

# COVID-19 Changes Labor Laws Between Employers and Employees in Costa Rica

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## ADVERTISE

The infamous COVID-19 has caused not only a global health emergency but has also had a severe and negative impact on the economy. To mitigate the impact on the finances of employers, two regulations were approved over the recent days that are unprecedented in our country. The first regulation is called Temporary Suspension of the Employment Contract and is issued by the Ministry of Labor. The second is called Reduction of Working Hours and comes from a Law enacted by Congress.

To better understand the details, we have interviewed attorney Allan Salazar, who specializes in labor issues, who helped setting this article with his valuable opinion.

By decree 42248-MTSS, the Ministry of Labor issued the regulations to apply the suspension of the employment contracts. It indicates that when a force majeure situation such as COVID-19 occurs, which has a great impact on the business economy, making it impossible to assume the usual obligations such as payment of wages, social security contributions, production costs etc.. The Employer may request the indicated suspension. To do this, requires an Affidavit stating the reason for the suspension, whether it is total or partial, the approximate term of the suspension, the name of the affected workers and the way to contact them.

The Affidavit also requires indicating that the Employer is up to date in the payment of social security contributions and occupational risk insurance. The documentation must be sent to the email [\[email protected\]](#) If everything is in order, the obligation to pay wages, social security contributions and work risk insurance is suspended. Employees also do not have to report to work during that time period. The suspension will not apply to pregnant or lactating workers. The Employer may also choose to fire the workers by paying the full liquidation (severance payment, previous notice, proportional vacations and Xmas bonus) in accordance with the law.

About Reduction of Working Hours, it was through law number 9832 that this option was introduced. It went into effect on March 23, 2020. Basically if the income decreases by twenty percent (20%) compared to the same month of the year 2019 or in relation to the income of the last three months, the Employer can reduce the Employees'

workday as well as the salary up to by fifty percent (50%). Now, if the decrease in income is greater than sixty percent (60%), the reduction in salary can reach seventy-five percent (75%). The term for which this measure can be requested is for three months, extendable for equal periods if the emergency continues.

To apply the reduction in working hours, it is also necessary for the Employer to make an affidavit and fill out the form that the Ministry of Labor has arranged on the site [www.mtss.go.cr](http://www.mtss.go.cr). The list of companies authorized to apply the measure also appears on that site. The reduction in working hours cannot be applied to pregnant or lactating workers. In case of reducing the working day, the Employer can also request the reduction of social security contributions and occupational risk insurance in the same proportion. It is important to mention that to apply this measure it does not matter if the Employees agree or not, but the measure must be justified.

Finally, it must be considered that to apply both the temporary suspension and the reduction of the working day, the required authorization must be requested, and all procedures must be managed digitally.

**About the Author:** Allan Garro was incorporated as a lawyer and public notary in 1996. He specializes in Litigation, Corporate, and Real Estate Law. He has also acted as an external legal consultant to Congress. He has been the author of more than 100 published English Language articles and can be reached at [\[email protected\]](#)