

Sweden

Wage guarantee in case of insolvency

Phase	Wage guarantee act (1992:497)
Native name	Lönegarantilag (1992:497)
Type	Wage guarantee in case of insolvency
Added to database	08 May 2015
Access online	Click here to access online

Article

Whole regulation

Description

In the case of employer insolvency, employees are eligible for wage guarantee. The wage guarantee aims at giving employees time to look for other jobs. Claims are not only guaranteed in cases of employer insolvency (permanent inability of the employer to pay the debts), but also in cases of restructuring events (current or foreseeable inability of the employer to pay the debts at due date, but there are activities to make the company survive a temporary crisis and avoid insolvency).

The wage guarantee is independent of the duration of the employment contract. It covers all claims that arose within the previous three months before registering for insolvency and one month after the decision of the insolvency court. The maximum amount per employee changes annually. To view the current maximum, visit [Länsstyrelsen Stockholm](#). The guarantee is financed by the payroll tax and the state; there is no specific fund, but the financial means are registered as a special element in the national budget.

The benefit is paid out to employees by the Swedish government. Non-eligible workers include those who have been hired with the intervention of the public employment service and those who, alone or together with close relatives, own 20% or more of the company.

Commentary

Examples of wage costs that can be replaced by the wage guarantee

- Salary for the time the employee worked before the application for business reconstruction was submitted (usually a maximum of three months), as well as salary for the first month after the decision to reconstruct;
- Vacation pay for the current and the previous year (if still employed in the company);
- Termination salary and vacation allowance during the termination notice period, if terminated during the reconstruction.

There have been numerous cases of fraud related to the regulation. Wage guarantee payments were originally processed by the county administrative boards. In order to improve the decision-making information base for paying agents, the government decided in 2017 ([DS 2017:67](#)) that the state would be responsible for processing wage guarantee payments.

The government can accordingly appoint the authority responsible for the payment. The amendments entered into force on 1 January 2019.

Additional metadata

Cost covered by	Employer National government
Involved actors other than national government	Regional/local government
Involvement (others)	None
Thresholds	Affected employees: No, applicable in all circumstances Company size: No, applicable in all circumstances Additional information: No, applicable in all circumstances

Sources

- Deutsch, A. (2011), Europäische Beispiele für die Insolvenzentgeltsicherung, Vienna, Federal Ministry of Labour, Social Affairs and Consumer Protection/IEF~~~ Sargant, M. (2007), Implementation Report Directive 80/987 EEC amended by Directive 2002/74/EC [protection of employees in the event of the insolvency of their employer], Human European Consultancy/Middlesex University Business School~~~ [Lönegarantilag](#)~~~ [SOU 2017:37 Kvalificerad välfärdsbrottslighet – förebygga, förhindra, upptäcka och](#)

[beivra](#)~~~ [DS 2017:67 Lönegaranti och utbetalande myndighet](#)~~~ [Länsstyrelsen Stockholm - Lönegaranti](#)~~~

Citation

Eurofound (2015), Sweden: Wage guarantee in case of insolvency, Restructuring legislation database, Dublin