr>
</tbody>
</table>

The Ministry plans to provide the increased subsidy to employers who take employment retention measures (by paid suspension or paid leave) for the three months (April 1st to June 30th 2020).

- When an employer has implemented the retention measures since April, he/she will receive the level of support, 90%, and for the measures took before April, the subsidy amount will be adjusted to 90% for the rest of the period.

- For example, an enterprise eligible for preferential support conducts the employment retention measures from March 1st to May 31st 2020, the business owner will be given 75% support for the business suspension allowance that the company paid during March 1st to March 31st, and 90% support for the period from April 1st to May 31st.

Employers who want to receive the subsidy need to submit a plan for employment retention measures by a day before its implementation, and should enforce the plan and provide paid suspension or paid leave before applying for the subsidy.

For subsidy application and further information, please visit the website of Employment Insurance (www.ei.go.kr) or contact nearest Employment & Welfare Plus Center (☎1350 without area code)