

Estonia allows temporary employment for people registered as unemployed

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Since September 2020, it is possible in Estonia to take on temporary work, receive unemployment benefits and participate in the services provided by the Unemployment Insurance simultaneously. The possibility of temporary work will help the unemployed to stay in touch with the labour market and encourage people to return to work.



Description

In January 2020, the Ministry of Social Affairs issued a document notifying its intention to draft a law amending the Unemployment Insurance Act and the Labour Market Services and Benefits Act to improve the unemployment protection system (for more information on this, see Laurimäe 2020). The document contains four main sections, one of which partly concerns temporary employment. Regarding the simultaneous receipt of unemployment insurance benefit and payment for work, it gives three options:

- 1) allow temporary employment during unemployment (for example up to one month);
- 2) allow partial unemployment, i.e. a person who loses their main job (e.g. 80% of previous earnings) qualifies for support; and
- 3) maintain the current system, i.e. simultaneous receipt of unemployment insurance benefit and remuneration for work is not allowed, but without reducing the period of receipt of benefits. This period would be postponed, as the person would be entitled to the unused days of the benefit later (after the temporary work) (effective until September 2020).

In June 2020, the Parliament approved some of the amendments suggested in the proposal, regarding temporary employment and the increase in unemployment benefits. Thus, since September 2020, it is possible to take on

temporary work (a one-off work task) while being registered as unemployed. Previously, an unemployed person had to terminate his/her unemployment status if he/she took on a piece of work (e.g. a one-off lecture, publishing a paid article, replacing a former colleague for a few days, etc.). The following conditions apply to temporary employment (Unemployment Insurance Fund 2020b):

- an unemployed person may work up to 8 days per month (for example 8 days under one contract or 8 contracts, each for one working day);
- the remuneration paid for the temporary employment may not exceed 40% of the minimum wage for the current year (€233.6 per month in 2020);
- work tasks may be undertaken for up to 12 calendar months in a 24-month period; and
- the employment should be covered by i) an employment contract; ii) a contract under the law of obligations; or iii) a civil service contract. The employer pays labour taxes (social insurance contributions and income tax) in the usual way.

A person can simultaneously receive unemployment benefits, participate in the services provided by the Unemployment Insurance Fund and perform such temporary employment.

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Outlook and commentary

According to the statistics from the Unemployment Insurance Fund, in the first two months a total of 1,730 people registered as unemployed used the opportunity to take up temporary employment. In October, the number of people was already slightly higher than in September (1,151 vs 902) and 2.3% of the registered unemployed worked temporarily. Given that one person can perform a paid task in more than one month and can perform several tasks in one month, the total number of paid tasks carried out was higher - about twice as high (3,662) (Unemployment Insurance Fund 2020a).

The proportion of women taking up this option was higher in both months than that of men (70% vs 30%), with fewer young people up to the age of 24 (14%) or people older than 55 (19%), compared to those aged 25-54 (67%). Half of the paid tasks lasted for one day and about a quarter lasted two to three days. 5% of paid tasks lasted 8 days (Unemployment Insurance Fund 2020a).

According to the statistics from the Unemployment Insurance Fund, temporary employment was most often used in retail and customer service and in the hotel and restaurant sector (approximately 25% in total); followed by construction and cleaning services (approximately 15% in total) (Unemployment Insurance Fund 2020a).

As it was complicated to take up a temporary work task in the past, many tended not to do so. In

addition, there were fears of loss of unemployment benefits and health insurance (Unemployment Insurance Fund 2020b). It has previously been found that this situation can increase long-term unemployment and get people out of the habit of working (Ministry of Social Affairs 2020). The option of taking up temporary work will help the unemployed to stay in touch with the labour market and to return to work (Unemployment Insurance Fund 2020b, Laurimäe et al 2019). In addition, it will make it easier for employers to find employees for short-term jobs that they would not otherwise want to take because of the fear of losing their unemployment status and benefits (Estonian Chamber of Commerce and Industry 2020).

At the same time, it has been found that overly generous conditions and benefits can encourage unemployment or part-time employment. In addition, unemployed people who are not looking for full-time work can enter part-time employment more cheaply. Thus, there are restrictions on temporary work (e.g. the registered unemployed may work up to 8 days per month), to prevent the transition from employment to unemployment (Ministry of Social Affairs 2020, Laurimäe, M., et al 2019).

The Ministry of Social Affairs and the Unemployment Insurance Fund plan to analyse the impact and effectiveness of the measure in the coming years and to adjust the conditions if necessary (Riigi Teataja 2020).

Further reading

Estonian Chamber of Commerce and Industry (2020). Septembris on võimalik ajutine töötamine töötuna arveloleku ajal [[Since September, it is possible to work temporarily while being registered unemployed](#)].

Laurimäe, M. (2020). "Estonian unemployment protection system: moving towards improved coverage and adequacy?", ESPN Flash Report 2020/10, European Social Policy Network (ESPN), Brussels: European Commission.

Laurimäe, M. et al (2019). Töötuskindlustuse põhimõtete analüüs vaesuse ennetamiseks ja tööturul osalemise toetamiseks. [[Unemployment insurance benefits and unemployment allowance system analysis](#)].

Ministry of Social Affairs (2020). Töötuskindlustuse seaduse, tööturuteenuste ja -toetuste seaduse muutmise seaduseelnõu väljatöötamiskavatsus. [[Legislative proposal to draft a law amending the Unemployment Insurance Act and the Labour Market Services and Benefits Act](#)].

Riigi Teataja (2020). Tööturuteenuste ja -toetuste seaduse ning töötuskindlustuse seaduse muutmise seadus, välja kuulutatud 01.07.2020, otsus nr 618, RT I, 08.07.2020, 4. [[Act Amending the Labour Market Services and Benefits Act and the Unemployment Insurance Act, promulgated on 01.07.2020, Decision No. 618.](#)].

Unemployment Insurance Fund (2020a). Statistics on temporary employment were requested directly from the Unemployment Insurance Fund (not public).

Unemployment Insurance Fund (2020b). [Temporary employment during the period of registration as unemployed](#)

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