

COUNTERING CORONAVIRUS

EUROPEAN GOVERNMENT SUPPORT PROGRAMMES FOR BUSINESSES

REVIEW

Date: April 7-8, 2020

Contributing authors:

• GERMANY	Thim Werner, Managing Director	bdg Consulting GmbH
• UK	Peter Guinsberg, Managing Director	Aydon Consultants Ltd.
• UK	Rita Smalley, Senior Consultant	Smalley & Co Consulting Ltd.
• ITALY	Marjaana Karjalainen, Owner	Dreamex Consulting
	Roberto Bettuzzi, Business Advisor	Tredya
• RUSSIA		Metropolia Export
• NETHERLANDS	Petra Wullings	TradeMill
• POLAND	Igor Deryło	Market.Open
• SWEDEN	Henrik Dagmalm, Partner and CEO	Excedea Sweden AB
• BELGIUM	Marc Borremans	matches2success bv
• DENMARK	Helle Fuglevig, Owner	Market Select APS
• FINLAND	Kari Vähäkangas, CEO, Owner,	KV Kasvu - Global Growth Ltd.
• CZECHIA	Jari Makkonen, Senior Adviser & Interim Manager	Mistral Consulting
• ROMANIA	Sorin Suci	Connecting Finland
• HUNGARY	Attila Debreczeni, Owner & Partner	Connecting Finland
• SLOVAKIA	Pavol Kopec	MARKETIN CEE
• BULGARIA	Stoyan Nedev, CEO	S. M. Consulting Ltd.
• CROATIA	Mikael Hietala, Business Consultant	MH Research Services
• LITHUANIA	} Kateryna Levkovska, Managing Partner	
• LATVIA		
• ESTONIA		Export Market Research Ltd.

edited by Igor Deryło

The report is based on insights from independent consultants. Although the report uses reliable sources, the correctness cannot be guaranteed. Possible update queries, questions as well as complaints regarding the report and its parts shall be delivered to respective contributors. The contributors cannot be held responsible for any direct and indirect damage related to decisions which are based on this report.

SUPPORT PROGRAMMES FOR

GERMANY

As the Corona Virus pandemic continues, the German government and the Federal States introduced several supportive measures to counter the economic challenges that companies face or are most likely to face in the near future. All programs together are vast and have a combined volume of approximately 1,200 billion EUR(!). The following gives an overview (excerpt only):

- **Liquidity and immediate financial aids**
 - The German government decided to provide **immediate financial aids** for companies that face solvency and liquidity issues. **Small companies** are able to file an online application for a three month short-term payment of €9,000 (≤5 employees) or €15,000 (≤10 employees). Some German states provide short-term payments for companies with more than 10, 30 and 50 employees up to €25,000.
 - Other aid programmes allow companies to receive **short-term loans** from state-led banking institutions (e.g. KfW), while on the other hand, German investors are incentivized to provide **risk/venture capital** to early stage and innovative start-ups.
 - The rules for filing for insolvency have been suspended for the period of the crisis.
- **“Short-time work”**
 - To secure jobs, the German system allows companies to file for reduced worktime, where the government fills up the gap up to 12 months. This is a great relief to many companies and employees receive 60% of the gap, such with children even 67%.
- **Labour law-related questions**
 - In terms of **tax-related challenges**, companies are allowed to file their tax return for an extended period of time, at the same time, they are allowed to reduce or suspend current prepayments of taxes and are also able to request for a respite.
 - Companies are also granted of a respite for **social security contributions** and **statutory health insurance** (specific premises apply).
 - **Basic security benefits for job seekers** can be applied for online.
 - **Data privacy**: Even though the processing of health data is fundamentally only possible in a restrictive manner, data can be collected and used for various measures to contain the corona pandemic or to protect employees. The principle of proportionality and the legal basis must always be observed.
- **Compensation for staff costs for quarantined workers**
 - If a quarantine has been ordered for employees due to the Corona virus, employers can apply for compensation for loss of earnings for employees or the self-employed.

Regardless of the corona pandemic, there are funding opportunities available from the state to deal with structural challenges such as digitization, mobility change, and the use of AI. Furthermore, regulations and legal bases for the activity of production and manufacturing companies remain stable and are not changed. The basis for economic trade is guaranteed.

SUPPORT PROGRAMMES FOR THE UNITED KINGDOM

- More than £330bn is being made available in loans and guarantees.
- Another £20bn is being given to businesses through tax relief and cash grants.
- HMRC is deferring VAT payments for the next quarter.
- A Job Retention Scheme is set up giving employees 80% of their wages up to a maximum of £2,500 per month.
- The Self Employment Income Support Scheme will provide a grant to most self-employed individuals worth 80% of their profits up to £2,500 per month.
- Extra support for the unemployed and those on low incomes through Universal Credit and Tax Credits worth up to £1,040.
- Nearly £1bn of additional support for renters.
- Mortgage holidays of 3 months for anyone in difficulty due to coronavirus including owners of buy to let properties.



SUPPORT PROGRAMMES FOR THE UNITED KINGDOM

- about £350bn package of financial support to UK business to deal with the effects of the coronavirus pandemic
- a full range of business support measures have been made available to businesses and employees e.g.
 - to pay employees 80% of their salaries, capped at £2,500 per month
 - a new interest-free Business Interruption Loan Scheme for small and medium-sized firms and a Bank of England finance option for bigger businesses
 - self-employed people would be allowed to defer self-assessment tax payments, and would benefit from mortgage payment holidays as well as an expansion of welfare support, including universal credit and Local Housing Allowance
 - business rates cuts
- the UK government's dedicated pages help businesses find out how to access the support that has been made available, who is eligible, when the schemes open and how to apply. The pages are being updated all the time
 - Please note that as the UK is in fact made up of four countries - England, Wales, Scotland and Northern Ireland - some aspects of business support are devolved.
 - or business support in England www.businesssupport.gov.uk/coronavirus-business-support/
 - Scotland www.gov.uk/guidance/coronavirus-covid-19-information-for-individuals-and-businesses-in-scotland
 - Wales www.gov.uk/guidance/coronavirus-covid-19-information-for-individuals-and-businesses-in-wales#businesses
 - Northern Ireland www.gov.uk/government/news/covid-19-guidance-information-for-ni-businesses-employers



SMALLEY & Co CONSULTING LTD
Rita Smalley, Senior Consultant
rita@smalleyandco.co.uk
+44 (0)7793 082 565
www.smalleyandco.co.uk

SUPPORT PROGRAMMES FOR

ITALY

Italy is the third largest economy in the euro-zone and a second largest manufacturing country in Europe as well as Europe's second most popular tourist destination. The outbreak of Covid-19 has hit hard the local economy, and the government is introducing support measures at a fast pace. The most current package was introduced on April 7 representing the largest public stimulus to the Italian economy of all times. It consists of EUR 200 billion in support of the domestic market, and other 200 to support export. The main measures are:

To SMEs: Tax suspension and State Guarantee Fund (Fondo Centrale di Garanzia):

- Suspension of taxes and social contribution payments for April and May.
- A 7 billion EUR state fund to guarantee loans to SMEs from banks, and other intermediaries. The fund aims to a leverage effect of 1:14 (each EUR of guarantee will generate 14 EUR loans).
- Simplified loan access procedures, and a guarantee that cover from 90% to 100% of the value of the loans, starting from 25K EUR (without credit assessment) up to 5 million EUR (with credit assessment).

To Large companies: Bank loan guarantee offered by SACE (Italian Export Credit Agency)

- Agency offers guarantees to banks financing companies of any size.
- Guarantee will cover between 70% and 90% of the loan, according to the size of the company: 90% for companies with less than 5000 employees and EUR 1,5 billion turnover, 80% for companies with over 5000 employees and turnover between EUR 1,5 and 5 billion, 70% guarantee of the loan for companies with turnover over 5 billion EUR.

Earlier support schemes introduced in already in March contain measures to facilitate lay-offs of workers and employees and to offer economical support for the laid-off people.

First time ever, also the self-employed people owning a granted with an indemnity equal to EUR 600 in March and the continuation of the support scheme is under preparation.

The decree also allocated EUR 25 billion as an aid package for companies to convert their production processes to manufacture face masks, protective clothing and medical equipment.

SUPPORT PROGRAMMES FOR

RUSSIA

President Vladimir Putin announced the extension of Russia's nationwide “non-working week” until April 30 after the country registered a sharp increase in coronavirus cases. All salaries cost shall be covered by companies, not government.

The final version of the anti-crisis plan to support the economy and business has not yet been approved. According to the Chairman of the Government of the Russian Federation M. Mishustin, about 300 billion rubles have already been allocated for these purposes, which will make up the anti-crisis fund.

Business is suffering. The lack of any further policies or announcement of a broad stimulus package to support the economy and businesses — as has been seen in many other countries battling the coronavirus — could create yet more uncertainty among employers over who will cover the costs of a month-long shutdown. Firms were already struggling under the toll of a weeklong national holiday as businesses reported sharp drops in revenue, with surveys showing one-third have already started laying off workers or cutting hours.

The preliminary list of support measures for business includes:

- temporary ban for control or supervisory checks of business by state bodies (with the exception of cases of threat to life and health of people).
- compensation of income to individual entrepreneurs and self-employed quarantined in connection with the spread of coronavirus infection;
- introduction of tax holidays in the field of tourism and air transportation;
- provision of quarterly deferment of tax payments for small and medium-sized enterprises;
- allocation of additional funds for SME Corporation JSC to expand support for small and medium-sized enterprises;
- postponement of the payment of dividends by state-owned companies for 3–6 months; formation of an anti-crisis funds in the amount of 300 billion rubles. (directions for spending the fund have not yet been made public);
- permission to sell over-the-counter medicines through online pharmacies;
- introduction of a simplified procedure for the import of essential goods across the border;
- amendments to the legislation, according to which disruption of supplies due to coronavirus will be considered as force majeure, will allow to avoid penalties;

SUPPORT PROGRAMMES FOR THE NETHERLANDS

“Our pockets are deep – we are going to face the economical effects of Covid-19 from a strong financial position.”

-Dutch government message to the people of The Netherlands, March 2020 -

- The Dutch government came up with the first financial support package already on 16th March 2020.
- Later the package has been broadened to cover more business and entrepreneurs.
- The package **covers companies from sole entrepreneurs to large corporations for the first three months from March to end May 2020.**
- The support ranges from various instruments from **direct financial funding, to government loans, bank guarantees, microcredits, delayed tax payments and decreased tax interest rates and temporary schemes allowing companies to apply for help in paying their labor costs.**
- Currently, **the three month support package is estimated to raise to 10 to 20 billion euro**
- Together with missed taxes, current and additional government costs, bills probably up to some 45 – 65 billion euro for the Dutch government.
- This is still **excluding the European funding** earmarked for Covid-19 measures.

More detailed information in English:

- **Dutch government adopts package of new measures designed to save jobs and the economy** <https://www.government.nl/latest/news/2020/03/19/coronavirus-dutch-government-adopts-package-of-new-measures-designed-to-save-jobs-and-the-economy>
- **The coronavirus and your company: government measures to help businesses** <https://business.gov.nl/the-coronavirus-and-your-company/>
- **Measures overview:** <https://business.gov.nl/corona-dutch-government-measures-overview/>

SUPPORT PROGRAMMES FOR

POLAND

To counter the economic difficulties of the coronavirus outbreak Polish government introduced an “Anti-Crisis Shield” package. The package, total worth of ~47 billion EUR (~10% of Poland GDP) consists of 5 pillars, including healthcare, employee security, public investments, financial system support, financing for companies.

For companies possible support depends on company size and is granted based on application, which shall show decrease in revenues, due to the economic downtime. Typically an entrepreneur can apply for certain types of subsidies, for instance either social security tax exemption or subsidy to salaries. The companies are split into the following groups:

- 1-man company
- Micro company (up to 9 employees)
- Small company (up to 50 employees)
- Medium company (up to 250 employees)
- Large companies

A selection of most relevant support tools related to the “Anti-Crisis Shield” are presented below.

- **Social security tax exemption for 3 months** (1-man, micro)
- “Parking” subsidy to compensate loss of revenues (1-man)
- Subsidy for costs of business (1-man)
- **Subsidy to salary cost** (micro, small, medium)
- **Subsidy to salaries - 3-month in case of economic downtime, or limited working time** (micro, small, medium, large)
- Postpone or split in rates social security payments (1-man, micro, small, medium, large)
- Postpone or split in rates tax payments or overdue tax payments (1-man, micro, small, medium, large)
- Cancel overdue tax payments (1-man, micro, small, medium, large)
- Lower advanced payments for PIT/CIT (micro, small, medium, large)
- Operational loan for salaries in SME (small, medium, large)
- Operational loan for operational capital deficit (small, medium, large)
- Delay or split in rates social security costs (1-man, micro, small, medium, large)
- Delay tax payments (1-man, micro, small, medium, large)
- Temporary cancellation of real estate rental contracts (1-man, micro, small, medium, large)
- No PIT for retail activity (small, medium, large)

On April 8 the second package of the “Anti-Crisis Shield, **total worth of EUR 22 billion**, was unveiled. The aim of the package is to secure workplaces.

For further or more detailed info, please contact contributor, as in footnote.



SUPPORT PROGRAMMES FOR

SWEDEN

- Lowered General Payroll Tax for up to 30 employees.
 - Businesses can pay 10,21% Payroll Tax, instead of 31,42%, for salaries up to 25 000 SEK / month. For salaries over 25 000 SEK / month, businesses have to pay 31,42 % for the exceeding amount. The support programme is active March 2020 – June 2020.
- Short-time layoff.
 - Businesses can lower their employees working hours and get support from the government in order to pay large parts of the employees salary.
- Compensation for high sick pay costs.
 - For all employers in Sweden, there is protection against high sick pay costs. The protection means that employers can receive compensation for sick pay costs if they are particularly high. This is usually done automatically once a year and the compensation is limited. The government has now decided that all employers with sick pay costs should be reimbursed for the entire cost during the months of April and May.
- Respite for taxes and fees.
 - Companies that are financially affected by coronavirus can apply for a payment respite. This means that businesses postpone the payment of their taxes and pay it later. There are two kinds of payment respites: 1, Temporary payment respite with payment of employer contributions, deducted tax and VAT. 2, Payment respite for other types of taxes.
- Change your debited preliminary tax.
 - Business can change their debited preliminary tax up to six months after the end of the tax year if the company is financially affected by the coronavirus pandemic.
- Liability for payment of legal persons' unpaid taxes and fees.
 - If a business has unpaid taxes and fees, the representative of the business usually becomes liable for the payment. This will not occur during the Corona pandemic. Exceptions are made for companies that have obviously exploited the possibilities, completely contrary to the purpose of the respite provisions.
- Late submitting of tax returns.
 - The Swedish Tax Agency knows that many companies may find it difficult to submit their tax returns on time due to the coronavirus situation. Businesses do not need to provide any information as to why the declaration is late, but have to submit their tax return as soon as possible. if, in some occasional cases, a delay fee would still be relevant, the company will be given the opportunity to submit comments before a possible decision.

SUPPORT PROGRAMMES FOR

BELGIUM

Further to the Belgian administrative structure, there are Federal and Regional measures. Below, please find the most important ones which relate to companies (last updated April 6, 2020) and regarding subsidies, tax, employment and banking/finance. Note that below measures exclude measures on EU-level and ECB-level. Note also that there are at the same time measures for self-employed persons, (excluded below).

For more details on below measures or above left out measures or a latest update, feel free to contact me.

- Federal measures
 - Deferral of payment & filing obligations for corporate tax income, wage tax, value-added tax and excise duties
 - Deferral, reduction or exemption of payment obligations of provisional Q1 & Q2 2020 social security contributions (subject to specific criteria)
 - Easier access to regimes of temporary unemployment
 - Ruling on tax-free allowance to teleworking employees
 - Charter for deferral of actual credit facilities by 6 months
 - Bridge credit facility (subject to specific criteria)

Regional measures

- Flanders Region
 - Granting nuisance subsidies for companies that (temporarily) need to close the business. Lump sum of € 4.000 + € 160/day from 21st day onwards, per entity (with a maximum of 5 entities per enterprise)
 - Compensation premium for companies not obliged to shut down and affected by turnover loss (60% or more). Lump sum of € 3.000
 - Crisis warranty for existing debts
 - Subordinated loans to start-up companies and scale-ups
 - Delay of payment with respect to property tax
 - SME grow subsidies
 - Support measure to the tourism industry
 - Measures by cities and municipalities. Currently, the cities of Ghent and Kortrijk made measures available. It is expected that other larger cities such as Antwerp will follow
- Brussels Capital Region
 - Granting nuisance subsidies for companies that (temporarily) need to close the business. Lump sum of € 4.000 per entity (with a maximum of 5 entities per enterprise). Subject to de minimis aid terms
 - Corporate cash flow supported by public guarantees
 - Delay of payment with respect to property tax
 - Support measure to the tourism industry
- Walloon Region
 - Granting nuisance subsidies for small & micro companies that (temporarily) need to close the business. Lump sum of € 5.000

SUPPORT PROGRAMMES FOR

DENMARK

The government and all the parties of the Folketing have agreed on a significant aid package to keep their hands on the Danish economy and to help Danish employees, students and companies through a difficult time. The aid package includes:

- **Compensation for self-employed persons**
- **Temporary salary compensation**
- **Compensation for fixed expenses.**

Conditions for compensation

- The company's expected decline in turnover "in Denmark" in the period from 9 March to 9 June 2020 must exceed 40%. It is uncertain whether the decline in turnover is only to be measured in relation to Danish turnover.
- It is not possible to receive compensation if the fixed costs are below DKK 25,000 during the period (which will most likely be the period from 9 December 2019 to 9 March 2020).
- The maximum compensation that can be achieved is DKK 60 million for a company for the period. It is not clear whether this is the maximum amount of the costs qualified for compensation or the maximum amount of the actual compensation.
- The scheme is not reserved for specific industries.

The share of the costs that can be compensated: Companies which are hit by the Danish government's temporary ban on doing business in order to contain the spread of COVID-19 and which are therefore completely closed will be able to receive compensation for all of their fixed costs qualified for compensation (i.e. 100%) as long as the ban is in force.

For other companies, the compensation will depend on the company's decline in turnover in the period from 9 March to 9 June 2020, see below.

Decline in turnover	Percentage of costs qualified for compensation
Turnover decline of 80-100%	Compensation of 80% of the fixed costs
Turnover decline of 60-80%	Compensation of 50% of the fixed costs
Turnover decline of 40-60%	Compensation of 25% of the fixed costs
Turnover decline of 40% or below	No compensation

SUPPORT PROGRAMMES FOR

DENMARK c'd

Application: The Danish Business Authority will pay the compensation. In order for them to do so, the company must forward an application with a statement with an auditor's opinion of the company's fixed costs (that can be documented) for the last three months (i.e. most likely the actual fixed costs in the period from 9 December 2019 to 9 March 2020). If the application for compensation is granted, a compensation of 80% of the costs related to the auditor's opinion can be obtained.

In addition, the government and the parties agree on a number of other actions:

- **Increased access to export credit.** To help especially SME-sized Danish export companies, a new liquidity guarantee is created in EKF - Denmark's Export Credit Fund. It will pave the way for new loans of DKK 1.25 billion for the benefit of SME-sized export companies.
- **Increased framework for government guaranteed loan schemes.** The framework for government-guaranteed loan schemes for large as well as for SME's is increased. For large companies, the guarantee framework is raised to a total of 25 billion, while for SME-sized enterprises, a total guarantee framework of DKK 17.5 billion is set aside, and an associated loss limit of approx. DKK 5 billion. This will facilitate loans of up to the order of DKK 25 billion.
- **Public procurement must support businesses.** Public procurement must help support the companies - and thus the employees - get through the crisis well. This will apply in the state, and the government will enter into a dialogue with KL and the Danish Regions on the possibilities for similar handling in municipalities and regions.
- **State guarantee for the Travel Guarantee Fund.** To help travel agencies to get through this extraordinary crisis, the government and the parties to the agreement have agreed to strengthen the Travel Guarantee Fund with a state guarantee of DKK 1.5 billion.
- **Increased access to unemployment benefits and sickness benefits.** In order to mitigate the negative consequences that the spread of COVID-19 may have on beneficiaries and sickness benefit recipients, the parties to the agreement agree to provide more flexible terms for benefit recipients and sickness benefit recipients in the coming temporary period.
- **Increased loan opportunities for students.** Some high school students and students will lose their jobs as a result of COVID-19. Therefore, students and pupils at the youth education programs now have the right to borrow extra SU (State Guaranteed) loans for up to DKK 6,388 per month in addition to the current scholarship and SU loan options.

SUPPORT PROGRAMMES FOR

FINLAND

Grant subsidies for SMEs (minimum 2 employees) and mid-cap companies (turnover less than 300 mill. euro)

Funding for business development in disruptive circumstances is a new funding instrument for companies who operate in Finland and whose business is negatively affected by the coronavirus crisis. The funding will help businesses develop new products and working methods, but cannot be used to compensate for lost sales. Two forms of funding are available: preliminary and development funding.

- 1) **Preliminary funding for companies during business disruptions:** maximum of €10,000. The grant for an exploratory/feasibility/preliminary study is 80% of the project's approved total costs. Up to 70% of this grant may be paid in advance. The funding provided by Business Finland has a maximum value of €10,000 (making the total project budget €12,500).
- 2) **Development funding for companies during business disruptions:** maximum of €100,000. The amount of funding for a development project is 80% of the project's approved total costs. Up to 70% of the amount of funding may be paid in advance. The funding provided by Business Finland has a maximum value of €100,000 (making the total project budget €125,000).

It is eligible for SMEs (more than 2 employees) and mid-cap companies (turnover less than 300 mill. euro). Business Finland is the funding organization for companies employing more than 5 employees and Ely Centres for companies whose headcount is 2-5 employees.

Support for single-man entrepreneurs

Single-man entrepreneurs are entitled for

- €2000 grant for operational expenses by the municipality
- re-payments schemes of taxes and pension contributions
- entrepreneur is entitled to apply €734 / month unemployment benefit without shutting down the company in case the company is not able to pay salary to the entrepreneur

Other measures and total state allocation

- State of Finland's specialized financing company and Export Credit Agency Finvera has strengthened its support for start-ups and SMEs with new guarantee solutions and taken flexible approach towards all reorganisation needs of financing.
- The state has allocated 1.45 bn euro for companies in disruptive circumstances.

SUPPORT PROGRAMMES FOR

CZECHIA

- Extension of the deadline for the filing of tax returns until 1 July (standard deadline: 31 March) and remission of any fines stemming from the late submission of tax declarations or reports.
- To keep the employment rate, State will provide 100 billion CZK in direct support and 900 billion CZK in indirect in the form of guarantees.
- **Adoption of so-called Liberation packages. Liberation Package I** – state will not impose fines for late submission of personal and corporate income tax return, for late payment of a tax claim and for late submission of control tax reports. **Liberation Package II** - excuse of the June advance on personal and corporate income tax, state will not impose fines for late submission of real estate property tax return, introduction of Loss carry back and suspension of the obligation to electronically record sales for entities in all phases of EET. Road tax advances due in April and July can be paid until 15 October and proposal for VAT exemption from goods that are supplied free of charge (e.g. covid-19 test kits, protective clothing, other medical supplies, etc.).
- **Adoption of a program to support companies called “Antivirus”** - final version of the Antivirus employment protection programme, in which **the state will contribute to employers' salaries**. Companies have to fulfil several conditions, for example they must strictly follow the Labour Code, employees must not be in probationary period and employer has to pay wages and all lawful contributions. They also have to prove that the liquidity problems are connected to the COVID-19 pandemic. The amount of state compensation paid to employers is derived from the average super-gross wage, including mandatory contributions (CZK 48,400), and depends on the reasons why they had to put employees on “a barrier to work”. Employers will be able to apply through Labour Office for a contribution in two regimes.
- **Preparation of state orders for transport infrastructure** - for maintenance, repairs or new investments **has been approved**.
- **Compensation Bonus, which will directly support self-employed persons with the amount of CZK 25,000**. This will be paid if the following conditions are met: a) it is a self-employed person according to the pension insurance law, b) the activity performed is the principal activity (under clearly defined conditions it may also be an ancillary activity), c) the decrease in gross sales during the period from January to March 2020 was at least 10% compared to the period from January to March 2019 (if a business was set up after January 2019, the comparison counts for the first 3 months period after setting up the business), d) the entity achieved at least CZK 180,000 of gross income in 2019 or at least CZK 15,000/month in case the business was set up after January 2019.
- **Moratorium proposal on the repayment of loans and mortgages signed before 26 March 2020**, which will be binding on all banks and non-banking companies, **has been adopted**. Both natural persons and corporate debtors will be able to suspend their repayments for three or six months, based on their choice.
- **Companies who were forced to close their premises due to government orders, will be entitled to postpone their rents**. The deferral will apply from 12 March to 30 June and deferred payments will have to be paid back within 2 years. Also, a ban on ending the rent contract of people who are not able to pay rent due to financial distress caused by Covid-19 epidemic, has been adopted.

SUPPORT PROGRAMMES FOR

ROMANIA

Measures valid during the entire period of state of emergency as well as for a period of 30 days from its termination:

- interest and late payment penalties for the fiscal obligations due after the date of entry into force of the Government State of Emergency are not calculated and due
- suspension of the recovery of budgetary debts, with the exception of receivables established by rulings in penal matters (established before the state emergency)

Taxpayers who pay the tax on profit until the deadline of 25th of April 2020, benefit from a tax discount from the profit tax due as follows: 5% for large taxpayers and 10% for other taxpayers

Taxable companies registered for VAT purposes importing medicines, protective equipment, other devices or medical equipment and sanitary materials that can be used in the prevention, limitation, treatment and control of COVID-19, shall not make any effective payment of VAT to the customs bodies and the customs bodies shall not request the payment of VAT

The deadline for submitting the declaration regarding the real beneficiary is postponed by 3 months after the cessation of the emergency state

The validity of the documents issued by the public authorities that expire during the state of emergency shall be extended for 90 days as of termination date of the state of emergency

The controls by the Territorial Labour Inspectorate during the state of emergency, except for checks regarding compliance with the provisions of the National Committee for Special Emergency Situations, are suspension

Companies whose activity was affected under the context of pandemic SARS-CoV-2 might ask the issuance of the Emergency Situation Certificate (ESC)

The penalties stipulated for delays in the execution of obligations arising from the contracts concluded with the public authorities by SMEs that have totally or partially interrupted their activity and that hold the emergency situation certificate, are not due for the duration of the state of emergency

For the SMEs that have totally or partially interrupted their activity based on measures imposed by the authorities and that hold the emergency situation certificate, the payment for utility services - electricity, natural gas, water, telephone and internet services, as well as payment of the rent can be deferred

For SMEs, the Romanian State will provide guarantees covering up to 80% of the principal amounts borrowed in the form of one or more credit (s) for the realization of investments or credit lines for working capital granted by credit institutions

For micro-enterprises, the state guarantees granted for working capital credit lines can be up to 90%

SUPPORT PROGRAMMES FOR

ROMANIA c'd

The claw back tax for the first quarter of 2020 is capped at the level of the fourth quarter of 2019.

The measure of technical unemployment may be instituted during the reduction and/ or temporary interruption of the activity of a company. The allowance for the technical unemployment is of 75% of the basic salary, capped at maximum 75% of the average gross salary and shall be covered by the Government

The employer should pay for the days off to parents to supervise their children in case of temporary closing of educational establishments. The allowance is of 75% of the basic salary, capped at maximum 75% of the average gross salary. The allowance is to be refunded by the Government

Source: the internet, Romanian Government ordinances, lawyers offices.

SUPPORT PROGRAMMES FOR

HUNGARY

Based on current economic situation, the Hungarian Government is continuously working on support schemes, currently three packages were presented.

1st package was announced on 18 March 2020

- Payment moratorium on loans issued until 18 March 2020 for households and companies until 31.12.2020. Special note: if someone wants to pay back, they have to inform their banks;
- To be prolonged the short-terms company loans until 30 June 2020.
- Interest rate at loans on consumer goods is maximized at the level of basic interest rate of Hungarian National Bank + 5%;
- No side costs to be paid at special taxpayers' regime (KATA, until approx. max EUR 33,300 yearly revenue) for next 4 months in the tourism, hospitality, entertainment, sports, cultural services and passenger transport sectors;
- Rental contracts cannot be terminated and rental fees not to increase.

2nd package was announced on 24 March 2020

- More sectors were introduced at special taxpayers' regime (KATA) for no side costs payments, incl. construction related services, dentist, hairdresser, sport;
- No side costs payments after gross salaries in the tourism, hospitality, entertainment, sports, cultural services and passenger transport sectors;
- Moratorium on eviction and enforcement;
- New limit for pay pass card payments as approx. max. EUR 42;
- The family aid scheme after infant(s) and kid(s) to the age of 3 will be prolonged until the crisis.

3rd package was announced on 6 April 2020

- Government grant to employers as 70% of employee's salaries for next three months if the employees cannot work in home-office and in shorten working hours (like `Kurzarbeit`) and the amount would be maximised during this week;
- Government support grant for public investments at the value of approx. bill. EUR 1.2;
- Working on sectorial support scheme for tourism, health care, food, agriculture, construction, transport, movie and creative sectors;
- Special financial programs for Hungarian SMEs: loan guarantee capital programs at the value of approx. bill 5.4 EUR and approx. bill EUR 1,3 for state guarantee;
- Introduction of extra month pension (12+1) in parts until 2023.



Connecting Finland

Mr. Attila Debreczeni, owner & partner

attila.debreczeni@connectingfinland.eu

+36 20 219 4003

www.connectingfinland.eu

SUPPORT PROGRAMMES FOR

SLOVAKIA

The Slovak Government prepared two packages to retain employment after the Covid-19 pandemic:

1. The first support package is for those retail and service businesses with employees that had to obligatorily close their operations by the decision of the Public Health Authority of the Slovak Republic as part of the emergency measures in effect since 13 March 2020:
 - Contribution to compensate for 80% of employee's average earnings, up to a max of €1,100.
2. The second support package is for the businesses with employees which were not compulsorily closed but their sales decreased by at least 20% as well as for the self-employed persons with no employees which had to compulsorily close down operations or restrict their activities due to the state of emergency.
 - Contribution for the employers to compensate for up to 80% of the employee's average earnings or for the self-employed to compensate for the loss of income, according to the decrease in company revenues compared to the same period or the previous year:
In April 2020: more than 20%: €180 / more than 40%: €300 / more than 60%: €420 / more than 80%: €540

Both contributions are granted per employee to whom the employer or self-employed person cannot assign work due to an obstacle on the part of the employer. The self-employed persons with employees can apply for both packages. In any case, the condition for the employers receiving the contributions is to maintain the jobs even after the crisis period. The total support cannot exceed €800,000 per applicant. More information as well as applications for the support can be found at pomahameludom.sk.

Other “First Aid for Business” measures:

- Provision of bank guarantees of €500 million/month to enable banks to refinance businesses
- Reimbursement of 55% of the gross salaries for employees in quarantine and in the sick leave
- Deferment of employer social security contributions payments when sales fall by more than 40% (or above 20% in March)
- Deferment of income tax advances when sales fell by more than 40% (or above 20% in March)
- Possibility of offsetting losses not yet claimed since 2014 inclusive in final accounts for 2019

And the “Second Aid for Business” measures:

- Deferment of loan payments for up to 9 months for the self-employed, SMEs and citizens.
- Increasing the limit for contactless payments from €20 to €50.

During April 2020, the government also plans to introduce other, mainly sector-specific, measures.

SUPPORT PROGRAMMES FOR

BULGARIA

Direct support of the business:

- For period of up to 3 months employers will get compensation of 60% of employees gross salary + side costs paid by employer if they keep their workers.
There are certain criteria to meet in order to apply for this compensation – business has to be directly affected by the crisis, or can prove decrease of turnover of at least 20% compared to the corresponding month of 2019.
- Interest free bank loans for businesses with 2 years grace period and return period of up to 5 years provided by Bulgarian Development Bank

Measures to be implemented by employers:

- Employers can terminate work at the company's premises entirely or partially and send the employees to work from home without the employee's consent.
- Employers are entitled to oblige employees to use up ½ of their annual paid leave without the employee's consent.
- Employers could implement a reduced working time for employees.
- Employers are entitled to close the working premises or part of the working premises without ordering the employees to use half of their paid annual leave – in this case the employer must pay full remuneration for the days during which the premises are closed.

With regard to taxes and tax related procedures:

- Extended term for payment of Corporate Income Tax (CIT) and tax on expenses for 2019 from 31.03.2020 to 30.06.2020.
- Extended term for using discount of 5% on tax on real estate and tax on vehicles for 2020 from 31.03.2020 to 30.06.2020.
- Limitation for collection of public liabilities for the State of Emergency period.
- Putting on hold enforced collection of public liabilities.



SUPPORT PROGRAMMES FOR

CROATIA

- In light of the COVID-19 pandemic, the government of Croatia has passed measures to **ensure the liquidity** of various types of businesses in different sectors.
- The initial measures focused on ensuring that employers did not lay off employees, with the government providing companies with a **minimum monthly salary for each employee** that was retained. The reimbursement has since increased to 725 EUR per employee per month. This would allow up to **400,000 employees** to stay employed.
- Furthermore, various tax obligations and employee contributions (healthcare & pension) have been deferred for three months, with a possibility for a further three months based on the situation.

- Since then, a second wave of more comprehensive measures have been introduced.
- The Croatian National Bank has sold EUR reserves to **stabilize the Croatian kuna** (7.57 per EUR), and has decreased the reserve requirement from 12% to 9% to ensure liquidity.
- Municipalities, counties and cities will be able to **apply for interest-free loans** up to the value of the deferred taxes. Furthermore, loans that will support the critical functions of companies, i.e. paying salaries or basic overhead costs, must be approved.
- Companies with an annual income <1 million EUR (93% of Croatian companies) will receive **tax relief that is proportional to lost turnover** since the start of nation-wide restrictions (with 20% losses a threshold to qualify)
- Businesses have received a **three-month grace period** for loans issued by the Croatian Bank of Reconstruction & Development or commercial banks.
- To support the agricultural sector, the government has vowed to purchase at least 60% of Croatian agricultural products.
- HAMAG-BICRO, the agency for micro- and small-businesses, has increased the amount of loans (1.000 – 25.000 EUR, with 1% interest) to a **total of 15 million EUR**. The agency is also preparing specific micro-loans for rural producers.
- The government published information that the **EU will guarantee 790 million EUR** to companies that export substantial amounts to other member states (over 20% of revenue).
- **Tourism in Croatia** – which comprises a fourth of the GDP – has been supported by additional measures, such as deferring tourist board membership fees, short-term moratorium for loans, and extending permanent employment rights to seasonal employees, which will support **over 5,000 workers**.



SUPPORT PROGRAMMES FOR

LITHUANIA

The Lithuanian government has adopted the following support measures related to covid19 emergency. Total planned state subsidies - **EUR 2.5 billion**

- **Subsidies on wages**
 - Employer must pay at least the minimum wage set by the state (**EUR 607 gross for full time employees**), not 40% of the average wage that is usually paid during idle time.
 - Employers who declare idle time or partial idle time due to emergency or quarantine qualify for state support (no subsidy will be given to state and municipal institutions, trade unions, religious communities, associations but there is no additional list with companies or sectors). The state subsidy is **90%** of the employee's wage, but not more than the minimum wage. If company activities are not restricted, the state subsidy is **60%** of the employee's wage, but not more than the minimum wage.
 - Subsidies will be paid for up to 3 months and are only granted if the employee's position for at least 3 months after the subsidy payments stops will remain the same. If the employment agreement is terminated during the idle time or right after, the State will not provide any financial support.
 - It is possible to apply for the subsidies from **5 April 2020**
 - The procedure of claiming subsidies is being prepared
- **Payment of sickness benefits.** Employees who had to take time off from work to care for young children due to the closure of a kindergarten or school due to the emergency situation or quarantine are eligible for state sickness benefit if they are unable to work remotely, until the end of the quarantine or emergency period (previously it was limited to 14 calendar days)
- **Tax incentives:**
 - The Lithuanian Government published a list of companies (32,000+ companies are listed) that qualify for state tax support that **only apply to these companies**, which are affected by COVID19.
 - The Lithuanian State Tax Inspectorate (the STI) would not start tax recovery procedures if such companies have tax debts which arose from the declaration submitted on 16 March or later
 - No default interest would be calculated for late payment of declared taxes
 - These companies could also ask to postpone tax payment terms by concluding a tax credit agreement
 - If tax credit agreement is already concluded, the payment terms would be extended until the end of the emergency situation
 - Companies that are not included in the state list are also allowed to apply for support and explain that their business is also affected by the covid19 emergency and the same support measures could be applied. All applications are to be submitted to the STI.
- It is possible to change the way the advance CIT is calculated, i.e. it is possible to choose to pay the advance CIT on the expected company's results rather than on the last year's results.
- The deadline for filing and paying PIT is postponed. Annual PIT declarations should be submitted and PIT should be paid by 1 of July (this information is actual for natural persons only)
- There are also additional financial measures if financing is needed (loans / guarantees will be granted not only for business development but also for liquidity etc.)

Source: Sorainen Latvia, Altum, Latvian Revenue Service

SUPPORT PROGRAMMES FOR

LATVIA

The Latvian parliament passed a special law on support measures related to the COVID 19 pandemic (total budget **EUR 25 million**)

- **State funded salaries** to employees of companies in prioritized industries (state approved list of industries that will be supported)
- Employees of companies in **selected industries** who can not perform their work due to idle time as a direct consequence of limitations imposed by the Government, will be paid from the state budget up to **75%** of their previous average salary and up to **EUR 700 monthly**
- No salary tax will be deducted from these payments
- Support will be interrupted if the company hires new employees
- Detailed rules on payment of support is to be adopted by the Government
- **Loan Guarantees and state Loans by ALTUM** www.altum.lv. Companies that were not in financial difficulty before COVID 19 will be entitled to:
 - **Guarantees** to secure existing loan obligations or to secure new loans for working capital for up to 3 years. Max. guarantee amount: **EUR 5 million** per company and up to 50% of the loan obligation;
 - **Loans** of up to EUR 1 million per company, maximum term of 3 years and grace period of 12 months for payment of principal amount to finance their working capital at subsidized/lower interest rates and decreased security requirements.
- Possibility to **postpone tax payments for 3 years** to companies in selected industries who cannot fulfill their tax payments as a direct consequence of COVID 19
- In case of postponing tax payment obligations, no interest will be charged with and the company will not be included on the list of tax debtors held by the Latvian State Revenue Service
- Faster repayment of overpaid **VAT** repayment in **30 days** to all companies
- Municipalities entitled to postpone **real estate tax** payments to later months of 2020
- **Decreased or cancelled rent for use of municipal property** - selected industries (40 types of economic activity - sports, culture, tourism, transport, restaurants...), during the emergency time. The release or decrease will not apply on utility services used eg. electricity, heating, water)
- **Right to file insolvency applications.** Until 1 September 2020 the law limits creditors' right to file insolvency applications and allows certain procedural protection for debtors, eg. on enforcement of commercial pledges
- **Corporate governance.** Prolonged timeline for filing annual reports. All companies can delay filing their 2019 annual reports by 3 months. **Shareholders' meeting.** The management board has to indicate in the invitation of the shareholders meeting, the procedure and deadline by which the shareholders can pass their vote. There are options with conducting the meeting (virtual) and passing the vote (electronically).

Source: Sorainen Latvia, Altum, Latvian Revenue Service

SUPPORT PROGRAMMES FOR

ESTONIA

- The total volume of the corona crisis aid package adopted by the Estonian parliament is **EUR 2.6 billion**.
- The maximum budget for the **employment support measure** is **EUR 250 million**
Qualification requirements (2 out of 3 must be met):
 - The employer must have suffered at least a 30% decline in turnover or revenue for the month they wish to be subsidized for, as compared to the same month last year.
 - The employer is not able to provide at least 30 percent of their employees with work.
 - The employer has cut the wages of at least 30% of employees by at least 30% or down to the minimum wage
- The Unemployment Insurance Fund **pays 70%** of the average monthly wage (previous 12 months) of the employee - minimum EUR 584, maximum EUR 1000 (gross).
- The employer must pay a minimum salary of **150 euros + taxes**, ie about EUR 200 per employee
- Any employee's wage can be subsidized for up to two months during a three-month-period. The period between March to May 2020 can be subsidized, the employer can apply for 2 months of a single employee's wage to be subsidized during that period (applications can be submitted from April)
- The employer is released from the **minimum social tax liability**. It does not have to be fulfilled on salaries paid in March, April and May 2020, ie on the declarations submitted for these months. Due to non-compliance with the minimum social tax obligation, people's health insurance will not be interrupted during the emergency period.
- **The employer applies** for the benefit but the benefit is paid to the employee
- If the employer terminates the contract with the employee due to redundancy in the course of the same or the following calendar month they have received the temporary subsidy, **the subsidy is to be returned** to the Unemployment Insurance Fund.
- **KredEx** www.kredex.ee (total budget **EUR 1.5 billion**) begins offering the first package of covid19 crisis measures in co-operation with banks to support Estonian companies. If the bank relaxes the repayment schedule for an existing bank loan not backed by KredEx, or is willing to issue a new loan to the undertaking, KredEx will give its guarantee to that loan.
 - Emergency loan guarantee for issuing new loans
 - Emergency guarantee to relax the repayment schedules of existing bank loans
- **Interests on tax arrears are suspended** 01.03.2020-01.05.2020. All taxes must be declared **on time**, but if not paid, no interest will be charged on the tax debt during this period. However, the tax debt as such exists and no general exemption is granted. Designed for businesses in temporary insolvency.
- After 01.05.2020, the interest rate will decrease from **0.06% to 0.03% per day**
- If the difficulties in paying taxes are more lasting, it is possible to request a rescheduling. Tax arrears of up to EUR 20,000 can be deferred automatically. The interest rate may be reduced to zero. The Tax & Customs Boards promises to be fast and flexible and to take into account the current situation. In case of deferral of tax debt, a certificate of the absence of tax debt is also issued.
- If the tax debt can not be cleared in the future, it is possible to apply for the **cancellation of the tax debt**. The Estonian Tax & Customs Board may cancel a tax debt if its collection is hopeless or would be unfair due to circumstances beyond the control of the taxable entity, including force

SUPPORT PROGRAMMES FOR

ESTONIA C'D

majeure. The application must be well-grounded and explicitly explain the moment of injustice and the specific consequences for a particular company or sector.

Source: KredEx, Estonian Tax & Customs Board, Sorainen, Estonian Unemployment Insuran