

**novolegal**  
**Employment and**  
**Industrial Relations**  
**Course: Part 2**

**Presented by:**

**Dr Beverly Tonna**

novolegal

Email:

btonna@novo.legal

**Dr Lara Chetcuti**

novolegal

Email:

lchetcuti@novo.legal

# About novolegal

- ▶ novolegal is a law firm in Malta advising local & international clients across a wide range of industries. The firm is committed to helping clients achieve their goals by providing legal advice of the highest quality in an efficient, effective and timely manner. Equipped with a team of diverse and highly skilled lawyers, the firm is committed to providing Malta-related tailor-made solutions.
- ▶ Our practice areas among others include:
  - ▶ Employment Law and Industrial Relations
  - ▶ Private Client Services
  - ▶ Corporate and Commercial Law
  - ▶ Capital Markets
  - ▶ Financial Services
  - ▶ Public Procurement
  - ▶ Contract drafting and negotiation



# Dr Beverly Tonna

Beverly began her legal career when she joined a local law firm specialising in commercial matters as a legal trainee. She then moved to Malta's fifth-leading audit and advisory firm wherein she formed part of the in-house legal department. Since 2017, Beverly has also assumed the role of a legal advisor to a local blockchain and virtual financial assets consulting company and serves as Designated Person for the entity which is licensed as a Virtual Financial Asset Agent by the Malta Financial Services Authority. As part of this role, Beverly often advises clients on blockchain-based and cryptocurrency-related projects such as token generation events, security token offerings, crypto-funds and cryptocurrency exchanges.

As part of her central role within the lawfirm she currently forms part of the financial services team. Beverly advises clients on corporate law, financial services and capital markets legislation. Mainly, Beverly advises clients on regulatory matters, provides assistance throughout all relevant licensing and regulatory approval processes and provides advice on all legal and regulatory compliance related matters.

Beverly's main areas of practice advising clients on corporate, financial services, fintech and capital markets related matters. Other areas of practice include employment and contract law.

## Qualifications

- ▶ Oxford Blockchain Strategy Programme, Saiid Business School (2019)
- ▶ Award in Introduction to the Virtual Financial Assets Act, Institute of Financial Services Practitioners (2018)
- ▶ Professional Certificate in Taxation, Malta Institute of Taxation (2018)
- ▶ Masters in Advocacy, University of Malta (2017)
- ▶ Bachelor of Laws, University of Malta (2016).



# Dr Lara Chetcuti

After graduating with a Bachelor of Laws and awarded the Diploma of Notary Public, Lara obtained a Doctor of Laws in December 2015 following the submission of a thesis entitled, “The Prenuptial Agreement- A local and Comparative Study”. Lara was admitted to the Maltese Bar in 2016 and awarded a Professional Award in Taxation from the Malta Institute of Taxation in 2018.

After finishing her studies, Lara joined the Civil and Litigation Department in a law firm in Malta in 2015. Her field of practice ranged from family law, property law, succession law, employment law and public procurement. Her role involved the drawing up of various legal instruments, court acts and legal opinions, negotiations and settlement as well as court litigation. Lara has also advised and assisted a number of public bodies in Malta where she was involved in the drawing up of various request for proposals, concession agreements and tender documents. Lara also developed an expertise in Immigration Law where she assisted numerous clients with the identification of optimal residence and or citizenship solutions. Lara has also advised numerous high net worth individuals with matters in relation to personal tax and wealth management.

## Qualifications

- ▶ Member of the Chamber of Advocates Malta;
- ▶ Awarded a Certificate in Taxation by the Malta Institute of Taxation in 2018
- ▶ Admitted to the Maltese bar in 2016;
- ▶ Conferred a Doctor of Laws from the University of Malta in 2015;
- ▶ Completed the Diploma of Notary Public from the University of Malta in 2013; and
- ▶ Completed the Bachelor of Laws with European studies from the University of Malta in 2012.

# Course Outline - Part 2

## Other conditions of employment

- ▶ Terms of engagement (definite or indefinite contracts)
- ▶ Termination of employment
- ▶ Fixed term contracts - Resignation/Termination
- ▶ Indefinite contracts - Resignation/Termination
- ▶ Mutual termination
- ▶ Good and sufficient cause
- ▶ Probation
- ▶ Redundancy

# Course Outline - Part 2

## **Covid-19 Measures**

- ▶ Wage Supplement
- ▶ Social Measures
- ▶ Tax Deferral Scheme
- ▶ Liquidity Measures
- ▶ Reduction of Business Costs and Business Support
- ▶ Changes implemented to the Expatriates Unit's and Central Visa Unit's Services and Procedures

# Other Conditions of Employment

# Terms of Engagement

- ▶ A person may be employed either for:
  - ▶ A **fixed term**
  - ▶ An **indefinite term** or
  - ▶ In respect of a **specified task**
- ▶ **Definite:** Fixed term contract which has a start and an end date
- ▶ **Indefinite:** an open-ended employment contract with no stipulated termination date
- ▶ Despite the **different nature** of the contracts the **conditions of a fixed term contract cannot be less favourable** than those that would have been applicable had the contract of employment been of indefinite duration.
- ▶ When the **employee** has been employed by an employer by a **fixed term contract** for a **continuous period of 4 years**, said contract shall be **transformed into an indefinite employment contract**.



# Termination of Employment

- ▶ Resignation
- ▶ Termination
- ▶ Termination with good and sufficient cause vs Wrongful Termination
- ▶ Probation
- ▶ Redundancy
- ▶ Retirement

# Resignation or Termination

## Fixed Term Contracts

- ▶ Firstly, a fixed term contract may be terminated when the time/term stipulated for in the contract expires/lapses and thus on the **termination date specifically indicated in the contract.**
- ▶ Secondly, when the **employee or the employer** feels that the **term of the contract cannot be fulfilled** despite there being no ground for a **good and sufficient cause**, Article 36 sub-article (11) and Article 36 sub-article (12) of the Chapter 452 of the Laws of Malta(EIRA) states that **the party who terminates** the fixed term contract of employment without a good and sufficient reason **must pay one half of the wages that would have been given during the continuation of the contract.**
- ▶ Thirdly, if during the fixed term contract, one of the parties has a **good and sufficient cause to terminate the contract** as stated in Article 36 sub-article (14) of the Chapter 452 of the Laws of Malta (EIRA), then the **contract will be terminated without the obligation on the terminating party to pay half the wages that would have been due to the employee** has the term of the contract been honoured.

# Resignation or Termination Indefinite Contract

- ▶ **Employee:** The employee can decide to terminate the contract without giving any reason, as long as prior notice is given.
- ▶ If an employee under a contract of service for an indefinite time **fails to give notice** as aforesaid, he shall be **liable to pay** to the employer a sum, equal to half the wages that would be payable in respect of the period of notice.
- ▶ **Employer:** It is however crucial to note, that in the case of an indefinite term contract, an **employer cannot unilaterally decide to terminate the contract**, unless the issue of **redundancy** is raised or there is a **good and sufficient cause**. In the case of redundancy, a notice of termination must be given to the employee.
- ▶ If the **Employer fails to give the said notice**, he shall be **liable to pay** to such employee a sum equal to the wages that would be payable in respect of the period of notice.

# Resignation or Termination Indefinite Contract

- ▶ **Notice of termination** in accordance with Article 36 (5) chapter 452 (EIRA)
  - ▶ Not more than one month - No notice
  - ▶ More than one month and up to six months - One week
  - ▶ More than six months and up to two years - Two weeks
  - ▶ More than two years and up to four years - Four weeks
  - ▶ More than four years and up to seven years - Eight weeks
  - ▶ More than seven years and up to eight years - Nine weeks
  - ▶ More than eight years and up to nine years - Ten weeks
  - ▶ More than nine years and up to ten years - Eleven weeks
  - ▶ More than ten years - Twelve weeks
  - ▶ Such longer periods as may be agreed by the employer and employee in the case of technical, administrative, executive or managerial posts

# Mutual Termination

- ▶ Naturally, if **both parties** agree to the **termination**, it is possible to **terminate** the employment contract **by mutual consent**.
- ▶ The terms and conditions of the termination may be, and usually are, incorporated in a **settlement agreement** signed by both parties.

## Dismissal on a good and sufficient cause

- ▶ Article 36(14) of Chapter 452 (EIRA):

The employer may dismiss the employee and the employee may abandon the service of employment, whether the contract is of a fixed or indefinite without giving notice and without any liability to make payment, if there is a good and sufficient cause for termination

# Dismissal on a good and sufficient cause

- ▶ An employer may not terminate an indefinite employment relationship with the employee unless there is a good and sufficient cause for such termination.
- ▶ When the employer terminates employment for a good and sufficient cause he/she is not required to give advance notice of termination and/or pay the employee for any wages relating to such notice period or the unexpired period of a definite term agreed upon.
- ▶ The Maltese legislator has shunned from providing a clear definition of the phrase 'good and sufficient cause'.
- ▶ Maltese law only establishes a number of situations which do not constitute a good and sufficient cause. The burden of proof that the cause is good and sufficient falls upon the party claiming it.

# Dismissal on a good and sufficient cause

- ▶ Instances which do not constitute good and sufficient Cause:
  - ▶ This cannot be pleaded if at the time of dismissal, the employee was “a member of a trade union, or is seeking office as, or acting or has acted in the capacity of an employees’ representative.” Such a provision ensures the freedom of association of the worker.
  - ▶ This cannot be pleaded when the employee no longer enjoys the employer's confidence- except in the case of a private domestic employee. This is to prevent abuse of the honesty, integrity and reputation of the employee.
  - ▶ This cannot be pleaded when the employee contracts marriage.
  - ▶ This cannot be pleaded if the employee is pregnant or is absent from work during maternity leave.



# Dismissal on a good and sufficient cause

- ▶ This cannot be pleaded if an **employee disclosed information, confidential or otherwise**, to a public body, regarding alleged **illegal or corrupt activities** being committed by his employer or persons acting in his name.
- ▶ This cannot be pleaded if the **employee has filed a complaint** or is **participating in proceedings against the employer** involving alleged violation of laws or regulations or is having recourse to competent administrative authorities.
- ▶ This cannot be pleaded if the **business** in which the employee is engaged has **undergone a transfer of ownership**, unless he proves that the **termination is necessary for economic, technical or organisation reasons** entailing changes in the workforce
- ▶ Terminating employment when the employee reaches **pension age** constitutes good and sufficient cause.

# Dismissal on a good and sufficient cause

- ▶ The lack of work brought about by the covid-19 disease, does not constitute a just and sufficient cause for termination.
- ▶ Notice period would need to be given to the employee in this regard.

# What constitutes 'good and sufficient' cause?

- ▶ The Industrial Tribunal has stressed that a **good and sufficient** cause arises when the cause was:
  - ▶ either **grave in itself or in its consequences**,
  - ▶ or because of its **habitual and systematic repetition**.
- ▶ The **employer** would be **expected to provide a very compelling reason** for the dismissal of any employee on this ground, particularly more so **when the dismissal is not preceded by any verbal or written disciplinary warnings** given by the employer to the employee over a period before the dismissal.

# Dismissal on a good and sufficient cause

- ▶ Industrial Tribunal case decided on the 19 February, 2020 (case number 3289/CC) it was recommended that written warnings are given by the employer over a reasonable period of time prior to the final warning. Not taking a strong approach in cases of repeated misbehavior attenuates guilt and if the employer is always lenient, he would not be justified when he then decides to terminate employment. In fact the sum of €13,302 was in fact awarded to the ex-employee as compensation.

# Wrongful Termination

- ▶ Wrongful Terminations may result allegations of **unfair dismissals** made by the employee against their employers and **legal action may be taken** before the Industrial Tribunal.

- ▶ “unfair dismissal”:-

*the termination by the employer in respect of that worker of a contract of employment for an indefinite time (other than probation) being a **termination which is not** made solely on the **grounds of redundancy** or for a **good and sufficient cause** in accordance with the relevant provisions of this Act or any regulations prescribed hereunder, or which is **made in contravention of a trade dispute**, or which, though made on grounds of redundancy or for a good and sufficient cause, **is discriminatory**.*

# Wrongful Termination

- ▶ If a situation of unfair dismissal arises the Industrial Tribunal may:
  - ▶ re-instate the terminated employee in his former employment;
  - ▶ award compensation to be paid by the employer to the former employee

*Publius Davison vs De La Rue Currency and Security Print Limited* (Appeal nr 160/2018, decided on the 11th of October 2019)

- ▶ Applicant was a **security guard** with an annual salary of **€30,281.85** employed with the company for **32 years**
- ▶ Employee brought broken power plug from home and stored it in his locker. To fix it the employee took a stock of glue from one of the company's factory machines and put it in his pocket where it was easily visible to fix the broke power plug after work.
- ▶ Employee was approached by company officials who **accused him of theft** as a result of which his **employment was terminated**.
- ▶ On the **4<sup>th</sup> June** the Industrial Tribunal rejected the applicant's claims and considered that the dismissal was justified in light of the fact that the company operated a high security facility which involved the printing of money. **The Court of appeal referred the judgment back to the Industrial Tribunal** where the employee was awarded **€18,000** as compensation.
- ▶ Case went back to appeal where the COA determined that the **damages awarded did not reflect the damage actually suffered by the ex-employee**. The Industrial Tribunal then awarded compensation of **€90,374.43**

# Wrongful Termination

## ▶ Stephen Thornton vs Dragonara Gaming Limited

Unjust dismissal claims instituted by four employees decided simultaneously on the **28th January 2020**. In these cases, four employees were made redundant following a transfer of employment from Dragonara casino Limited to Dragonara Gaming Limited. During proceedings, it transpired that other employees had been promoted and given pay raises following their termination.

The Industrial Tribunal computed compensation based on:

- ▶ the period of time for which the employees remained unemployed following dismissal,
- ▶ the length of the employment,
- ▶ and whether the employees accepted the payment for notice and outstanding leave.
- ▶ While Vecchoni, Smith and Thornton did not accept their notice and outstanding leave payments, Clark accepted it.

The Industrial Tribunal decided that all four dismissals were unjust, and granted compensation as follows:

- ▶ Gordon Clark was awarded **€35,000** after accepting the notice and outstanding leave payment and being unemployed for 2 months following dismissal;
- ▶ Giancarlo Vecchoni was awarded **€60,000** after refusing the payment, being unemployed for 2 months and incurring expenses due to emigrating for work;
- ▶ Andrew Smith was awarded **€75,000** after refusing the payment, being unemployed for 10 months and incurring expenses due to emigrating for work;
- ▶ Stephen Thornton was awarded **€140,000** after refusing the payment and being unemployed for 16 months following dismissal.

# Probation

- ▶ Article 36(1) of Chapter 452 explains that in any contract of employment, **the first 6 months of employment** are a **period of trial** unless the parties agree otherwise. During this period either party can assess the behaviour of the other.
- ▶ **Only a shorter period of probation** can be agreed.
- ▶ In the event that the **employee holds a technical, executive, administrative or managerial post** and the **wages are at least double the minimum wage**, the **period of probation shall be of 1 year unless specified otherwise**.
- ▶ Article 36 sub-article (2) of Chapter 452 (ERIA) states that the **employment may be terminated at will by either party without assigning any reason**.
- ▶ **One month notice period** must be given if the employee was in the employ of the employer for more than one month.



# Probation

- ▶ **Farrugia vs. Alexandra Palace Hotel Ltd - 2003** Although both parties are deemed to be in the same position, as both the employer and the employee may bring the contract to an end, it is **nevertheless argued that the term of probation is beneficial to the employer**. The reason for this is because there are more persons seeking jobs than jobs available. The employee therefore normally does his utmost to retain the employment.
- ▶ **Fenech v Baldacchino-** The Court asserted that if the employee can prove that the **termination was motivated primarily on the basis of political discrimination**, the termination may be annulled. This is a safeguard against discrimination.
- ▶ **Mallia vs. Debono** - It was held that although the period of probation had been previously established, the hospital decided to extend the period. **The industrial tribunal ruled that the period of probation cannot be extended unilaterally**. There had to be the mutual consent of the parties for the extension to be considered valid.

# Redundancy

- ▶ Article 36(3) of Chapter 452 explains that an indefinite term contract may be terminated on the grounds of **redundancy by giving notice**. **Redundancy can never be pleaded as a good and sufficient cause for termination.**
- ▶ **No definition is provided at law and thus we must resort to the decisions of the industrial tribunal.**

# Redundancy

- ▶ Where an employer intends to terminate the employment of an employee on grounds of redundancy, he is required to terminate the employment of that person who was engaged last in the class of employment affected by such redundancy (**“Last In First Out”**).
- ▶ The only **exception** to this rule is where the **employer and the last employed employee are related** by consanguinity or affinity up to the third degree. Here, the employer may, instead of terminating the employment of such person, **terminate that of the person next in turn**.
- ▶ Redundancy must be applied on the basis of **the category of workers**, the consideration a redundancy is made visa-a-vis the **class of workers**

# Redundancy

## ► Jason Muscat v St. Edward's College

**14th December 2006** Muscat had been engaged under a **fixed term** contract but eventually his posting **was transformed into an indefinite contract**. Muscat sued the college before the industrial tribunal as they had dismissed him from employment under the 'last in first out' rule of redundancy. Muscat claimed that even if this rule applies **he should not have been selected as the college had not considered the time which Muscat had been engaged under fixed term contract**. This case establishes that when an employer is considering the basis of seniority in cases of redundancy **the employer should aggregate with respect to an employee: the time served both under fixed term contract as well as an indefinite term contract**. This again applies with respect to the principle of non-discrimination

# Redundancy

- ▶ Cachia vs Messers Texas Garage - The Court has often emphasized that the redundancy must be genuine and serious, and not just an excuse for dismissing the worker or a mere act of retaliation. If the employer ever acts in bad faith or for a dishonest motive, the redundancy would be fictitious.
- ▶ GWU vs. Allied Malta Newspapers - The Industrial Tribunal held that as the new system of technology introduced by the company signified a decrease in the required number of workers, the redundancy was genuine. The benefit derived by the employer must relate to cost-saving, efficiency or profitability.

# Collective Redundancies

- ▶ The provisions of **Collective Redundancies (Protection Of Employment) Regulations (S.L. 452.80)** apply in the case of collective redundancies, that is the dismissal of:
  - ▶ **10 or more employees** in establishments normally employing more than 20 employees but less than 100 employees;
  - ▶ **10% or more** of the number of employees in establishments employing 100 or more but less than 300 employees; and
  - ▶ **30 employees or more** in establishments employing 300 employees or more

# Collective Redundancies

Employer must:

- ▶ **Consult employee's representative and notify** same together with the **Director of DIER** about the intention. **Consultations should commence within 7 working days from the day of notification.** The aim is to try to **reduce the number of employees affected by such redundancies.**
- ▶ **Within** the aforementioned period of **7 days** the **employer** has the duty to **supply** the Employees' representative with a **written statement**, forwarding a copy to the Director of DIER providing for:
  - ▶ **The reasons** for the redundancies
  - ▶ The **number of employees** intended to be made redundant
  - ▶ the number of employees **normally employed**
  - ▶ The **criteria proposed** for the selection of the employees to be made redundant
  - ▶ **Details regarding any redundancy payments** which are due and
  - ▶ The **period over which redundancies** are to be **effected.**
- ▶ **The collective redundancies may only become effective within 30 days from the date when the employees' representative and the Director of Labour are notified about the intended redundancies.**
- ▶ **Offences:** Any person contravening the provisions of the applicable regulations shall be guilty of an offence and shall, on conviction, be liable to a **fine** of not less than **€1,164.69** for every employee that is declared redundant

# Obligation to re-employ

- ▶ Employees whose employment is terminated on grounds of redundancy shall be entitled to re-employment if the post formerly occupied by him is again available within 1 year from termination, provided that he shall be so re-employed at conditions not less favourable than those he had before being terminated.

## COVID-19 IMPLICATIONS

- ▶ Where employers have resorted to making their employees redundant due to the current economic downturn due to the coronavirus, they must offer employment to the employees who they would have made redundant, before employing other employees, if any vacancies arise during such period.



# Conditions of Employment less favourable

- ▶ Article 42 of Chapter 452

Unless in such case as is otherwise provided by this Act, if a contract of service between an employee and his employer or a collective agreement entered into between the employer and the recognised union representatives, provides for any conditions of employment, including conditions relating to the termination of the contract, less favourable to the employee than those specified in or under this Act, they shall have effect as if for those conditions less favourable to the employee there were substituted the conditions specified in or under this Act:

Provided that, in exceptional cases, the employer in agreement with the employee or union representatives may provide for different conditions of employment than those specified in or under this Act as long as such agreement is a temporary measure to avoid redundancies and as long as it is approved by the Director, which approval needs to be reviewed every four weeks.

- ▶ Protection of wages- Reduction in salaries, working hours or conditions of employment

# Conditions of employment less favourable

## ▶ COVID-19 EXAMPLE

- ▶ to deduct salaries
- ▶ to deduct working days in a week
- ▶ to put your employees on forced leave for a long period because of lack of work
- ▶ the employer has been ordered to close down his doors temporarily
- ▶ the employee has been ordered to stay home as he is a vulnerable person and therefore do not want to pay him.

# Conditions of employment less favourable

- ▶ Covid-19 Remedies Sought
  - ▶ Possibility of going from a 5 day week to a 4 day week procedure
  - ▶ Reduction in Salaries
- ▶ Malta Enterprise
  - ▶ If a company currently **didn't fall under Annex A or Annex B**, therefore you would need to make an **independent case** in order to qualify for the scheme. This includes the comparison between last year's standing and this year's standing, in which you would **have to prove a 25% + decrease in performance**.
  - ▶ Depending on the previous point we would be able to attain 800/ month assistance from Gov, wherein we would have to top up to at least an additional 400. If the aforementioned 400 is not affordable we would need to write to the DIER in this respect.
- ▶ Department of Industrial and Employment Relations
- ▶ To reduce the employees' hours the information required was the following:
  - ▶ Discussion and agreement with employees
  - ▶ Notification to DIER
  - ▶ DIER's approval
  - ▶ Decision implementation
  - ▶ Revision of conditions every 4 weeks

# Covid-19 Related Measures

# Wage Supplement

- ▶ The wage supplement parameters have been **adjusted as of July 2020** to continue supporting the hardest hit sectors, while gradually reducing the aid to all other sectors.
- ▶ **Annex A** - the benefit of **€800 for full-timers and €500 for part-timers** will be maintained for the following activities:
  - ▶ **Air Transport**
  - ▶ **Hotels and similar accommodation**
  - ▶ **Holiday and other short-stay accommodation**
  - ▶ **Renting and leasing of cars and motor vehicles**
  - ▶ **Travel agencies and tour operators**
  - ▶ **Sports, fitness and cultural education facilities**
  - ▶ **Amusement and recreation activities**

# Wage Supplement

- ▶ **Annex B** - Employers and self-employed who are being assisted under the partial Supplement will retain this aid until September. Personal services and other related activities will benefit from the partial supplement as of July 2020. **Full time employees will be entitled to €160 per month, while part-time employees will be entitled to €100 per month.**
- ▶ Activities include:
  - ▶ **Processing, production, preservation and manufacture of foodstuffs** such as meat, fish, fruit, vegetables, dairy products, grain products, chocolate and sugar confectionery, beverages and tobacco products;
  - ▶ **Manufacture of pet foods and feeds;**
  - ▶ **Preparation, weaving and finishing of textiles;**
  - ▶ **Manufacture of fabric, textiles, clothing, accessories and footwear;**
  - ▶ **Manufacture of wooden and paper goods;**
  - ▶ **Printing and binding services;**
  - ▶ **Manufacture of petroleum, gases and other chemical products;**
  - ▶ **Manufacture of basic pharmaceutical products;**
  - ▶ **Manufacture of rubber, plastic, glass and ceramic products;**
  - ▶ **Manufacture of cement, concrete, stone, and manufacture and casting of metals and metal products;**

# Wage Supplement

## ▶ Annex B continued:

- ▶ Manufacture of electronics, electronic components, appliances, machinery and **equipment**;
- ▶ **Manufacture of vehicles**, air and spacecraft and related machinery;
- ▶ **Building of ships and boats**;
- ▶ **Manufacture of furniture and home goods**;
- ▶ **Manufacture of jewelry**;
- ▶ **Manufacture of musical instruments, games and toys**;
- ▶ **Manufacture of medical and dental instruments and supplies**;
- ▶ **Repairs**;
- ▶ **Agents involved in the sale of fuels, metals, timber, building materials, food, beverages and tobacco**;

# Wage Supplement

## ▶ Annex B - Continued:

- ▶ **Wholesale** of plants, animals, food, beverages, tobacco, pharmaceutical goods, electronics, metals, wood, chemical products and waste;
- ▶ **Retail** sale of food, beverages, tobacco, automotive fuel, computer and telecommunications equipment, electrical household appliances, books, newspapers, medical and orthopaedic goods, and flowers in specialized stores;
- ▶ **Service activities** incidental to land, water and air transportation and cargo handling;
- ▶ **Publishing;**
- ▶ **Media broadcasting;**
- ▶ **Security systems and services;**
- ▶ **Cleansing services;**
- ▶ **Hairdressing, beauty services and other personal activities.**



# Wage Supplement

- ▶ **Annex C - Other activities previously supported by the Wage Supplement not included in the updated Annex A or Annex B will from July 2020 be assisted. Full-time employees will be entitled to a wage supplement of €600 for full-timers and part-time employees will be entitled to a wage supplement of up to €375.**
- ▶ **Activities include:**
  - ▶ Sale, maintenance and repair of motor vehicles, parts and accessories;
  - ▶ Agents involved in the sale of machinery, industrial equipment, ships, aircraft, furniture, household goods, hardware, ironmongery, textiles and clothing, as well as other products.
  - ▶ Wholesale of textiles and clothing, glassware, cosmetics, furniture and household goods, accessories, machinery and non-specialized wholesale trade;
  - ▶ Retail sale of carpets, electrical appliances, furniture, lighting, sporting equipment, games, toys, footwear, cosmetics, and accessories in specialized stores;
  - ▶ Retail sale of second-hand goods in stores;
  - ▶ **Retail sale via stalls of food, beverages, textiles and clothing, and other goods;**
  - ▶ Retail sale via mail order houses or via internet;
  - ▶ **Passenger land transport;**
  - ▶ **Restaurants, catering and food and beverage serving activities;**
  - ▶ Motion picture, sound recording and photography activities;
  - ▶ **Renting and leasing of motor vehicles;**
  - ▶ **Activities of human resources provision;**
  - ▶ Performing arts, artistic creation and operation of arts facilities.

# Wage Supplement

- ▶ **Previously ineligible pensioners and students** who have been **registered as employed with JobsPlus since the 9<sup>th</sup> of March** may also be considered for the **Wage supplement** as of July.
- ▶ Such individuals may be added via a specific link in the update email that Malta Enterprise will send to current beneficiaries in July.

# Ongoing Measures

# Social Measures

- ▶ The Social Security Department was accepting applications for the **Person with Disability Benefit, Additional Unemployment Benefit, Medical Benefit and Parent Benefit** in relation to Covid-19, however, **no new applications** will be **accepted except for the Additional Unemployment Benefit** for persons who lost their job in the private sector due to the impact of Covid-19.
- ▶ Persons who qualify for the **Contributory Unemployment Benefit** and are **eligible for the Additional Unemployment Benefit**, between the two benefits, will receive a direct payment of **€166.15 if working full-time** before you becoming unemployed or **€103.85 per week if working part-time before becoming unemployed**.
- ▶ In order to be eligible for the **Contributory Unemployment Benefit**, one must **register for work as a jobseeker under Part 1 of the Jobsplus Unemployment Register**. The claimant must have paid a minimum of **50 Class 1 and/or Class 2 social security contributions**, and must have also paid **20 Class 1 or Class 2 social security contributions** in the last two consecutive calendar years prior to submitting the claim.

# Tax Deferral Scheme

- ▶ The deferral of payment of **Provisional Tax, VAT and National Insurance Contribution** on Salaries was extended to the end of June, and National Insurance, income tax and maternity contributions were to be paid in full as of **1<sup>st</sup> July 2020**.
- ▶ The tax deferral scheme has been extended to cover eligible taxes falling due until **August 2020**. Companies can pay the deferred tax by **May 2021** with no interest charged.
- ▶ Companies and self-employed persons that suffer a significant downturn in turnover due to the economic strains caused by the pandemic which cause cash flow difficulties are **eligible for the scheme**. Generally, a drop of **25% or more** in sales registered would satisfy this requirement. This would be **determined on the basis of a 3 month period** either starting from **February or March of 2020** as compared to the same period of 2019.
- ▶ Companies and self-employed persons who failed to comply with their tax obligations falling due by the **31<sup>st</sup> December 2019** are not eligible for this scheme.

# Further Liquidity Measures

- ▶ Licensed credit and financial institutions were directed to offer a six-month moratorium on repayment of capital and interest by virtue of **Legal Notice 142 of 2020**. The moratorium is applicable to credit facilities sanctioned to both retail and non-retail clients including self-employed, micro, small and medium sized enterprises, employed persons and households who were not in arrear of repayments prior to the 1<sup>st</sup> March 2020.
- ▶ Applicants must **prove** to the satisfaction of their credit or financial institution that their **income has been or will be affected by the outbreak of COVID-19** to the extent that they are **incapable of adhering to the credit facility repayment** of capital and/or interest partially or fully.
- ▶ It is important to note that the moratorium is **not granted automatically** and **eligible applicants are to submit their applications** to the respective credit or financial institution.

# Reduction of Business Costs and Business Support

- ▶ **Water and Electricity Tariffs:** Businesses eligible for the Wage Supplement will be granted additional support in the months of **July, August and September**. Such businesses will benefit from a **subsidy of 50% on commercial utility bills** up to an amount of **€1,500 per applicant**. This amount does not include the payment for the meter.
- ▶ **Rent Refund:** Businesses eligible for the Wage Supplement which fall under **Annex A or Annex B** will be able to apply for a grant of up to **€2,500** by submitting their lease agreements.

# Reduction of Business Costs and Business Support

- ▶ **Microinvest Cash Conversion:** Conversion of 30% of Malta Enterprise's tax credit scheme *Microinvest* into grants which will benefit those who invested in 2019. Businesses can benefit from a €2,000 grant, and businesses in Gozo, family-run businesses and businesses run by female entrepreneurs will receive a grant of €2,500.
- ▶ **Underwriting Facility:** A new underwriting facility will be set up through the Malta Development Bank whereby the Government will underwrite bonds issued by private enterprises.
- ▶ **Waiver on Commercial Licences:** Payment for licenses to the Trade Department and the MTA will be waived and a one year refund will be given to those who have already paid their licence. This includes hawkers, costermongers, tourist guides, restaurants and hotels.



# Reduction of Business Costs and Business Support

- ▶ **Business Re-engineering Consultancy:** Every business shall be entitled to €5,000 in order to restructure business plans and implement technological solutions in light of new developments.
- ▶ **Skills Development Scheme:** Malta Enterprise will be taking the current Skills Development Scheme a step further by adding €5 million to its allocated budget directed towards assisting businesses employing fewer than 50 persons to provide in-housing training and encourage skill development.
- ▶ **Export Credit Guarantee:** Malta Enterprise will be administering an export credit guarantee of up to €10 million in order to aid companies seeking to export their products to new markets.
- ▶ **Port Charges Refund:** Businesses involved in importing cargo to Malta will benefit from a 33% refund in port charges. A 10% refund will also be given on container discharge fees for import and export, however transshipment costs are not included in this refund.
- ▶ **Export Promotion:** Local businesses can benefit from a maximum of €10,000 to invest in campaigns directed at foreign markets in a bid to reach new markets through digital marketing.
- ▶ **Construction Equipment:** Businesses may receive support of up to €200,000 for the purchase of modern, efficient and environmentally-friendly machinery.
- ▶ **International Fairs:** Businesses who incurred costs to participate in international fairs which were cancelled may benefit from a refund of up to 80%.
- ▶ **Property Transfer Tax and Stamp Duties:** Stamp duty rate on property purchases will be reduced from 5% to 1.5% and property transfer tax will be reduced from 8% to 5% on the first €400,000 of the property value if the deed of sale is published by the end of March 2021.

# COVID-19- Changes implemented to the Expatriates Unit's and Central Visa Unit's Services and Procedures

- ▶ **Customer Care Service:** The Customer Care service is only available to the public remotely via [eresidence.ima@gov.mt](mailto:eresidence.ima@gov.mt). Alternatively, one may call on +356 25904800.
- ▶ **Interim Permit Extensions:** To extend their interim permit (blue paper), applicants are instructed to request an extension on [eresidence.ima@gov.mt](mailto:eresidence.ima@gov.mt) and ask for a confirmation via email.
- ▶ **Card Collection:** Applicants can collect their residency card from Identity Malta's premises in Msida only upon receipt of the confirmation letter.

# COVID-19- Changes implemented to the Expatriates Unit's and Central Visa Unit's Services and Procedures

## Single Permit Section- Third Country Nationals ("TCNs")- Employment

- ▶ **Renewals and Change in Employment:** TCN's whose residence permit expires must arrange with their employer to submit a request to <https://singlepermit.gov.mt>, after registering via email on [onlinesinglepermit.ima@gov.mt](mailto:onlinesinglepermit.ima@gov.mt). If this is not possible the application may be submitted in person by the Expatriates Unit's instructions.
- ▶ Following a decision taken by the Government of Malta, **no new applications for residence and work permits of TCN's will be accepted other than those of highly skilled workers and medical professionals.**
- ▶ **Eligible new applications must be submitted online** through Identity Malta Agency's online platform. Identity Malta will only accept the submission of an application in person if (i) it is not possible to submit the application online and (ii) the applicant did not arrive in Malta from abroad in the last 14 days preceding the date of entry into Malta. Applicants should only visit Identity Malta offices upon instructions from the Expatriates Unit.
- ▶ All those TCN's who have applied while abroad, issued with an approval in principle and currently physically present in Malta, must submit their application for a residence permit, not earlier than 14 days from their date of entry into Malta, upon the Expatriates Unit's instructions. With respect to those TCN's who are not physically present in Malta, Identity Malta will not be issuing new decisions with respect to applications already submitted.
- ▶ Identity Malta shall inform the Public on the resuming of such services in due course.

# COVID-19- Changes implemented to the Expatriates Unit's and Central Visa Unit's Services and Procedures

- ▶ **Visas:** Requests for visa issuance will only be acceded to in exceptional cases such as family members of EU citizens and in the case of health professionals and carers.
- ▶ The aforementioned measures shall remain in effect until communicated otherwise by the relative authorities concerned.

# How we can assist:

## ▶ Streamlining of employment contracts

- ▶ This ensures **uniformity and equal treatment**.
- ▶ Apart from general rules of employment one must also refer to specific **wage regulations orders** which target specific industries (e.g. Hotels and Clubs, Construction etc). Such orders, amongst other things, regulate hours of work, leave entitlement, minimum wage and overtime, depending on the particular industry.
- ▶ We may assist by thoroughly **reviewing various existing contracts** to identify which clauses need **updating** and which clauses need to be added or removed.

# How we can assist:

## ▶ Human Resource Manuals and other policies:

- ▶ Maltese employment law does not oblige employers to incorporate policies, however, opting to adopt their own custom-made policies, or an HR Manual, employers would be able to **streamline employment practices**.
- ▶ Policies **provide knowledge for employees** and assist employers in defending themselves in an unfair dismissal claim, liability claims etc. Moreover, incorporating one's own policies **reduces the exposure for legal disputes and litigation** since they act as a guide-book for the organization. Where employers wouldn't have incorporated their own policies, the Industrial Tribunal would have to adjudicate employees' claims on points emanating directly from the law without making any reference to the employer's *modus operandi*.

# How we can assist:

- ▶ We may assist with any **other employment queries** you might have
- ▶ **Representation** before **DIER**
- ▶ **Representation** before the **Industrial Tribunal** and other competent adjudication bodies such as the **Courts of Malta**
- ▶ **Out of court settlements** and drafting of **settlement agreements**
- ▶ We may assist with the **application for grants**

Any Questions??