

Financing adult learning database

Name of the instrument - Local language	Koolituskulude hüvitamise kokkulepe
Name of the instrument - English translation	Agreement on compensation for training expenses
Scheme ID	72
Country	 Estonia
Reporting year	2020
Type of instrument	Payback clause
Sub-type of instrument	Payback clauses are possible within set limits
Type of entry	Single instrument

Short description	Employers and employees can agree on a payback clause for training-related costs. Thereby, the employee will work for the employer during an agreed period (no more than 3 years) for the purposes of compensating for the training expenses incurred. Eligible types of training include internal and external courses, continuing vocational training courses, on-the-job training, job rotation, exchanges, internships or study visits, and participation in learning or quality circles as well as self-directed learning. No preferential treatment is applied.
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Level of operation	National
Name of a part of the country	Not applicable
Name of the region (for regional instruments)	Not applicable
Name of the sector (for sectoral instruments)	Not applicable
Relevance	Further instrument
Legal basis	Estonian Employment Contracts Act, §15 and §34
Objective(s) and target(s)	Not available

Year of implementation	2009
Operation/management	The Estonian Employment Contracts Act does not specify any government bodies and agencies involved. The Act stipulates that disputes arising from an employment contract will be resolved under the conditions and pursuant to the procedure provided for in the Employment Contracts Act and the Individual Labour Disputes Resolution Act (i.e. in court).
Eligible group(s)	All employers
Group(s) with preferential treatment	No preferential treatment
Education and training eligible	Internal and external; continuing vocational training courses, on-the-job training, job rotation, exchanges, internships or study visits and participation in learning or quality circles as well as self-directed learning
Source of financing and collection mechanism	Employer funds training, employee provides (partial) repayment of eligible training costs in case of premature departure from the company
Financing formula and allocation mechanisms	According to the Labour Code, employees and employers may agree on financial support for training to be paid by the employer. In return, the employee is expected to work for the employer for an agreed period after training - but maximum 3 years - depending on the length and the cost of the training. The employee is statutorily liable to reimburse the training costs in case of voluntary resignation by the employee or dismissal due to breach of employment obligations. In any event, reimbursement should be proportional to the time worked in the company after training. The share to be reimbursed depends on the time between the training and the termination of the contract; the costs of training can be reimbursed in one or in several instalments, depending on the amount. An agreement on compensation for training expenses concluded with a minor/underage or for compensating expenses related to the performance of the employer's obligation to train prescribed by law is void. The code allows regulation of clauses through collective or contractual agreements. The fact that the legislation does not impose a minimum or maximum cost to be reimbursed suggests that the courts will decide whether or not a payback clause applies.
Eligible costs	Not available
Volumes of funding	Not applicable
Beneficiaries/take up	Not applicable
Organisation responsible for monitoring/evaluation	Ministry of Financial Affairs as it is part of state budgeting (monitoring/evaluation of the tax incentive instrument gets little attention)
Monitoring/evaluation reports available	Not available

Most relevant webpage - in English	Not available
Most relevant webpage - local language	Not available
Recent changes	No recent amendment Recent changes in response to COVID-19 No changes
Sources	<p>https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/517122014002/consolidated?languageId=en</p> <p>Masso, M., Järve, J., Nurmela, K., Anspal, S., Räis, M. L., Uudeküll, K., Osila, L. (2013). Töölepingu seaduse uuring [The Employment Contracts Act Study]. Tallinn: Poliitikauringu Keskus Praxis [Centre for Policy Studies Praxis]</p>