



# Pay subsidy

## What?

Financial support to the employer for the payroll costs of an unemployed job seeker

## Who is it for?

For employers, companies and communities in all sectors

## Why?

When hiring an unemployed job seeker, the employer may receive part of the payroll costs as pay subsidy

The employer may receive a pay subsidy when an unemployed job seeker who has failed to find work on their own is hired. Employment may be hampered by, for example, insufficient professional skills, disability or illness, which is why the person in question may need more than the average amount of orientation and guidance in carrying out work tasks.

For this reason, the employer can be paid financial compensation, a pay subsidy. The amount of pay subsidy is 50 per cent of the payroll costs. Pay subsidy granted on the basis of reduced work ability is 70 per cent of the payroll costs. Pay subsidy may be granted for work performed in an employment relationship or alternatively for apprenticeship training.

Employers eligible for pay subsidy are companies, other communities (associations, foundations, congregations and registered religious communities), municipalities and joint municipal authorities. The subsidy is taxable income for the employer.

## How can I get pay subsidy?

Pay subsidy is discretionary. Apply for the pay subsidy well before the start of the employment relationship. Pay subsidy is not granted if the employment relationship has started before the TE Office or the municipality participating in the local government trial issued a decision on granting the pay subsidy. You should only conclude an employment contract after you have received a decision on the pay subsidy. The person to be hired must be paid wages in accordance with the collective agreement.

When posting an open job, the employer can also indicate their readiness to hire people who need more support than average at the beginning of the employment relationship. Upon agreement, an expert of TE Services or a local government trial may submit job offers to persons for whom a pay subsidy may be granted. The TE Office or local government trial will check the conditions for granting pay subsidy and the information related to taxation and, if necessary, request additional information before the decision is made. The employment relationship may not begin until the pay subsidy has been granted. If you are applying for an extension to the pay subsidy, submit an application for an extension before the end of the subsidy period. The employment relationship must continue immediately from the end of the previous subsidy period.

## Pay subsidy conveniently online

As of 27 June 2023, the subsidy can only be applied for through the TE Services' E-services at Job Market Finland using an electronic form. The use of paper forms will be discontinued completely. Payment applications are also submitted online.

Pay subsidy payments are always applied for afterwards, after the employer has received a positive pay subsidy decision and paid wages to the employee. Apply for the payment of the pay subsidy afterwards from the KEHA Centre in the E-services. Additional information related to the application and any request for supplementary information is displayed in the service, so please check the status of your application regularly.

## Amount and duration of pay subsidy

The amount and duration of the pay subsidy paid to the employer are based on the job seeker's situation.

Forms of support	Employer eligible for the subsidy*	Amount of subsidy	Duration of subsidy**	Who can be employed with the subsidy
Pay subsidy, for improving professional competence	all	50%	5 or 10 months	a person belonging to the target group with shortcomings in competence
Pay subsidy, reduced work ability	all	70%	10 months at and after the first time, at most 24 months at a time	a person with a disability or illness that hinders employment – when continuing the subsidy, the reduction in productivity in their work duties is assessed
Pay subsidy, 100%	association, foundation, registered religious community	100%	10 months	a person who has been unemployed for at least 24 months in the last 28 months
Pay subsidy, a long-term unemployed person aged 60 or over	all	50%	no more than 24 months at a time, the subsidy may then be continued with the same employer	a person aged 60 or over who has been unemployed for at least 12 months in the last 14 months
Pay subsidy for apprenticeship training	all those who employ for apprenticeship training	50%	no more than for the duration of the training	unemployed job seeker with shortcomings in skills
Employment subsidy for persons aged 55 or over	all	70%	10 months	a person aged 55 or over who has been unemployed for at least 24 months in the last 28 months
Municipal employment obligation	municipality	50%	6 months	a person aged 57 or over whose maximum period of unemployment allowance is reached

\*The employer must always meet the requirements for pay subsidy related to the employer

\*\*However, the duration of the subsidy is never longer than the duration of the employment relationship

