KPMG

TIME TO ADAPT

COVID-19

Governmental measures international

Update #05

Deal Advisory | France

26 March 2020

kpmg.fr

Contents

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Selected updates of the day

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Changes in selected geographies	— France: we have updated our pack with some of the new measures and updates contained in the “ordonnances” published during the night by the government. Additional information will be provided tomorrow — Italy: A fund for last resort income support (appropriation of 300m€ for 2020) is established for employees and self-employed workers who ceased, reduced or suspended their employment relationship or business due to the pandemic. — Malta: Deferral of payments of Income tax, Value Added Tax, Maternity Fund and National Insurance Contributions of up to €700 million. It appears that such tax deferrals have now been extended to all employers and self-employed irrespective of industry — Russia: A crisis fund of $4.05 billion has been established to support the economy and compensate quarantined citizens for lost income. — Slovakia: Postponement for duty to pay taxes for every tax payer until 30 June 2020. — Hong Kong: A reduction of the 2019-20 salaries tax and tax under personal assessment by 100%, subject to a ceiling of $20,000. — South Korea: 11.7 trillion won ($9.8 billion) in a stimulus package was announced on March — Chile: Postponement of income tax for SMEs until July 2020
Countries added to this document	New countries in this document: — Europe: Russia, — Americas: Argentina, Guatemala, Mexico — Middle East & Africa: Kenya, Mauritius,
Updated information	Updated information regarding: — Europe: Croatia, France, Italy, Ireland, Latvia, Malta, Slovakia — Asia, Oceania: China, Hong Kong, India, Indonesia, Japan, Malaysia, South Korea, Thailand, Vietnam — Americas: Canada, Chile, Colombia — Middle East & Africa: Nigeria, Qatar, Saudi Arabia, South Africa, Turkey, UAE

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Austria (1/2)

Reduction / non-assessment of (corporate) income tax advance payments 2020:

— If a taxpayer can credibly state that he is affected by coronavirus (COVID-19) infections, advance payments for (corporate) income tax 2020 may be reduced even to zero as the case may be. This will be the relevant in industries in which a significant economic decline due to the current situation is expected. Applications can be submitted until October 31, 2020

Deferral of payment and payment instalments:

— The taxpayer can apply to his tax office for deferral of payment of a tax or to pay the tax in instalments. Such applications lie in the discretion of the tax office which must, however, strongly consider the situation triggered by the SARS-CoV-2 virus. According to the wording of the published information this possibility is not restricted to specific taxes. Consequently, in our opinion applications for deferral or payment in instalments should be possible for all taxes, for instance also for advance VAT payments.

— Until an application for deferral is answered by the tax office, there is no payment obligation and no collection measures may be taken by the tax authorities.

Customs/Import and Other Miscellaneous Taxes

The Austrian government in a draft bill has proposed that no stamp tax (duties) would be levied on any documents directly or indirectly related to any measures required to deal with the coronavirus crisis.

Filing/Payment Deadline Extension

Upon request and based on specific impact of the virus on the particular situation:

— Tax prepayments for individual and corporate income tax

— purposes may be reduced to zero upon request.

— Late payment penalties may be reduced or waived upon request.

— Tax authorities may defer taxes if their collection would lead to significant hardship or agree to payments in instalments.

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Austria (2/2)

Suspension of Tax Audits

— The Austrian government in a draft bill has proposed measures that would extend all the deadlines for appeals to May 1, 2020, in cases for which the statutory periods were opened on March 16, 2020 or that commenced on or after March 16, 2020.

Sectorial support measures

— Austria is introducing support measures for sectors heavily affected by the outbreak, such as tourism and air transportation, and uses existing measures to reduce hours worked (Kurzarbeit). EUR 100 million are available for loans to hotels that suffer more that 15% losses in sales.51 The maximum is 80% of the loan or EUR 500 000.

Loan guarantees

— The Austria Wirtschaftservice (AWS) is providing new guarantees for SMEs worth EUR 10 million up to 80% of the loan amount or EUR 2,5 million for 5 years.52 The guarantees will have a one-time processing fee starting with 0.25 % of the amount to be financed and a guarantee fee, starting with 0.3 % p.a. (variable to risk) of outstanding liability.

Crisis management fund

— On 15 March, a COVID-19 crisis management fund was announced, with EUR 4 billion in funding.54 On 18 March, a further EUR 38 billion support fund was announced. The measures include:

- EUR 9 billion in guarantees and warranties;
- EUR 15 billion in emergency aid;
- EUR 10 billion in tax deferral.

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Belgium (1/3)

Measures taken by the tax authorities

Businesses are granted the following temporary extensions of the deadline to file tax returns and pay taxes:

Income taxes

— For corporate, legal entities, non-resident tax returns with a deadline between 16 March and 30 April 2020, an extension is granted until 30 April 2020

— The deadline for paying wage withholding tax for February and March/Q1 2020 is automatically extended by 2 months

— The payment of income taxes related to AY 2019 and established as from 12 March 2020 is automatically extended by 2 months

— The ruling commission introduced a special 'fast track' procedure for the home work allowance of 126,94 EUR. All employees working at home due to special Corona measures will be entitled to the maximum amount of 126,94 EUR without a distinction in function categories. The new home work allowance will replace the current 'office' allowance if applicable. The ruling can be obtained in a few days, following a special procedure.

VAT

— The deadline for filing VAT returns and intra-Community statements for February and March/Q1 2020 is extended to 6 April and 7 May 2020, respectively

— For starters and businesses with a monthly VAT refund licence that wish to receive a monthly repayment of VAT credit, an extension of the filing deadline of the VAT return is granted until the 24th of the month following the return period

— The deadline for filing the annual sales listing is extended to 30 April 2020

— The deadline for paying VAT for February and March/Q1 2020 is automatically extended by 2 months

Measures taken by the social security authorities

— Businesses can request a payment plan for their social contributions which are due for the first and second quarter of 2020. This plan allows for payment to be spread over a maximum of 24 months.

— Businesses must file a specific application form wherein they must provide evidence of the financial impact of the crisis on their business.

— Businesses can also invoke temporary unemployment as a result of "force majeure". Employees will benefit from a temporary increase of their allowance in the event of temporary unemployment.

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Belgium (2/3)

Measures for the self-employed

— The self-employed can also benefit from support regarding their social security contributions in the form of a reduction, delay or exemption of payment. If you are obliged to interrupt or stop your activity because of the crisis you can apply for a replacement income.

— Cancellation or deferral of social contributions for the self-employed;

— Reduced social contributions for self-employed conditional on proving a decrease in revenue due to the outbreak;

Measures taken by the Flemish government

— The assessment notices regarding immovable withholding taxes will only be sent in September 2020 (instead of March 2020)

— The government has provided a budget for guarantees for bridging loans which businesses are forced to contract in order to be able to pay their bills

— The assessment of car taxes will be postponed by 4 months

— EUR 100 million in crisis guarantees for companies; EUR 4 000 payment for companies that have to close their doors.

Measures taken by the Walloon government

The Walloon government has created a crisis fund of 100 million EUR to support sectors affected by the coronavirus crisis.

Tax Measures

— Taxpayers will benefit from a suspension of the tax payment deadlines during the crisis

— Deadlines for claims against assessment will be frozen

— Negative administrative decisions will be frozen. However, all positive decisions will be applied.

— Moderation of current recovery procedures, payment plans will be facilitated

— All physical and correspondence audits are eliminated

— Administrative fines for the mileage tax will be moderated.

— EUR 5 000 payment that have to close their doors; EUR 2 500 for companies that have to adjust their opening hours; possible waiver of utility payments, and; guarantees for loans to companies.

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Belgium (3/3)

Other measures

— (Very) small businesses in certain sectors can ask for compensation if they are forced to close

— Mobilization of regional agencies (SOWALFIN, SOGEPA-Wallonie Santé Group, SRIW) via loans, guarantees, frozen reimbursements, etc.

Measures taken by the Brussels government

The Brussels government has also taken a series of measures totalling 110 million EUR including:

— A one-off premium for some sectors (horeca, travel, retail, …) which are affected by the emergency measures and are forced to close.

— The abolition of the regional City Tax for the first semester of 2020.

— Government guarantees on bank loans for 20 million EUR.

— The accelerated treatment of grants of expansion support for certain sectors (horeca, tourism, culture and events).

— EUR 4 000 payment for companies that have to close their doors;

— EUR 2 000 for hairdressers;

— A deferral of city tax for the first semester of 2020;

— Easier access to loans; moratorium on debt repayments to Finance & Invest Brussels;

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Bulgaria (1/1)

Relief measures mitigating the adverse impact of the outbreak on the business

— The government is considering various relief measures aimed at supporting the business in these challenging times. For the time being, it is not known for certainty which measures will be actually adopted. It seems that the deadlines for filing the VAT package and the terms for payment of the monthly VAT liabilities towards the budget will not be prolonged. It is still not clear whether and in what cases sanctions and penalty interest for delays will be waived.

— The only formal proposal made by the government into the Parliament so far which may have VAT implications concerns the terms under pending court and administrative procedures. As per the proposed measure, these terms will be suspended for the duration of the emergency state. If this measure is approved by the Bulgarian Parliament it will have an impact for control procedures such as tax audits, tax checks, appeals of tax assessment acts, etc. It is unlikely that the terms for regular VAT refund procedures will be affected.

Suspension of Tax Audits

— The Government has proposed the suspension of the terms under pending court and administrative procedures for the duration of the emergency state. If this measure is approved by the Bulgarian Parliament it would have an impact on procedures such as tax audits, tax checks, appeals of tax assessment acts.

Customs/Import and Other Miscellaneous Taxes

Tax provisions included in the budget estimates for the province of Saskatchewan:

— A three-year extension to the non-refundable manufacturing and processing exporter tax incentive

— A new provincial sales tax (PST) rebate for new home construction

— New PST registration requirements for certain e-commerce platforms

— New incentives to support pipelines and the chemical fertilizer sector

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Croatia (1/2)

The Croatian government on 17 March 2020 proposed certain tax relief measures to mitigate the effects caused by the coronavirus (COVID-19) epidemic. The proposed amendments are pending parliamentary consideration, but it is not expected that the proposed amendments would be substantially changed during this process. Among the tax relief measures, are provisions that would:

— Amounts received by individuals and companies as grants to mitigate the special circumstances caused by the coronavirus would not be considered taxable for individual income tax or corporate profit tax purposes

— Refunds of assessed individual (personal) income tax and city surtax would be paid to the taxpayer upon issuance of the relevant tax assessment (with no change to the deadline for the right to file an objection), while the deadline for payment of any assessed individual income tax and city surtax liabilities remains unchanged

— Allow taxpayers to defer payment or to arrange an instalment payment plan for their tax liabilities, social security contributions and certain non-tax levies without being subject to interest being imposed during the period of deferral of payment (payments in instalments) (this would not start the statute of limitations) for a period of three months, which can be extended. Thereafter, payments can be made in instalments of 24 months;

— Measures for financial liquidity including a three-month moratorium on liabilities to the Croatian Bank for Reconstruction and Development (HBOR) and commercial banks, as well as the approval of loans for cash flow in order to pay wages, suppliers and to reschedule other liabilities;

— The approval of new loans for liquidity for enterprises to finance wages, utility costs and other basic business operating costs;

— Increasing of the allocation for the 'ESIF micro loans" for working capital for micro and small enterprises implemented by the Agency for SMEs, Innovation and Investments (HAMAG-BICRO);

— A new financial instrument "COVID-19 loans" for working capital for small and medium-sized enterprises.

There is currently no extension of the deadlines for filing of tax returns or other returns.

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Croatia (2/2)

On Tuesday, March 24, 2020, new provisions of the Regulations to the General Tax Law, which regulate the implementation of the tax payment deferral procedure in special circumstances, entered into force.

Available tax payment deferral measures

— Deferral of payment of tax liabilities due without charging penalty interest for a period of three months from the due date, with the possibility of extending the period for an additional three months

— Payments of deferred tax liabilities in instalments up to 24 months.

Tax liabilities covered by tax payment deferral measures

— Liabilities due for taxes (other than VAT), contributions and other public charges (excluding customs duties and excise duties) due until 20 June 2020.

— VAT liability that is due within three months, starting with the VAT liability due in April.

Who can submit an application for tax payment deferral measures

— Any entrepreneur who meets the indicators of inability to settle tax liabilities due and who has no outstanding tax liabilities at the date of submission of the application, i.e. if the amount of the outstanding tax liabilities is less than HRK 200.

— Exceptionally, an application for VAT deferral can be submitted only by an entrepreneur whose amount of supplies of goods and services in the previous year has not exceeded HRK 7,5 million (VAT excluded) and whose tax base is determined based on the supplies made

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Czech Republic (1/2)

The government approved a package of tax relief measures to address the impact of the coronavirus (COVID-19) pandemic, and guidance on how taxpayers can apply these tax relief measures has been published by the tax administration.

Among the tax relief measures are the following:

— A general waiver of penalties and default interest in respect of income tax (for tax returns for the 2019 tax period with an original filing deadline of 1 April 2020). Corporations with taxable periods other than the calendar year may not make use of the general waiver and must apply for a waiver separately.

— Waiver of penalties for the late payment of tax, and penalties for the late filing of returns in respect of all taxes (to be determined on a case-by-case basis).

— Waiver of default interest for the late payment of tax (including prepayments).

— General waiver of penalties for the late filing of value added tax (VAT) ledger statements.

— General waiver of administrative fees.

Other relief opportunities

In addition to the tax relief measures, there are also other procedural options that may enhance cash-flow, such as:

— Application for the release from an obligation to pay corporate income tax prepayments: If a decline in income is expected, it is possible to apply for the cancellation of a duty to pay tax prepayments, covering also a prepayment payable on 16 March that has already been paid.

— Application for tax deferment (in form of a postponement of the tax due date or the division of tax into instalments): The tax administrator can allow the deferment of a specific tax liability amount (such as VAT or income tax). It is appropriate to file the application together with the tax liability calculation or the relevant tax return. The tax relief package then allows for the waiver of interest on the deferred sum.

— Extension of the deadline for filing corporate income tax returns (including fiscal years): It is possible to apply for the extension of the statutory deadline for up to three months, or 10 months where income from abroad is also involved. If the tax administrator agrees to the extension, the due date for the payment of tax will also be postponed.

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Czech Republic (2/2)

The government (Ministry of Industry and Trade (MIT) and the Czech-Moravian Guarantee and Development Bank (ČMZRB)) has approved the national program COVID Loan.84 It aims to facilitate access to operational funding for small and medium-sized enterprises, whose economic activities are limited due to the occurrence of coronavirus infection and related preventive measures. The COVID Loan program provides support for SMEs in the form of soft loans from CZK 500,000 up to CZK 15 million with zero interest rate. Loans are granted up to 90% of eligible expenditure with a maturity of 2 years, including the possibility of deferred repayment for up to 12 months. The loan may be used, for example, for the acquisition of small tangible or intangible assets, the acquisition and financing of inventories or for other operating expenses and expenditures. There are no fees associated with the processing and granting of the loan or its possible early repayment. Applications can be submitted to the ČMZRB branches from 1 April 2020.

Furthermore as of 16 March, taxpayers may postpone certain payments of requests for tax delays, requests for adjustment or reduction of advances, requests for waiver of penalties in case of delay, requests for extension of deadlines for certain tax returns. These include:

— Delay in tax payment;

— Adjustment (reduction) of advances or exemption from their payments;

— Waiver of sanctions in case of delay, and;

— Extension of the deadline for certain tax returns.

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Denmark (1/1)

Tax Payment:

— The payment deadline for “A-tax” and labour market contributions for April, May, and June 2020 is to be postponed by four months. (but no changes to the deadlines for reporting A- tax and labour contributions)

— The payment of “B-tax” for self-employed persons for April is to be postponed from 20 April 2020 to 20 June 2020. Similarly, payment of B-tax for May 2020 is to be deferred from 20 May 2020 to 20 December 2020.

VAT Payment:

— A one-month delay of the deadlines for the declaration and payment of VAT for certain entities (typically large companies) that are on the monthly reporting and paying basis (the declaration period will be the 25th day of the second month following the end of the tax period for the tax periods from March 2020 to May 2020)

— Companies subject to quarterly VAT reporting are granted an extension until September 1, 2020 to state the VAT for the first and second quarters (Q1 and Q2) of 2020. However, if VAT liability for Q1 2020 is negative, it is still possible to report VAT for Q1 by 1 June 2020 so that the negative response can be “paid out” (refunded).

— A temporary increase of the amount of credit balance in the tax account (the current limit of DKK 200,000 that the companies may have in the tax account, is proposed to be increased to DKK 10 million, until 30 November 2020)

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Estonia (1/1)

Estonia has launched a EUR 2 billion support programme, including:

— Loan collateral amounting to EUR 1 Billion for bank loans already issued in order to allow for repayment schedule adjustments (maximum EUR 600 Million for the surety collection) through the KredEx Foundation;

— Tax deferral for 18 months;

— Tax incentives, and;

— Suspension of payments into the pension system.

Estonia announced it would share digital education tools developed by its start-ups to other countries. Furthermore, community initiatives were launched to support small business.

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Finland (1/1)

General information

The Finnish government indicates it stands ready to take measures if the impact of the outbreak on the economy worsens. The website of the Ministry of Economic Affairs and Employment includes information on how the impact is monitored and measures in place in the context of the State of Emergency.

The state owned financing company Finnvera provides support to SMEs through guarantees, support for working capital and an instalment free period for loans granted.

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France (1/12)

1. Time limits for the payment of social and/or fiscal instalments and direct tax rebates

Postponement and/or discounts of tax due dates

— **Deferral without penalty of future direct taxes settlement:**

- Concerns all direct business taxes (advance income tax payment, payroll tax), with the exception of VAT (still to be defined at this time) and assimilated taxes, the repayment of the withholding tax made by the collectors and the tax on insurance agreements, which cannot be carried forward
- Granted for a period of 3 months
- On simple request, without proof, via the simplified form to be sent to the relevant (Corporate Tax Department)
- For settled maturities of March, possibility to oppose the SEPA Direct Debit at their online bank. Otherwise, you can request reimbursement from the (Corporate Tax Department) once the direct debit has been made.

— **Remission of direct taxes, interest on arrears or penalties in the event of serious difficulties:**

- On request via the simplified form
- On proof of inability to pay

— **For monthly payment contracts:**

- Suspension is possible by contacting the Service Collection Centre. The remaining amount will be deducted from the balance, without penalty

— **Measures in favour of the self-employed:**

- Possibility to modulate at any time the rate and the instalments of withholding tax
- Defer the payment of the withholding tax on their professional income from one month to the next, this up to three times if their instalments are monthly, or from one quarter to the next, this if their instalments are quarterly.

Acceleration of tax credit reimbursement procedures

Possibility of reporting to the EIS, in the simplified form, invoices awaiting payment from the State, local authorities and public bodies in order to speed up payment.

The DGFIP has instructed its departments to speed up the reimbursement of tax credits due to companies.

- Accelerate the refund of VAT credits,
- Ditto for the tax credits refundable in 2020 the CICE,
- CIR/CII,
- the Film Production Expense Tax Credit,
- the tax credit for audio-visual production expenses,
- the tax credit for foreign film and audio-visual production expenses,
- the tax credit for businesses engaged in live musical or variety shows,
- the tax credit for phonographic production expenses,
- the tax credit for creators of video games
- To do so, you will have to declare: the tax credit refund application (form n°2573)
- the declaration to justify the tax credit (n°2069-RCI or specific declaration, unless it has already been filed previously)
- In the absence of a profit and loss statement, the tax balance statement (form n°2572) allowing the tax due to be paid and the refundable claim for 2020 to be established.

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France (2/12)

1. Time limits for the payment of social and/or fiscal instalments and direct tax rebates (continued)

Postponement of social deadlines

- Possible staggering for due maturities and not on future recoveries.
- Exceptional discounts of surcharges and penalties for late payment over the targeted periods possible
- The later the application is made, the more eligible social security contributions will be included in the scheme
- Employers (companies with more than 50 employees) whose URSSAF due date falls on the 5th of the month may defer all or part of the payment of their employee and employer contributions for the due date of 5 April 2020. The date of payment of these contributions may be postponed for up to 3 months: information will be provided later on. No penalty will be applied.
- Employers can modulate their payment according to their needs: amount to 0, or amount corresponding to a part of the contributions.
- It is nevertheless imperative to declare and therefore transmit the nominative social declaration (NSD) before Monday 6 April 12:00 noon.
- First case - the employer pays his contributions outside the NSD, by bank transfer: he can adapt the amount of his transfer, or not make a transfer at all.
- Second case - the employer pays his contributions via the NSD: he must transmit the March 2020 NSD by Monday 6 April 2020 at 12:00 noon, and can modulate his SEPA payment within this NSD.

A postponement or a delay agreement is also possible for supplementary pension contributions. Employers are invited to contact their supplementary pension institution.

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France (3/12)

2. Time limits for the payment of social and/or fiscal instalments and direct tax rebates (continued)

CCSF (The Financial Sector Advisory Committee) and payment terms

— The French government is encouraging companies experiencing financial difficulties with payment delays in order to pay their tax and social security debts (employers' share) to refer the matter to The Financial Sector Advisory Committee (CCSF).

— The debts referred to are in particular the taxes, social security contributions to the basic compulsory schemes payable - excluding employee shares and withholding tax.

— There is no minimum or maximum amount.

— Normally, the CCSF of the department of the company's registered office or principal place of business is competent.

— The commission examines, in conjunction with each accountant or body responsible for the collection of public debts, the establishment of a payment plan spread over several months for the settlement of the debtor's debts. It then lays down the conditions for this plan.

— In order to benefit from the settlement of the above-mentioned debts, the debtor must (theoretically) be up to date with the filing of his tax and social security declarations and the payment of employee contributions and withholding tax.

— The request to the CCSF (of the department concerned) can be made in two ways (KPMG's business recommendations):By the debtor: for debt requests up to €0.5mBy an ad hoc representative (appointed beforehand by the debtor): for debt requests over €0.5m

— In fact, each public accountant or body responsible for the collection of public debts must ensure collection from its own funds and therefore could be more restrictive in terms of the basis of application, penalties, requests for security... The appointment of an ad hoc agent then allows the accounting officer or body responsible for recovery to legitimise its recovery plan by the existence of a judicial mandate.

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France (4/12)

2. Mobilisation of BPI France to guarantee bank lines of credit

Mobilisation of BPI France

Following the acceleration of events, a number of Bpifrance measures for banks are operational. The companies concerned can contact their banking contact so that they can request the mobilisation of this measure or contact BPI directly on their website.

Bpi France automatically defers all CBI loan maturities (capital + interest) and rents for a period of 6 months and with no application fees.

Caution: *This aid is intended to deal with "cyclical" difficulties, directly linked to the consequences of the VIDOC-19 crisis. This means that they are not automatic, particularly for companies in difficulty. The notion of "company in difficulty" has yet to be defined (loss-making results for several years, collective procedures, etc.) and the cases concerned will be dealt with on a case-by-case basis by BPI.*

1 /Guaranties:

— **Guarantee Fund "Reinforcement of the Treasury".**
  - Intended for VSEs, SMEs and Mid-cap companies(ST consolidation in MT and new money)
  - Guarantee up to 90% on liquidity enhancement loans from 2 to 7 years
  - Used to guarantee long and medium-term loans, movable and immovable leases, financial leases, etc.
  - Term: 2 to 7 years (can be extended to 15 years (max.) for loans with a security interest in a real estate asset or in the case of a sale and leaseback of real estate)
  - Up to 5m€ for SMEs and up to 30m€ for ETIs
  - Elimination period reduced to 6 months

— **Guarantee Fund "Confirmed Line of Credit".**
  - Intended for SMEs and Mid-cap companies, renewable only once.
  - Up to 90% guarantee on confirmed credit lines for a period of 12 to 18 months
  - Used to guarantee the renewal of confirmed ST lines of credit (overdrafts, overdraft facilities, discounts, Daily…)
  - For financing the business operating cycle
  - Guarantee equal to the duration of the CT line (up to 5m€ for SMEs and up to 30m€ for Mid-cap companies)
  - 4-month waiting period

2 / Mid term financing:

— **Asset Loan:**
  - Intended for VSEs, SMEs and Mid-cap companies, with at least 12 months of balance sheet.
  - Used for one-off cash requirements and an exceptional increase in working capital requirement, linked to the economic situation.
  - 50k€ to 5m€ for SMEs, and up to 30m€ for Mid-cap companies
  - Term: between 3 and 5 years, of which 6 to 12 months of deferred depreciation
  - Unsecured loan on the assets of the company or its manager

— **Ready to bounce:**
  - Intended for VSEs, SMEs and Mid-cap companies
  - Partnership with the Regions and co-financed
  - Allows financing a cash requirement related to a cyclical difficulty, a temporary fragile situation, or a working capital requirement that does not allow normal operating conditions.
  - Financing ceiling: 10k€ to 300k€.
  - Term: 7 years, including 2 years of deferred capital amortisation

3 / Evolution of the Factoring guarantee system:

— **For factoring companies currently benefiting from agreements for the benefit of SMEs, the proposed changes are:**

— Increase the maximum outstanding amount of secured receivables from €200k to €500k

— Allow the release of the security deposit

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France (5/12)

3. Support from the State and the Bank of France (credit mediation)

Credit mediation (renegotiation of credit lines)

— Support from the State and the Bank of France (credit mediation) to negotiate with his bank a rescheduling of bank loans

— Credit Mediation is open to any company of any size and in any sector that is experiencing financing difficulties with its banking partners or that is suffering the consequences of a reduction in guarantees from a credit insurer

— Generally speaking, the Credit Mediation Department can accept companies in amicable procedure (adhoc mandate, conciliation), in safeguard or receivership, and exceptionally in compulsory liquidation following a request from the receiver on a possible takeover project approved by the Commercial Court requiring financing

— Enter the file online (https://mediateur-credit.banque-france.fr/)

Press Release of the French Banking Federation (15 March):

In concrete terms, several measures, combined with exceptional public support measures for businesses, have been decided by the banking institutions, dealt with on a case-by-case basis:

— Implementation of accelerated credit appraisal procedures for tense cash flow situations, within 5 days, with special attention to emergency situations.

— Deferral of credit repayments for businesses for up to six months

— Removal of penalties and additional costs of extensions and credits for businesses

— Suspension of equipment leasing maturities

PFB press release - State-guaranteed loans (24 March):

— The State-guaranteed loan is a one-year treasury loan and will have a grace period over this period.

— At the end of the first year, the company may decide to amortize the loan over a further 1, 2, 3, 4 or 5 years.

— This cash loan may cover up to three months of sales up to a maximum of 25% of sales excluding VAT in 2019 (i.e. the equivalent of one quarter of activity), or of the last financial year ended. As an exception, for newly created or innovative companies, this ceiling is set at 2 years of payroll.

— The loan benefits from a State guarantee of:

  – 90%, for companies with < 5,000 employees and < €1.5bn turnover.

  – 80%, for companies > 5,000 employees and < €5.0bn turnover

  – 70%, for companies > 5,000 employees and > €5.0bn turnover

— These loans may not be covered by any other guarantee or security, except when they are granted to companies in France employing more than 5,000 employees or generating sales of more than €1.5 billion.

— This loan is intended for all economic activities having an economic activity, except for some exclusions in the financial sector and ICS

— In conditions of exceptional speed, the banks were able to prepare the banking networks and advisers to be able to market the state-guaranteed loan as of 25 March.

— The cost of the loan will be made up of each bank's own financing cost (interest rate), without margin, plus the cost of the State guarantee.

— The step to be taken by an interested company is to get closer to its bank. The bank will examine the company's application. After having obtained a preliminary agreement from the bank, the company will have to take steps on the Bpifrance site in order to finalize the signature of the loan. After confirmation from the BPI, the bank will grant the loan.

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France (6/12)

4. Simplified and reinforced short-time working scheme

Partial unemployment

Companies may use the partial activity in exceptional circumstances due to the pandemic. The temporary decline in activity can take two different forms: A reducing of working time or a temporary closure. In case of collective reducing of working hours, employees can be placed in a position of partial activity individually and alternately in order to be able to authorise the establishment of a system of «rotation» per unit of production, workshop, services...

Since the employment contract is suspended, employees receive compensation paid by their employer. This allowance must correspond to a minimum of 70% of previous gross earnings, or about 84% of net earnings and may be increased by the employer. The only exception is employees paid at the minimum wage, who will continue to receive 100% of their salary during their period of unemployment. Flat-rate allowance co-financed by the State and National Inter-professional Union for Employment in Industry and Commerce (UNEDIC)

— In its draft decree of 18 March, the Ministry of Labour specifies that the compensation paid to employees by companies will be 100% covered by the State up to a limit of 4.5 SMIC.

— It should be noted that since companies wishing to provide additional compensation for their employees, in excess of the 70% compensation paid by the state, it is to be expected that this additional compensation will be subject to social security contributions.

— The request for partial activity and the opening of the file is made directly online on the dedicated website (https://activitepartielle.emploi.gouv.fr/aparts/).

— In companies with more than 50 employees, the employer must consult employees representatives (Social and Economic Committee or employees delegates) beforehand. Where appropriate, companies must inform their employees directly of the plan to introduce partial operations. The applicable regulations provide that the administrative authority normally has a maximum of 15 days to examine the application.

This measure is detailed in the practical guide included in this document.

— However, given the current situation, the response time is reduced to 48 hours. At the end of this period and in the absence of a reply from the administration, the application shall be deemed to be accepted. In addition, in view of the overcrowding on the ASP server, the Ministry of Labour decided to grant companies 30 days to submit their applications, retroactively

— The other measures provided for in the draft decree are intended to allow employers to benefit from a maximum duration of 12 months of partial activity authorisation if justified (compared with a maximum of 6 months at present).

Eligible cases:

— Administrative closure of an establishment
— Prohibition of public demonstrations following an administrative decision
— (Massive) absence of employees essential to the company's activity
— Temporary interruption of non-essential activities
— Suspension of public transport by administrative decision
— Decrease in activity related to the epidemic

The draft decree would also open the benefit of the partial activity to employees with a fixed-rate executive package, including when there is no total closure of the establishment. The terms and conditions and the calculation of the coverage are not yet known and will be specified by ordinance.

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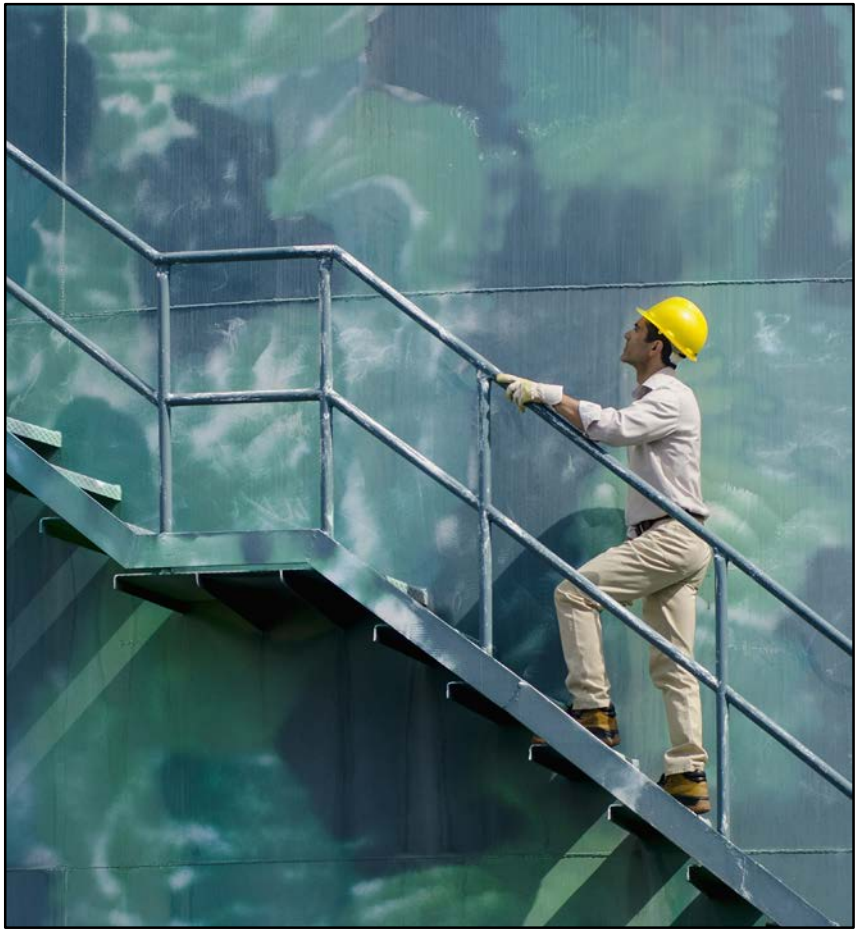
France (7/12)

4. Simplified and reinforced short-time working scheme / Training (continued)

In the event of prolonged under-activity, or even total cessation of activity, companies may apply to benefit from the Training instead of partial activity in order to invest in the skills of employees

- Formalised by an agreement between the State (DIRECCTE) and the company (or the OPCO), the purpose of the FNE-Formation is to implement training actions in order to facilitate the continuity of employees' activity in the face of the transformations resulting from economic and technological changes, and to promote their adaptation to new jobs
- Eligible training courses are those that make it possible to obtain one of the qualifications mentioned in Article L. 6314-1 of the Labour Code and are actions enabling workers to have their acquired experience validated as defined in Article L. 6313-11 of the Labour Code.
- Financing and commitments of the company:
  - The training systems that can be used include the skills development plan and the Personal training account (CPF) implemented during working hours.
  - If it is the sole public financer, the State may grant aid of up to 50% of the eligible costs, or up to 70% if there is an increase. In return, the firm undertakes to keep the trained employees in employment for a period at least equal to the duration of the agreement plus six months.



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France (8/12)

5. Support in the handling of a conflict with customers or suppliers by the Business Ombudsman

Business mediator (customers vs. suppliers)

- As part of the Government's efforts to combat the outbreak of the Covid-19 coronavirus, the Business Ombudsman is one of the mechanisms put forward for providing assistance to economic actors.
- The Company Ombudsman is called upon to help companies experiencing economic difficulties due to disputes caused by the consequences of the health crisis.
- When to refer a case to the Ombudsman:
- Any dispute relating to the performance of a contract under private law, including tacit contracts, or of a public order, may be referred to the courts.
- Unbalanced contractual clauses, unfulfilled payment terms, abrupt breach of contract, misappropriation of intellectual property
- Any company or public entity, whatever its size or sector, may refer a complaint to the Ombudsman.
- A form available on the internet including:
  - Referral framework (public order or not / individual or collective approach);
  - Information about the company / organisation;
  - Subject-matter of the dispute;
  - Information on the party causing the difficulties
- Website: https://www.mieist.bercy.gouv.fr

- Businesses can also get in touch with Judicial Administrators who are trained to help businesses in difficulty
- The court administrator is charged by a court decision with administering the property of others or exercising assistance or supervisory functions in the management of such property. He/She establishes a diagnosis of the company and determines, with the manager and his/her advisers, the legal procedure adapted to the company's difficulties. He/She intervenes in the context of amicable or collective proceedings.

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France (9/12)

6. Other measures – Bill – Covid-19

Recognition by the State of the Coronavirus as a case of force majeure for its public contracts.

— Consequently, for all State public procurement contracts, penalties for delays will not be applied.

— It is essential to check whether the contract in question contains a force majeure clause, what criteria must be used for an event to constitute force majeure, under what conditions the force majeure can be implemented (form and deadline for formal notice) and what are the consequences thereof

Sick leave / Teleworking

— For parents with no childcare solution for their children under the age of 16, the work stoppage will be automatic and without waiting period. All or part of the salary will therefore be borne by the CPAM up to 90%.

— Work stoppage for the duration of the closure of the childcare facility concerned

— Edouard Philippe announced Saturday, March 21st the general suspension of the waiting day in case of sick leave for the duration of the state of health emergency.

Freeze and deferral of certain current expenses

— Water, electricity, rents for microenterprises (<10 people and annual turnover or balance sheet total < 2m€)

Solidarity Fund €2bn for VSEs

— (turnover < €1m), having lost 70% of their turnover between March 2019 and March 2020: €1,500 of rapid aid and an anti-bankruptcy scheme planned on a case-by-case basis

Other emergency measures (Bill– Covid 19)

1 / Paid Leave

— An amendment to the emergency bill, which should be voted on in the next few hours, provides that it would be possible to impose 6 days of paid leave earned over the period 2019/2020, by collective company agreement, until May, 31st 2020. On the other hand, the text would give companies the unilateral possibility to impose or modify the dates of Reduction of working time (RTT) or days of the time savings account, by derogating from the deadline set by the Labour Code.

2 / Payment Incentive / Profit-sharing

The bill would make it possible to modify, on an exceptional basis, the deadlines and procedures for the payment of incentive and profit-sharing sums

3 / Payment Exceptional purchasing power bonus

The bill would change the deadline and conditions for the payment of the exceptional purchasing power bonus (to be paid initially between 28 December 2019 and 30 June 2020).

4/ Holding of general meetings, boards of directors, supervisory boards

— In order to temporarily escape the legal constraints of physical presence for the holding of (i) general meetings, (ii) boards of directors and (iii) supervisory boards, particularly during this period of approval of the accounts, the government would provide:

  – Relaxation of the right of shareholders to require their physical presence at the general meeting;

  – A derogation from the rules governing the conditions of participation of directors for the boards that approve the financial statements;

  – The potential introduction of alternative methods of deliberation.

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France (10/12)

7. Other measures

AGS Information (Wage Guarantee Insurance)

— **Reduced payment periods:** payments of wage claims will thus be made within a period not exceeding 72 hours from receipt of the statements of claims drawn up by the judicial representatives ;

— **Relaxation of the formalism of the statement of claims drawn up by the agent:** the approval of the bankruptcy judge may be sent a posteriori and the signature of the employees' representative is not required;

— Suspension for a period of 3 months (March to June) of the payment schedules granted by the AGS in the settlement of claims not subject to safeguard or recovery plan deadlines;

— Exceptionally, coverage of termination claims from employees who could not be dismissed during the legal guarantee periods, given the constraints related to containment;

— Extension of the limits of the AGS guarantee (ceiling of 45 days) for salaries due in the event of compulsory liquidation;

— In the event of recourse to short-time working, guarantee of salaries corresponding to the employer's share;

— Delays in implementing procedures for dismissal for economic reasons deferred, due to the impossibility for the judicial agents to respect legal obligations:

— Financial support for companies in collective proceedings when they are able to obtain a recovery plan or a safeguard plan:

  – Exceptionally longer repayment terms of up to 24 or 30 months;
  – and for those who will not be able to meet current repayment schedules, deferral without penalty until June 30, 2020.

— In the same way as social security contributions, the employer's contributions required to finance the AGS scheme are deferred.

Right of withdrawal

— The Administration does not seem to consider that employees can exercise a possible right of withdrawal in the current circumstances related to the coronavirus as long as the employer complies with the national recommendations.

Holding of general meetings, boards of directors and supervisory boards

— In order to temporarily escape the legal constraints of physical presence for the holding of (i) general meetings, (ii) boards of directors and (iii) supervisory boards, for almost every companies and other moral persons, particularly during this period of approval of the accounts, the government has taken the following steps through ordinances:

  – Faculty to summon the shareholders through dematerialized ways for listed companies, and for all companies, to address dematerialized summons for listed summons to inform the shareholders summoned for a physical meeting that such meeting will be organized through a dematerialized form;
  – Faculty to use phone conference or video conference technology for general assembly meetings, boards and all management bodies, and for some companies, the faculty to use written consultations.
  – The ordinance shall apply to general assemblies and to meetings of boards of administration and supervisory boards held from 12 March 2020 up to 31 July 2020. A decree is able to extend the date up to 30 November 2020.

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France (11/12)

7. Other measures

Extension of deadlines regarding approval of accounts

— Extension of deadlines regarding approvals of accounts (3 months) when accounts has bot been approved by 12 March 2020;

— Extension by two months of the deadline quoted in article L225-68 of the French Code of Commerce regarding the documents to be submitted before the supervisory board if the designated auditor has not submitted his report before 12 March 2020

— Extension of the deadline by three months of the deadline for the liquidator to set the accounts of the company for the purpose of liquidation;

— Extension of the deadline by two months, for the relevant companies having to submit an assessment of assets and liabilities, a forecast estimated results account, a cash flow statement and a forecast estimated cash flow statement

— Extension of the deadline by three months for the companies benefitting of a public subsidy to produce a financial report as quoted in article 10 of Law N°2000-321 dated 12 April 2000.

Measures regarding power, gaz, water and commercial rents

— An ordinance strictly forbade beneficiaries from the special fund for solidarity to suffer from interruption or supension of furniture of services regarding of water services, power services, gaz services and allow room for rescheduling the paymenf of bills;

— The same ordinance forbade the enforcement of financial penalties or late payment interests, damages, daily penalty, enforcement of resolution provision, or any provision providing termination or activation of guarantees or personal guarantees, due to the default of payment of rents or related fees regarding commercial and professional leases which due date sets between 12 March 2020 and a date two months after the end of the sanitary state of emergency.

— Such measure shall be analyzed in accordance with the the agreements acted between the Ministry of Economy and the main federations of institutional lessors that have agreed to grant additional deadlines regarding the payment of the rent on April, this time for a significant number of tenants, to be confirmed.

Measures regarding contracts under the French Public Procurement Code Regime and other assimilated agreements.

— Authorization of extension of deadlines of receipt for submissions of applications

— Faculty of extending, under certain conditions, the contracts that have expired

— Extension of the deadline for the performance by the winner of the tender in the event of an evident excessive difficulty to perform the market;

— Faculty to to indemnify the winner of the tender in the event of termination of a market or an agreement due to the sanitary measures in place;

— Faculty for the buyers in public procurement agreements to pay in certain conditions to pay an advance superior to 60% of the amount of the public procurement.

Adaptation of legal provisions regarding deadlines in jurisdictional proceedings and in contracts

— Regarding jurisdictional proceedings (civil jurisdictions, criminal jurisdictions, administrative jurisdictions), extension of some deadlines, reorganization of some jurisdictions (transfer of attributions for example):

— (please see next slide)

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France (12/12)

7. Other measures

Adaptation of legal provisions regarding deadlines in jurisdictional proceedings and in contracts

- Regarding contracts, extension of some deadlines (however, not for financial obligations and guarantees mentioned at articles L 211-36 of the French Financial and Monetary Code);
- Day penalties, penalty provisions, termination provisions, when their purpose is to sanction the lack of performance of an obligation in a determined deadline, if such deadline is set in a period between 12 March 2020 and and the expiry of a deadline of one month counting from the end of the sanitary state of emergency are reputed not have entered into force before the end of the period quoted above;
- When an agreement can only be terminated during a determined schedule or is renewed in absence of denunication within a limite dperiod, such period or deadline are extended if they expire between 12 March 2020 and two months after the expiry of the sanitary state of emergency.

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Germany (1/6)

1. Making reduced hours compensation benefit (Kurzarbeitergeld) more flexible:

By the beginning of April, the rules on reduced hours compensation benefit will be adapted. As part of this, eligibility requirements will be loosened:

— Companies may receive reduced hour compensation when only 10% of the employees of the company are affected by shorter working hours (i.e.: don't have any more work to do), until now 1/3 of the employees had to be affected by shorter working hours in order for the company to get reduced hour compensation.

— Waiver of negative working hours: Until now, a reduction in working hours had to be compensated first by using certain types of working time credits. It was also necessary to first grant paid holidays. It is not necessary anymore. Partial or complete waiver of the need to build up a negative balance in working hours means that there is no longer any need for employees to build up a negative balance in their respective working accounts.

— Reduced hours compensation benefit will also be available to temporary/agency workers,

— Complete reimbursement of social security contributions by the Federal Labour Office.

— By the beginning of April, the rules on reduced hours compensation benefit will be adaptive. As part of this, eligibility requirements will be loosened

— Reduction of the minimum ratio of the employees in a company affected by shorter working hours to 10%,

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Germany (2/6)

2. Tax-related liquidity assistance for businesses:

— It will be easier to grant tax deferrals. Revenue authorities will be able to defer taxes if their collection would lead to significant difficult financial situation for a company. This not being clearly defined, it leaves a lot of margin to the companies to ask for a postponement without incurring in penalties. The revenue authorities will be instructed to not impose strict conditions in this respect. This will support taxpayers' liquidity because the timing of tax payments will be delayed.

— It will be easier to loosen tax prepayments. As soon as it becomes clear that a taxpayer's income in the current year is expected to be lower than in the previous year, tax prepayments will be reduced in a straightforward manner. This will improve the liquidity situation of the Companies.

— Enforcement measures (e.g. direct debit into bank accounts) and late-payment penalties will be waived until 31 December 2020 if the debtor of a pending tax payment is directly affected by the coronavirus.

With regard to taxes that are administered by the customs administration (e.g. energy duty and aviation tax), the Central Customs Authority (Generalzolldirektion) has been instructed to make appropriate concessions to taxpayers. The same applies to the Federal Central Tax Office (Bundeszentralamt für Steuern), which will proceed accordingly with regard to insurance tax and value added tax, which fall within its remit. More details will be given in the flowing days by the German Finance Minister.

Other Tax relief

— Applications for a reduction of the trade tax base, for purposes of advance payments, can be submitted until 31 December 2020. A corresponding period for deferral applications and applications for adjustment of advance payments for income and corporation tax is also available.

— The tax authorities may defer taxes if the collection would constitute a significant hardship. Taxpayers may submit applications until 31 December 2020 for deferral of taxes already due or becoming due by that date.

— Tax deferrals are to be granted without interest.

— Advance payments of income tax, corporate income tax, and trade tax may be made "on presentation of circumstances" by taxpayers that can show they are "directly and not inconsiderably affected" by COVID-19.

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Germany (3/6)

Other tax relief (continued)

— The next advance payments dates are 10 June 2020 for income tax and corporate tax, and 15 May 2020 for trade tax.

— It may be possible to reduce advance tax payments “retroactively.”

3. A protective shield worth billions for businesses (1/2)

The German government will protect businesses with new measures to provide liquidity, the volume of which is unlimited.

Existing liquidity assistance programs will be expanded to make it easier for companies to access cheap loans. This can mobilise a large volume of liquidity-enhancing loans from commercial banks. To this end, established instruments complementing loans offered by private banks will be extended and made available to a greater number of companies:

— Conditions for the KfW-Unternehmerkredit (business loan for existing companies) and the ERP-Gründerkredit-Universell (start-up loan for companies that are less than 5 years old) will be loosened by raising the level of risk assumptions (indemnity) for operating loans and extending these instruments to large enterprises with a turnover of up to €2 billion (previously, the limit was €500 million). Higher risk assumptions of up to 80% for operating loans of up to €200 million will increase banks’ willingness to extend credit.

— In the case of the “KfW Loan for Growth”, the program aimed at larger companies, the current turnover threshold of €2 billion will be raised to €5 billion. In future, these loans will take the form of syndicated loans and will not be restricted to projects in one particular field (in the past, only innovation and digitalisation projects were eligible). Risk assumption will be increased to up to 70% (from 50%). This will improve larger companies’ access to syndicated loans

— KfW’s role in this crisis is to facilitate the short-term supply of liquidity to companies. The KfW, formerly KfW Bankengruppe (banking group), is a German state-owned development bank, based in Frankfurt. Its name originally comes from Kreditanstalt für Wiederaufbau ("Credit Institute for Reconstruction"). It was formed in 1948 after World War II as part of the Marshall Plan.

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Germany (4/6)

3. A protective shield worth billions for businesses (2/2)

— For guarantee banks (Bürgschaftsbanken), the guarantee limit will be doubled, to €2.5 million. The Federation will increase its risk share in guarantee banks by 10% to make it easier to shoulder risks, which are difficult to assess in times of crisis. The upper limit of 35% of operating resources in guarantee banks' total exposure will be increased to 50%. To accelerate liquidity provision, the Federation is giving guarantee banks the freedom to make guarantee decisions up to €250,000 independently and within a period of three days.

— The large guarantee program (parallel guarantees from the Federation ("Bund") and the regions ("Länder"), which was previously limited to companies in structurally weak regions, will be opened to companies of other regions as well. In this program, the Federation covers operating loans and investments with a surety requirement upwards of €50 million and a guarantee rate of up to 80%.

— For companies that have temporarily got into serious financial difficulties because of the crisis and therefore do not have easy access to existing support programs, additional special KfW programs will be launched. This will be achieved by increasing the KfW's risk tolerance in a way that is appropriate given the crisis. Risk assumptions for investment funds (indemnity) will be improved significantly and will total up to 80% in the case of operating resources and up to 90% in the case of investments. In addition, consortium structures will be offered for these companies.

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Germany (5/6)

Law on the Prevention and Control of Infectious Disease

— In the event of illness or a justified suspicion of illness, whereby the employee is quarantined, the employer is obliged under the Continued Remuneration Act to continue to pay the employee his regular salary for up to six weeks. At the beginning of the seventh week, sickness benefit at the regular rate of 70% of the original wage is paid by the health insurance company.

— Even in the case of an illness or the justified suspicion of an illness which falls within the scope of application of the Law on Prevention and Control of Infectious Disease, this general regulation remains in force. However, the employer will be reimbursed the wages paid in the first six weeks by the competent authority on application. In the seventh week, the sickness insurance fund pays the wage, which may in turn request reimbursement from the competent authority.

— In contrast to the continued remuneration, self-employed workers and freelancers are also entitled to compensation. According to the Law on Prevention and Control of Infectious Disease they can apply to the competent authority for financial reimbursement in the amount of their loss of earnings

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Germany (6/6)

Useful Links and Information

— Federal Government: Coronavirus in Germany: https://www.bundesregierung.de/breg-de/themen/coronavirus/coronavirus-1725960

— Federal Government: Protective shield for employees and companies: https://www.bundesregierung.de/breg-de/themen/coronavirus/milliardenhilfen-wegen-corono-1730386

— Federal Ministry of Labour: Coronavirus: Labour law implications: https://www.bmas.de/DE/Presse/Meldungen/2020/corona-virus-arbeitsrechtliche-auswirkungen.html

— German Parliament: Parliament votes for changes short-time working compensation: https://www.bundestag.de/dokumente/textarchiv/2020/kw11-de-ausbildungsfoerderung-686436

— Federal Government: Easier access to short-time work benefits: https://www.bundesregierung.de/breg-de/themen/coronavirus/bundestag-kurzarbeitergeld-1729626

— Federal Government: Temporary border controls: https://www.bundesregierung.de/breg-de/themen/coronavirus/kontrollen-an-den-grenzen-1730742

— Federal Ministry of Economics and Energy: Effects of the coronavirus - information and support for companies https://www.bmwi.de/Redaktion/DE/Dossier/coronavirus.html#unterstuetzung

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Gibraltar (1/1)

Customs/Import and Other Miscellaneous Taxes

— Import customs duties are waived until midnight on April 30, 2020 in respect of all classes of goods (except for the tobacco, fuel, and alcohol). This waiver will be reviewed by the government with business representative organizations before the end of April 2020.

Filing/Payment Deadline Extension

— Employers in all sectors, during the second quarter of 2020, will be allowed to defer their payments of “pay as you earn” and social insurance (PAYE and SI) contributions by eight weeks from the due date. Any additional extensions will be expected to be considered by the government in consultation with businesses.

Payroll Tax

— The payment of salaries to employees by affected businesses in the hospitality, leisure, distributive, and catering sectors will not be subject to PAYE or employee or employer social insurance contributions for the month of April 2020.

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Greece (1/3)

The employment-related measures are included in two legislative decrees as guidance providing relief in response to the coronavirus (COVID-19) pandemic

Companies whose operations have been suspended by virtue of a state order

— The support measures for the employees of companies in this category are as follows:
  - As of 18 March 2020 and for as long as the emergency measures are in force, dismissals are forbidden whereas any dismissals in violation of the restriction in question are invalid.
  - Employees are entitled to collect a special purpose indemnity to the amount of EUR 800 burdening the State Budget.
  - The special purpose indemnity cannot be seized or set off against any debts and is tax free.
  - Full social security coverage of the employees by the State on the basis of their contractual salary.

— Certain categories of employees are exempted from the above special support mechanism (for instance, employees working from home or employees whose employment agreement is not suspended because of the restriction of the companies' operation).

— Further, specific obligations are imposed on the employer in order for their employees to collect the special purpose indemnity (filing of a Statutory Declaration with the Information System ERGANI for the eligible employees and notification of the above filing and its filing number – in writing or by electronic means – on the same day to the employee)

Affected Companies on the basis of Professional Activity Code (ΚΑΔ)

— Within one month from the publication of the Legislative Decree dated 20 March 2020 which can be extended by virtue of a Ministerial Decision, companies falling in this category can suspend their employees' employment agreements (all employees or part thereof).

— Companies that benefit from the above possibility:
  - Cannot proceed with dismissals during the period of suspension and any such dismissals in violation of the related restriction are invalid.
  - Following the expiry of the suspension period, are obliged to maintain the same number of employees for a period of time equal to the suspension period.

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Greece (2/3)

Other employment relations' regulations

— Employers whose activity is significantly affected or whose activity has been restricted can transfer personnel between companies of the same Group, on the basis of a mutual agreement and on the condition that the total number of employees employed before the transfer is not reduced. The details for the application of the provision in question are anticipated to be set out in Ministerial Decisions.

— For a period of up to six months commencing on 20 March 2020, employers can appoint a "safe operation" personnel as follows:

  – Each employee can be occupied at least 2 weeks on a monthly basis (continuously or intermittently) and

  – The above organization of work is made on a weekly basis and covers at least 50% of the company's personnel.

— Employers that wish to benefit from the above possibility must not reduce the number of employees working for the company at the time the above system has been implemented and proceed with the required notifications with the Information System ERGANI. The details for the application of the provision in question are anticipated to be set out in a Ministerial Decision.

— The granting of the special purpose leave provided for in the Legislative Decree dated 11 March 2020 to parents employees of certain companies (companies engaged in the sectors of energy and water supply burdened with the continuous supply of the country with electricity, gas, liquid fuel and water, companies engaged in the production, transport and supply of goods, fuel, medicines and paramedical supplies to shops/companies selling the goods in question) is conditional upon a justified opinion of the companies' management on the basis of the applicants' position and duties.

— Employers who have exhausted the applicable limits of overtime occupation can continue to occupy their employees' overtime without the approval of the Minster of Employer on the basis of an opinion of the Supreme Work Council under conditions.

— Certain companies can extraordinarily and temporarily supersede the restriction of Sunday and public holidays work under conditions.

— Both possibilities above are valid for a period of up to six (6) months from the entry in force of the Legislative Decree dated 14 March 2020.

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Greece (3/3)

Tax relief measures have further been announced to address the effects of the coronavirus (COVID -19) pandemic.

The tax relief includes:

— A four-month deferral of value-added tax (VAT) payments and social security payments due at the end of March for companies operating in areas affected by the outbreak and which shut down for at least 10 days

— Extension to 31 August 2020 of the payment deadlines for tax remittances due in the period from 11 March 2020 until 31 April 2020

— Suspension of tax collection of assessed taxes that were unpaid as of 11 March 2020, suspended until 31 August 2020

— A reduced rate of value added tax (VAT)—reduced to 6% from 24%—for certain products that are necessary to protect against COVID-19 (such as mask and gloves, antiseptic liquids and wipes, etc.) effective until the end of the year (31 December 2020)

— A four-month extension for the payment of real estate tax, when the owner (landlord) is an individual

— Acceleration of refunds of income tax and VAT, when the refund amounts do not exceed €30,000 per type of tax and per taxpayer

— Certain freelancer, self-employed or independent contractors will be eligible for compensation payment of €800 to address COVID-19 implications, and tax payments due in March 2020 by these persons will be extended for four months

— It was further announced that the planned reform of the “unified real estate ownership tax” (UREOT) regime will be postponed.

— A new EUR 500 million scheme in collaboration with the European Investment Fund (EIF) could address the financing gap faced by SMEs, which is expected to grow in the context of the coronavirus

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Hungary (1/2)

The government on 18 March 2020 introduced amendments to social security and certain tax payment rules in response to the coronavirus (COVID-19) pandemic.

Social security

Modified social security rules shall be applied for the period of March-June 2020 to the following sectors:

— Hospitality and tourism;

— Entertainment, film industry, performing art;

— Sport services;

— Event organization;

— Gambling.

The rules for social security contributions in the above sectors have been amended as follows:

— Employers will not be liable to pay their part of social security contributions (17.5%+1.5%) with respect to employment income provided by them in the March-June 2020 period.

— Employees will only be liable to pay 4% healthcare social security contribution on the employment income received in the March-June 2020 period, instead of the aggregated 18.5% social security contribution. Nevertheless, the upper limit of the above healthcare social security contribution will be HUF 7,710/month. It should be noted that personal income tax will be still payable.

Simplified lump-sum taxation amendments

Special rules will be applicable for entrepreneurs dealing with passenger transport who opted for simplified lump-sum taxation (known as ‘KATA’ in Hungarian). Based on the amendments such entrepreneurs are not obliged to pay lump-sum tax in the March-June 2020 period.

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Hungary (2/2)

Other measures:

— Loan repayments are suspended until the end of 2020 for all private individuals and businesses who took loans out before 18 March.

— Short-term business loans are prolonged until 30 July

— The annual percentage rate (APR) of new consumer loans has been maximized at the central bank prime rate plus 5 per cent

— Employment regulations will be made more flexible to facilitate agreements between employees and employers in the current situation

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Iceland (1/2)

Tax relief in response to coronavirus (COVID-19)

Considering recent events, the Icelandic government is working on getting the necessary legislative amendments passed by the Icelandic Parliament.

The Icelandic Parliament on 13 March 2020 passed legislation that provides for the postponement of tax payments.

— Postponement of the payment deadline for part of the social security tax to 15 April 2020. Legal entities are permitted to postpone the payment of half of the social security tax, that was originally due on 16 March 2020 to 15 April 2020.

— Postponement of the payment deadline for part of the public levies on source to 15 April 2020. Legal entities are permitted to postpone the payment of half of the public levies on source, that was originally due on 16 March 2020 to 15 April 2020.

— No penalty or surcharge on account of the late payments. The penalty or surcharge will not be imposed with regard to partial payments, provided that full payment is made by 15 April 2020.

The Icelandic government indicated there will be further action in the coming days in order to respond to the many challenges presented by the COVID-19 outbreak.

Act on temporary payments to individuals due to loss of income from being quarantined without signs of being infected

— Employees who are quarantined will get paid a salary. In such cases where an employee is quarantined but does not have the right to a salary from their employer during the quarantine, the government shall pay the employee his salary.

— The goal of the new Act is to allow individuals to follow the commands of the public health authorities without worrying about loss of income.

— The bill only applies to the private employment market. As the bill only applies to employers, employees and independently employed individuals on the private employment market it is estimated that it will apply to approximately 140,000 individuals, or a total of 75% of the total employment market.

— The aid is conditional. The bill states that certain conditions must be met, for instance the employer of the quarantined employee must be able to prove that he has paid the employee's salary during the active period (1 February 2020 – 30 April 2020).

— Salary cap. The bill states that a cap will be put on government payments, the payments may not exceed 633.000 krona per employee, per calendar month.

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Iceland (2/2)

Increased right to unemployment benefits for part-time employees

The Minister of Social Affairs and Children has submitted another bill to Parliament regarding changes to the Act on Unemployment Insurance and the Act on Wage Guarantee Fund. The bill's objective is to assist companies in maintaining their employees until the economic difficulties associated with COVID-19 dissolved. The proposed amendments of the bill are thus temporary.

Companies experiencing temporary operating difficulties are encouraged to exercise the option to temporarily downgrade full-time employees to part-time employees rather than terminating the contract of employment. It is of great value to society that as many people as possible maintain their employment.

Should the bill be enacted into law it will carry the following changes:

— Individuals who are downgraded to part-time employment could have certain rights to unemployment benefits. These benefits would amount to the proportional loss of income of the employee after he was downgraded to part-time. The conditions of these benefits are that the employee's employment rate must have been reduced by at least 20% and that the employee maintains at least a 50% employment rate.

Further action to be announced

The Icelandic government will be announcing further action in the coming days in order to respond to the many challenges presented by the COVID-19 outbreak. The government approved a 7-point plan on 10 March on actions against the COVID-19 outbreak effects.

The Central Bank lowered the policy rate by 50 basis points to 2.25%, the sixth reduction within 10 months.

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Italy (1/5)

1. Available measures to support people employed by corporations

— The Government has expanded the reasons for access to the “Cassa Integrazione Ordinaria” (support of salary payment by the State), providing for the possibility for employers who suspend or reduce work activity for events related to the epidemiological emergency from Covid-19, to apply for the support check “integrazione salariale” with a COVID-19 emergency reason, for a maximum period of nine weeks from 23 February 2020 and in any case by August 2020.

— The procedure for opening the integration fund (information phase and trade union consultation, as well as joint examination if requested) remains confirmed. The application may be submitted by the end of the 4th month following the period in which the period of suspension or reduction of work has begun and is not subject to the verification of the cause.

— The Government has scheduled for the year 2020 from 5th of March, a specific leave for parents with children under the age of 12 (a master limit that does not apply with reference to children with disabilities in a situation of proven severity school of all order and grades or housed in day care centres). The beneficiaries are both private and public sector workers. The use of leave is recognised alternately with both parents, for a continuous or fractional period of no more than 15 days, and is subject to the condition that there is no other parent in the household who is the beneficiary of parental means of income support in the event of suspension or termination of employment or other unemployed or non-worker parent

— The Government has ordered the award of a allowance for March of EUR 600 (which does not contribute to income formation) to the following subjects: “Partite IVA” (autonomous workers), seasonal workers (tourism, agriculture).

— A redundancy fund boosted by 5Mds€ to provide 9 weeks’ salary for workers not covered by other social safety nets. Administrative processes are simplified, and Temporary suspension of mortgage payments for first-time homebuyers, including self-employed who have lost more than one-third of their turnover during the last quarter.

— A fund for last resort income support (appropriation of 300m€ for 2020) is established for employees and self-employed workers who ceased, reduced or suspended their employment relationship or business due to the pandemic.

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Italy (2/5)

2. Tax-related support for businesses:

— For a period of 9 months after the law (Decreto) came into force, the State, through the Central Guarantee Fund for SMEs, provides a guarantee, free of charge, for a single enterprise, up to 5 million euros, aimed at financing operations.

— For the subjects – sports federations, sports clubs, operators who manage sports facilities, gyms pools and fitness centres, hospitality tourism companies, travel and tourism agencies and tour operators, catering sectors, the organisation of events, the rental of transport, passenger transport, cultural, museum, naturalistic activities, lottery receptions, etc. – (expressly listed in the Decree) is provided:

— the suspension of the expiring terms until 30 April 2020 relating to withholding payments on employee and assimilated income;

— The suspension of the deadline until 30 April 2020 relating to social security and welfare payments, premiums for compulsory insurance and related obligations;

— the suspension of the expiring terms in March 2020 relating to VAT payments and Tax reductions as well as tax credits for businesses that declared a 25% drop in their revenues.

— Suspended payments will be made in a single solution as of May 31, 2020

— For all subjects with fiscal domicile in Italy: Suspension of tax obligations (e.g. VAT declaration), other than payments and withholding taxes, expiring between 8 March 2020 and 31 May 2020. These requirements will be carried out by 30 June 2020.

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Italy (3/5)

Suspension of withholding tax for taxpayers with revenues / fees not exceeding € 400,000

— For subjects operating in Italy and who in the tax period preceding the one in progress of the Legislative Decree n. 18 have achieved revenues or fees not exceeding Euro 400,000, the revenues and fees received in the period between the date of entry into force of the decree and March 31, 2020 are not subject to withholding taxes.

Suspension for taxpayers who also carry out business activities with revenues or fees not exceeding Euro 2 million operating in Italy

— Suspension of the deadline, between 8 March and 31 March 2020, relating to withholding tax payments on employee and related income, payments of value added tax, payments of social security contributions, insurance premiums.

Provisions concerning corporate liquidity - assignment of credits

— In the event of the sale by a company, for consideration, by December 31, 2020, of financial receivables due from debtors, transformation into tax credit of the deferred tax assets related to: tax losses not yet calculated as a decrease of taxable income.

— **Central Guarantee Fund (Fondo Centrale di Garanzia)**

— For a period of 9 months from the entry into force of Legislative Decree n. 18, intervention of the guarantee of the Central Guarantee Fund, up to € 5 million, per individual company, for financing operations, also for restructuring of debt.

Transport provisions

— Suspension of the terms of payment of the fees relating to the maritime transport of goods for the period between 16 March and 31 July 2020; the terms of periodic and deferred payment of customs duties are postponed for a further 30 days

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Italy (4/5)

Economics support

— the Italian government announced that it would inject 25Mds€ into the economy to fight the coronavirus epidemic to help sectors such as tourism and the logistics and transportation industry, which have been severely affected by the virus, This stimulus adds to previously announced support to regions, for a total of 900m€;

Moratorium on the payment of corporate debt has been introduced

— Supported by the government, the Italian Banking Association has announced an agreement with various professional associations to set up a large-scale moratorium on debt repayment, including mortgages. and repayments of small loans and revolving lines of credit. It will concern loans taken out by companies until 31 January 2020.

Liquidity shortages and facilitate access to financing

— The National Institute for Promotion and the development finance institution, have increased the funding limit for banking system from 1Mds€ to 3Mds€. The funds are intended to provide subsidized loans to SMEs and mid-caps to support cash flow and investments.

— Micro-enterprises and SMEs of all types, including freelancers and sole proprietorships, can benefit from a moratorium on a total volume of loans estimated at around 220Mds€. Credit lines, loans for advances on securities, short-term loan maturities and instalments of loans due are frozen until 30 September

To support export activity

— The Italian export credit agency (SACE) announced a package of 4Mds€ to help SMEs meet cash flow needs and diversify markets. export. In addition, the Italian Agency for the Promotion of Business Internationalization (ICE) has cancelled the costs already incurred by companies for participation in fairs and events, also offering alternative visibility solutions.

All industrial and commercial activities suspended, response to coronavirus (COVID-19)

— The Italian government on 22 March 2020 published a decree that essentially suspends all industrial and commercial activities, with certain exceptions for “essential activities.”

— The suspension directive applies to the whole of Italy and is effective from 23 March until 3 April 2020.

— Businesses subject to the directive have until 25 March 2020 to prepare to suspend their activities.

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Italy (5/5)

Enhanced transparency in "listed companies" and disclosure requirements (COVID-19)

- The Italian exchange commission (CONSOB) issued Resolution no. 21304 (17 March 2020) to lower the reporting threshold for substantial interests in listed companies.
- The resolution lowers the threshold for the reporting of substantial interest to 1% (down from 3%) for companies with "high market capitalization" and a large number of shareholders, and to 3% (down from 5%) for small and medium size entities (SMEs). CONSOB has not considered it necessary to extend the resolution to all Italian companies listed on the electronic share market (Mercato Telematico Azionario di Borsa Italiana S.p.A.); rather, the resolution only affects 48 companies, 10 of which are SMEs.
- The resolution is a relief measure relating to the coronavirus (COVID-19) pandemic and its implications for the Italian financial market. The intention to determine that corporate governance operates efficiently and transparently.

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Ireland (1/2)

Irish Revenue announced certain tax relief measures designed to help support small and medium businesses (SMEs) experiencing cash-flow and trading difficulties as a result of the coronavirus (COVID-19) pandemic.

The relief concerns value added tax (VAT) and “pay as you earn” (PAYE) obligations, such as:

— Interest on late payments of January and February VAT and both February and March PAYE liabilities are to be suspended.

— All tax enforcement activity will be suspended until further notice.

— Irish Revenue also announced that the planned “relevant contracts tax” (RCT) scheduled for March 2020 is suspended. RCT is a withholding tax that applies to certain payments by principal contractors to subcontractors in the construction, forestry, and meat-processing industries, at rates of tax of 0%, 20%, and 35%.

Irish Revenue announced that critical pharmaceutical products and medicines will be given “green routing” status for customs purposes in order to provide for an uninterrupted importation and supply process.

Filing/Payment Deadline Extension

— Tax returns must be sent on time regardless of businesses experiencing temporary cash flow difficulties

— The current tax clearance status will remain in place for all businesses over the coming months

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Ireland (2/2)

The Irish government on 24 March 2020 announced measures to provide financial support to Irish workers and companies affected by the coronavirus (COVID-19) crisis.

The measures include a temporary COVID-19 wage subsidy scheme that provides, for 12 weeks, a program focused on assisting employers with employees who were laid off without pay. The key features of the scheme include:

— Initially, and from Thursday 26 March 2020, the subsidy scheme will refund employers up to a maximum of €410 per each qualifying employee. However, employers should pay no more than the normal take home pay of the employee.

— From April 2020, the scheme will move to a subsidy payment based on 70% of the weekly average take home pay for each employee up to a maximum payment of €410. Revenue is to issue further detailed guidance on the calculation of the subsidy amount for different employee earning levels.

— Employee Pay Related Social Insurance (PRSI) will not apply to the subsidy amount and employer PRSI will apply at a rate of 0.5%.

Other income support measures for employees and self-employed persons.

In addition to the “Temporary Covid-19 Wage Subsidy Scheme” the government announced some further enhanced income support measures, including:

— Where employees who have been laid off, they can avail of an enhanced emergency COVID-19 Pandemic Unemployment payment by making an application direct to the Department of Employment Affairs and Social Protection (DEASP). This payment has been increased from €203 to €350 per week. Those claiming under the existing scheme will receive the increased €350 amount.

— Self-Employed individuals will be eligible for the COVID-19 Pandemic Unemployment Payment of €350 directly from DEASP rather than receiving payments from Revenue.

— The COVID-19 illness payment available to workers who have who have either been told to self-isolate or have been diagnosed with COVID-19 of €203 has also been increased to €350 per week.

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Latvia (1/1)

General information

The government has announced the following measures:

— The government will cover 75% of the costs of outbreak-induced sick leaves or workers' downtime, or up to EUR 700 per month;

— A postponement of tax overdue for up to three years if the overdue are an effect of the outbreak.

— Simplification and speeding-up of tax refunds for entrepreneurs and forego personal income tax advances in 2020.

A Latvian bank launched an initiative to support SMEs and Fintech in Baltic states

ALTUM, the national development finance institution, will provide loan guarantees and loans for crisis solutions to businesses affected by the Covid-19 crisis.

Interest rates on loans for tourism sector businesses will be cut by 50% for small and medium enterprises and by 15% for large enterprises in tourism and related sectors.

On March 24th, the government of Latvia announced tax relief measures to support businesses in response to the coronavirus (COVID-19) pandemic

In general, through 30 June 2020, tax relief allows for:

— Postponement of current and overdue tax payments, for up to three years, or the ability to make instalment payments when the delay is related to COVID-19 without triggering late-payment penalties; a request must be submitted to the tax authority

— A quicker process for refunds of input value added tax (VAT); beginning 1 April 2020, the tax authority will refund the approved input VAT within 30 days after the due date of submitting the VAT return (and not until end of the tax year), and the faster refund of input VAT will also apply for January and February 2020

— Cancellation of advance payments of individual (personal) income tax for self-employed individuals, and no late-payment fees for failure to remit the advance payments

— Postponement of real estate tax payments to be allowed by municipalities

— Submissions of financial statements (annual report and consolidated annual report) may be made later than the legal deadline (three or four months, respectively)

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Lithuania (1/1)

General information

The government launched a EUR 5 billion support plan in the week of 16 March, which includes EUR 500 million for maintaining business liquidity and EUR 1 billion for speeding up investment.

The Economic and Financial Action Plan provides for accelerating investment programmes by accelerating payments and increasing the intensity of funding. It plans to reallocate EU investment funds to health, employment and business, accelerate the use of public budget funds for running costs, to use all funds from the Climate Change and Road Maintenance and Development Programs and to accelerate renovation of apartment buildings.

In relation to the outbreak of the COVID-19 virus, the Lithuanian Government and the Tax authorities will apply certain tax related measures to assist tax payers with their ongoing obligations.

Corporate Income Tax (CIT):

— The deadline for submission of advance CIT returns and respective tax payment is deferred until 30 March 2020 (instead of 16 March 2020)

— Possibility to change the advance CIT calculation method, e.g. based on the prognosis for the current year (considering the possible income decline) instead of previous years' results.

Tax Administration:

— Possibility to apply for tax instalment (loan) agreement to defer tax underpayments (without interest). It should also be available for employer's Personal Income Tax (PIT) obligations (the exact terms and conditions should be confirmed)

  – Suspended recovery of tax underpayments

  – Taxpayers to be relieved from penalties and late payment interest (the procedures still to be confirmed)

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Luxembourg (1/2)

Direct taxes

— Companies and self-employed individuals that realise income from a profession, or commercial or agricultural activities can request help if they are facing liquidity issues due to COVID-19. Eligible taxpayers can file a request for: (1) cancellation (annulation) of the first and second quarterly advance payments for both (corporate) income tax and municipal business tax for 2020; and (2) a four-month extension to the deadline for the payment of (corporate) income, municipal business and net wealth taxes due after 29 February 2020, without any penalty for late payment. The tax authorities will automatically approve all eligible requests.

— Furthermore, the authorities have extended the deadline to file both corporate and individual (personal) income tax returns to 30 June 2020

VAT

— We expect to see the government pass measures to support enterprises, artists and freelancers very quickly. Among the soon-to-be released measures, the Luxembourg VAT authorities may extend the deadlines for submission of VAT returns and payment extensions. VAT credits below EUR10,000 should be reimbursed as from this week. Until new measures have been passed, the Luxembourg VAT authorities' have asked companies to communicate with them electronically, in so far as is possible.

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Luxembourg (2/2)

To help SMEs

— The Luxembourg Ministry for the Economy has set-up a hotline and website with information for enterprises, which includes a FAQ on existing measures for companies, including SMEs (financial support and partial employment).

— The government emphasised that SMEs experience more challenges related to liquidity than large companies as a result of such events. The granting of aid through the bill is subject to three conditions:

  – That an event has been recognised as having a harmful impact on the economic activity of certain undertakings during a given period;
  – That the company is experiencing temporary financial difficulties, and;
  – That there is a causal link between these difficulties and the event in question.

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Malta (1/5)

1. EU Commission adopts State aid Temporary Framework

On March 19, 2020, the European Commission adopted a Temporary Framework to support the economy in the context of the COVID-19 outbreak. The Commission noted that the main fiscal response to the Coronavirus will come from Member States' national budgets and that the Commission will enable Member States to use the full flexibility foreseen under EU State aid rules to tackle the impact of the Coronavirus on EU economies.

The Temporary Framework will enable Member States to:

— Establish and provide schemes of direct grants (or tax advantages or advance payments) of up to€800,000 to a company to address urgent liquidity needs;

— Give state guarantees on bank loans;

— Enable loans to businesses at subsidized interest rates; and

— Enable short-term export credit insurance.

In addition, the new Framework will also seek to support the banking sector, allowing banks to channel aid to final customers, in particular small and medium-sized enterprises (SMEs).

2. Eurogroup statement on COVID-19

19On March 16, 2020, the Eurogroup, which comprises the nineteen EU Member States that have adopted the Euro as their official currency, held a discussion with non-Euro Member Areas. The Eurogroup released a statement on the outcome of the discussions and highlighted the following proposed coordinated response measures:

— All national authorities will implement necessary measures to ensure that the economic consequences of COVID-19 are tackled, including by implementing temporary measures such as:

  – Immediate fiscal spending targeted at containment and treatment of the disease.
  – Liquidity support for firms facing severe disruption and liquidity shortages: this can include tax measures, public guarantees to help companies to borrow, export guarantees and the waiving of delay penalties in public procurement contracts.

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Malta (2/5)

2. Eurogroup statement on COVID-19 (continued)

- Support for affected workers to avoid employment and income losses, including short-term work support, extension of sick pay and unemployment benefits and deferral of income tax payments.

— The Eurogroup discussed the need to introduce measures to help economies recover once the Coronavirus has receded. In particular, the Eurogroup re-committed to continue work to further strengthen the architecture and resilience to shocks of the Economic and Monetary Union.

3. Launch of a Financial Package by the Maltese Government

Within the context of EU measures being adopted, during a press conference held on 18 March 2020, the Prime Minister together with the Minister for Finance and Financial Services and the Minister for the Economy, Investment and Small Businesses, announced a financial package to help the Maltese economy during the COVID-19 outbreak.

The Prime Minister explained that this financial package is intended to protect the liquidity of businesses and also to protect the Maltese families during this challenging period. The main measures can be summarised as follows:

Measures aimed towards the Economy in general

Deferral of payments of Income tax, Value Added Tax, Maternity Fund and National Insurance Contributions of up to €700 million. It appears that such tax deferrals have now been extended to all employers and self-employed irrespective of industry

— €150 million worth of bank guarantees to be provided.

— €750 million to be made available to businesses in the form of soft loans.

— 3-month moratorium can be requested from banks in relation to both personal and business loans.

— An additional €35 million to be made available to health authorities to cover any expenses necessary to

— fight COVID-19. This amount may be increased if necessary.

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Malta (3/5)

Measures aimed towards Employment

— €350 grant will be awarded to employers for each employee required to be on mandatory quarantine leave.

— Government will cover the equivalent of two days' salary per week (based on a salary of €800 per month) in relation to employees of enterprises, including self-employed, which suffered from a complete suspension of operations (such as hospitality and entertainment and language schools). Self-employed persons in these sectors who employ people will get coverage for an additional day.

— Government will also cover the equivalent of one day's salary per week (based on a salary of €800 per month) in relation to employees of enterprises, including self-employed, which suffered at least 25% reduction in operations. Self-employed persons who suffer such a reduction and who employ people will get coverage for an additional day.

— Workers who lost or will lose their job with effect from 9 March 2020 will be entitled to a new temporary benefit of €800 per month.

— Similarly, persons with disabilities who have to stay at home due to health concerns that may arise as a consequence of Covid-19 and cannot telework will be entitled to a benefit of €800 per month for a specified period.

Additional Social Measures

— Additional leave for two months to be paid at the rate of €800 per month to families with children where both parents/guardians work in the private sector and neither is able to telework. This measure is intended to ensure that parents/guardians can take care of children while schools remain closed.

— Employees who will lose their job and have rent to pay will be entitled to a rent subsidy including those not previously entitled to such subsidy.

— Furthermore, government will increase the rent subsidy for those families where one dependent had his/her employment terminated.

Other measures aimed at Third Country Nationals

— Enterprises which will terminate the employment of an employee will be denied the possibility to offer such employment to a Third Country National.

— Work permit applications in relation to new Third Country Nationals will no longer be accepted except for highly skilled workers.

— Assistance will be provided to Third Country Nationals to find alternative employment in case of job termination.

— Jobsplus will be helping to find alternative employment to those who lose their jobs and to employers seeking recruits.

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Malta (4/5)

Terms and conditions for applying for such tax deferrals

Objective

To improve business liquidity by easing pressures on their cash flow arising from the economic impact of the coronavirus pandemic and encourage the retention of employees

Eligible Taxes

Provisional tax, employee taxes, maternity fund payments and social security contributions, social security contributions of self-employed persons and Value Added Tax

Period covered

Eligible taxes which fall due in March and April 2020

Settlement period

Eligible taxes (excluding VAT) to be settled in four equal monthly instalments in the four month period between May and August 2020. VAT dues to be settled in two equal instalments with the two quarterly returns immediately following the quarter whose dues would have been deferred

Benefit

No interest or penalties to be charged in respect of eligible taxes that would have been deferred in terms of this scheme

Beneficiaries

Companies and self-employed persons that suffer a significant downturn in their turnover as a result of the economic constraints arising from the coronavirus pandemic and, as a result face substantial cash flow difficulties as identified in the online application form. Companies and self-employed persons not adversely hit are advised and encouraged not to avail themselves of this scheme. Ideally, eligible taxes should continue to be paid every month and on time because that would make for good business management

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Malta (5/5)

Terms and conditions for applying for such tax deferrals (continued)

Specifically excluded

Companies and self-employed persons which have failed to comply with their tax obligations (submission of documents / returns and payments) falling due by the 31st December 2019

Forfeiture of benefit

The benefit granted under this scheme shall be forfeited if the beneficiary is found to be in breach of any of its terms and conditions making use of this scheme under false pretences. In case of forfeiture, beneficiaries will have to settle their dues as demanded by the Commissioner for Revenue and such payments shall be subject to interest or penalties as stipulated by law

Submissions

The benefit granted under this scheme shall not remove the obligation of beneficiaries to submit documents and returns by the due date as required by law

How to apply

Submission of the online Tax Deferral Scheme application form by not later than the 15th April 2020

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Netherlands (1/3)

— The Cabinet on 17 March 2020 announced additional measures to support Dutch employees, self-employed individuals, and the Dutch business community facing challenges from the coronavirus.

— The new measures reflect a deferral for paying taxes including energy tax and the levying of sustainable energy storage (ODE) for companies in the second, third and fourth tax bracket.

— Beginning 23 March 2020, the Cabinet will temporarily reduce the “collection interest” for all tax debts from 4% to 0.01%. Recovery interest is normally due if an assessment is not paid on time (from the time that the payment term has expired). The Cabinet also has reduced the tax rate for all taxes to which it applies, from 8% (corporate tax) and 4% (other taxes) to 0.01%.

— To support SMEs hit by the crisis via the opening-up of the guarantee instrument for SMEs (BBMKB) for those affected by the outbreak, which according to the government would directly provide EUR 300 million extra credit for SMEs

— Tax interest is payable if an assessment cannot be determined in time, for example because the tax return is not submitted on time or for the correct amount. The decrease to 0.01% is also temporary in nature and will take effect from 1 June 2020, with the exception of income tax: an effective date of 1 July 2020 applies.

— The tax administration will reverse assessments of a default penalty for a failure to pay tax (on time).

— Concerning a reduction of the provisional assessment, requests for reduction in connection with the coronavirus will be granted by the tax authorities. If an entrepreneur has already (partially) paid the provisional assessment and the amount of the new provisional assessment is lower, the difference will be paid to the entrepreneur**.**

Deferral of tax payments for 3 months related to coronavirus (COVID-19):

The Deputy Minister of Finance on 19 March 2020 informed the Lower House that every business that is facing financial difficulties as a result of the coronavirus (COVID-19) crisis will be eligible for a deferral of payment with regard to their tax debts (payments of tax).

Taxpayers need to submit a written request for the deferral of tax payments to the Dutch Tax and Customs Administration

As soon as the business has filed the request, the Dutch tax authorities will hold off on collecting corporate income tax, payroll tax, value added tax (VAT), and individual (personal) income tax. The tax collection deferral will apply, in principle and automatically, for a period of three months.

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Netherlands (2/3)

Deferral of more than three months

— Additional information is required for requests of tax deferrals for periods of longer than three months (according to the website of the Dutch tax administration, the additional information may be a statement from an “expert” third party) in order to assess whether the financial difficulties are mainly caused by the coronavirus crisis. Businesses can use the first three months of tax deferral to provide this information.

— The government is currently considering what information will be necessary and how this can be provided as simply as possible. This aim is to limit the administrative burden for businesses as much as possible.

Business Income Tax

— If businesses expect to incur a loss for the 2020 financial year, whether or not due to the corona crisis, taxpayers may file a tax return immediately after the end of the financial year and request that this loss is provisionally set off against the profit for 2019 (as set by assessment) (provisional carry-back). Of the reported loss, 80% will be taken into account. The tax payable/paid for the 2019 financial year can then be either partly or fully reduced/refunded.

Filing/Payment Deadline Extension

No default penalty

— The tax administration will not impose or will reverse a default penalty assessment that has been imposed for non- payment of tax or late payment of tax.

Decrease provisional assessment

— If a provisional assessment has been imposed during the financial year, and it appears that the taxable profit will be lower than the profit estimated for the provisional assessment, a reduction of the provisional assessment can be requested (thus improving cash-flow since less tax will have to be paid immediately).

— The government has indicated that any requests for reduction in connection with the coronavirus will be granted by the tax authorities.

VAT refunds

— If the taxpayer’s customers are not able to pay their debts due to the coronavirus, then VAT paid in this regard can be reclaimed under certain conditions.

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Netherlands (3/3)

The Government offers a link to informs people

— The Netherlands Enterprise agency offers a link with a FAQ section. It contains health-related information, but also information for employers on shortening working hours.

— Overall information provision to companies on the outbreak takes place via Chambers of Commerce.

Measures for economic support

— Temporary measure for compensation of wage costs for companies. Companies expecting a drop in value added (minimum 20%) can ask for a compensation of 90% of costs, 80% can be given as an advance;

— Additional measures to support self-employed, who can get non reimbursable income support for three months through a fast track procedure, or a low interest loan for working capital;

— Enlargement of the Guarantee Entrepreneurs finance measure (GO) for SMEs and larger firms, by raising the guarantee ceiling from EUR 400 million to EUR 1.5 billion. GO provides a 50% guarantee on bank loan and bank guarantees (minimum EUR 1.5 million, maximum raised to EUR 150 million);

— Small firms are offered a six month delay in repayments of micro loans through credits, with lowered interest rates to 2%;

— Temporary opening of BMKB guarantee instrument for agricultural and horticultural companies, and;

— Compensation for sectors especially affected by the outbreak.

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Norway (1/1)

The government will establish two state-backed loan and guarantee schemes in the total amount of NOK 100 billion (approximately U.S. $10 billion) in an effort to provide liquidity for Norwegian enterprises.

Direct and indirect tax measures

— Tax relief for companies that carry back losses for that year against the two previous years' taxable profits

— Postponement of the second instalment of advance tax payment for companies (originally due 15 April)

— VAT reduced from 12% to 8% from 20 March 2020 to 31 October 2020.

— Sales subject to the VAT low rate of 8% include passenger transport, overnight lodging, public broadcasting, access to cinema, museums, amusement parks and major sporting events.

— Low rates mean that the tax must be calculated at a rate of 12% VAT on sales, while deducting VAT on acquisitions for use in the business is normally 25%.

— The tax return for VAT for the first VAT period (January and February 2020) would be filed on 10 April 2020 (actually due on 14 April 2020, which is the first business day after the deadline for delivery of the VAT return). The deadline for paying VAT for the first ordinary VAT period in 2020 would be 10 June 2020.

— Extension of time for traders and certain other business owners to make the first instalment of advance payment of tax for 2020 would be provided to 1 May 2020 (from 15 March 2020).

— Owners of loss-making companies in 2020 could postpone payments of net wealth tax in respect of the value of the companies

— The number of days employers are obliged to pay salaries to workers in case of temporary lay-offs would be reduced from 15 to two days. The intention is for this temporary measure to improve employers' liquidity and help avoid massive lay-offs

— A measure would suspend the tax on air passengers for flights from 1 January 2020 until 31 October 2020

— The proposal would allow the deduction of losses incurred in 2020 by filing an amended corporate income tax return, and a tax loss incurred in a given year would be deductible from income earned in five consecutive years.

— The Government's proposal would allow limited liability companies to apply up to NOK 30 million of corporate losses in 2020 against taxed profits the previous two years.

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Poland (1/1)

The government on 18 March 2018 presented economic measures in response to the coronavirus (COVID-19) pandemic, and among those measures are tax-related proposals. Moreover, the Minister of Finance announced that the tax on retail sales would be deferred until the end of the year.

Supporting business on hard times

— Retroactive settlement of tax loss—the ability to deduct losses incurred in 2020 by filing an amended corporate income tax return, and a tax loss incurred in a given year would be deductible from income earned in five consecutive years.

— Postponed deadlines—the effective date of new SAF-T-V7M would be postponed to 1 July 2020 (from 1 April 2020), and VAT settlements would be facilitated.

— The deadline for companies to enter information into a central register of beneficial ownership would be postponed to 1 July 2020 (from 13 April 2020).

— Social security contributions—a special order issued 17 March 2020 provides that entrepreneurs in “a difficult situation” may submit a simplified application for three-month deferment of the payment of social security contributions for February, March, and April 2020 (the deferral would apply for payments that had been due on 10 or 15 March, April, and May).

— This deferral will be subject to discretionary assessment. Moreover, if the entrepreneur is in arrears in the payment of contributions and cannot repay them in one payment, an instalment arrangement may be requested. Once this arrangement is signed, the enforcement proceedings will be suspended. Moreover, enforcement of receivables from the period February - April 2020 will be suspended for taxpayers, that at the end of January 2020, were not in arrears with social security contributions.

— Other changes—include:

  — Postponed deadline for filing individual income tax returns

  — Facilitations related to split-payment mechanism

  — Accelerated VAT refunds

  — Possible recognition of expenses as tax deductible costs, due to cancellations of tours by entities operating in the tourism sector

  — Relief from prolongation fee

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Portugal (1/2)

Following the outbreak of COVID-19 in Portugal, Order no. 104/2020 - XXII was issued to provide tax relief as well as to address other challenges that companies may encounter.

Regarding tax matters, the deadlines for some tax obligations of companies have been postponed, including the following:

— Postponement of the deadline regarding the first instalment of the special payment on account (due in March) to 30 June 2020, without being subject to any penalty

— Postponement of the deadline for filing the corporate income tax return (“Modelo 22”) for the 2019 tax period—it has been extended from 31 May 2020 to 31 July 2020, without any penalty

— Postponement of the deadline regarding the first instalment of the payment on account and the first instalment of the additional payment on account by companies (due in July) to 31 August 2020, without any penalty

— Situations of infection or preventative isolation of taxpayers and their accountants, declared by health authorities will be considered reasonable cause for a delay to the fulfilment of tax reporting obligations

Specific health guidance for companies has been issued.

— On 9 March, the government announced it was earmarking EUR 200 million in loans to support SMEs. This was followed on 10 March by the announcement of the launch of a credit line to support treasury to companies affected by the outbreak, in the initial amount of EUR 100 million. The package includes measures to support liquidity but also to support of wages.

— The Government is preparing to pass extraordinary legislation that will simplify the lay-off regime in companies whose activity is affected by the effects of the Covid-19 epidemic, exemption from contributions to Social Security for up to seven months for companies. Furthermore, there is an extension of the deadlines for compliance with some corporate tax obligations.

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Portugal (2/2)

On March 17, the government announced a EUR 9.2 billion stimulus package. The package consists of EUR 5.2 billion euros in fiscal stimulus, EUR 3 billion in state-backed credit guarantees and EUR 1 billion related to social security payments, and will include soft loans, and a delay some tax payments to support businesses.195 The announced measures include:

— EUR 200 million credit line to support companies' treasury needs;

— An extension of tax payment deadlines;

— A credit line of EUR 60 million for micro-companies in the tourism sector;

— A special budget to allow people who are out of a job to get training,

— Deferred payments on all contributions by self-employed people.

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Romania (1/1)

General information

On 18 March, the government announced a package to support companies. The measures aim to increase the liquidity of the companies and support the companies that temporarily suspend their activity. The measures include:

— Covering 75% of the salary of employees sent into technical unemployment by companies affected by the coronavirus crisis

— Raising the ceiling for credit guarantees for SMEs affected by the coronavirus crisis by LEI 5 billion, which depending on the financing needs of SMEs, can be increased even further to LEI 15 billion. Interest is 100% subsidized. The guarantee will cover 90% of loan amounts of up to LEI 1 million lei and 50% for credits of over LEI 1 million.

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Russia (1/1)

Monetary policy

— The Bank of Russia has announced an online press conference following its policy meeting on March 20th to explain its decision. Most analysts expect it to keep its policy rate unchanged, at 6%.

— The bank has also announced that it is monitoring the situation in financial markets closely. On March 10th and March 13th, it engaged in repo auctions of 500 billion rubbles to ensure sufficient liquidity in the banking sector. It has also engaged in selling foreign currency in the domestic market and foregone scheduled domestic forex purchases. Finally, the central bank has eased some banking regulations, such as loan risk weightings, to ensure that banks maintain lending to producers of pharmaceuticals and medical equipment.

Fiscal policy

— A crisis fund of $4.05 billion has been established to support the economy and compensate quarantined citizens for lost income.

Labour policy

— On March 23, authorities are preparing measures to prevent employers from firing workers who cannot come to work due to quarantine. Moscow city authorities order telecoms to continue providing service for quarantined users with zero balances, and require utilities to cancel late payment fees.

— The government urging employers to allow employees to work from home.

Trade restrictions

— On March 23, authorities are studying measures that may prevent the export of essential medicines and other goods.

— Simplification of certain customs procedures and other regulations seen as impeding the flow of essential imports.

Incentives to companies to continue operating

— Tax holidays to support aviation and tourism industries.

— Low-cost loans to retail sector and small- and medium enterprises.

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Serbia (1/1)

1. Tax Measures to Mitigate the Economic Consequences of COVID-19 Disease.

The Government of Serbia issued a Decree on Tax Measures to Mitigate the Economic Consequences of COVID-19 Disease during the State of Emergency (Decree). The Decree enters into force immediately, i.e. on 20 March 2020. The measures aim to increase taxpayers' liquidity.

Reduction of the default interest rate

— The Decree provides for a 10 percentage points reduction in the default interest rate for underpaid or overpaid tax, so that it now becomes equal to the National Bank of Serbia (NBS) annual reference rate.

— Given the current annual reference rate of the NBS, the default interest rate has been reduced from 11.75% to 1.75% per annum since 20 March 2020.

Taxpayer - specific relief

— For taxpayers who have been granted a deferred payment of the tax debt within the meaning of Articles 73-74b of the Law on Tax Procedure and Tax Administration, during the state of emergency, starting from the instalment due in March 2020, the Tax Authorities will not annul the agreement with the Tax Authorities, i.e. cancel the decision on the delay of payment of the tax debt, or initiate the forced collection procedure. During this period, no default interest will be charged on the tax debt.

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Slovakia (1/2)

The Slovak Government the Government approved the Draft Regulation of the Slovak Government on the cancelation of the tax underpayment corresponding to the unpaid penalty related to the paid income tax ("Regulation").

Immediately feasible measures

- Granting of short-term interest-free loans for companies (mainly SMEs) via EXIMBANKA (Export-Import Bank) and the Slovak Guarantee and Development Bank (SZRB) to overcome the period of state of emergency.
- Postponement the deadline for filing the income tax returns for individuals and legal entities until 30 June 2020.
- Postponement for duty to pay taxes for every tax payer until 30 June 2020.
- Postponement for duty to submit VAT returns and the deadline to pay VAT on the basis of tax subject's notice.
- Extension of deadline for tax inspections and local investigation – mainly in actions requiring personal contact, witness hearings, verbal notice to appear and proceedings and inspection of records. Ensuring of controlled deadlines of financial obligations the government has towards companies.
- Remit of interest on late tax income prepayments if the arrears appear during the current period and will be paid until the end of this year.
- Postponement of obligatory social and health payments in the period from March 2020 until June 2020 for legal entities and self-employed persons.
- Absolute exemption from social and health payments for employees, income taxes for those employers, who are unable to assign work to their employees for the reason of adhering to orders putting down the operation as a result of preventive quarantine measures.
- Extension of deadline for customs debt payment (from 10) to 30 – 45 days.
- Automatic extension of validity of MOT and emission tests for vehicles having expired validity from 13 March (including) until 12 June.
- Financing of costs of supported technologies producing electricity during the period March– December (which would lead to the lower price of tariff for the operation of the system)
- Negotiations with bank and finance sectors on possible postponement of loan instalments, mortgages and leasing without negative records in register for the debtor. Negotiations on possible bank product that would help companies to overcome the adverse financial situation – for that purpose, banks would be proportionally exempted the bank levy payments. Negotiations on the possibility that insurance companies would not have to pay the levies.

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Slovakia (2/2)

Immediately feasible measures (continued)

— Negotiations with energy suppliers for the purpose of exemption from companies to pay penalties for not complying with arranged diagram of electric energy consumption.

— Exemption for companies from paying penalties if they are unable to carry out public contracts.

— Restriction of new and planned controlling actions of companies and businesses until June.

— Negotiations on the EU level on enabling of use of euro funds for the purpose of covering of the effects of COVID-19 and financial rehabilitation.

Measures requiring legislative adjustments

— Change in conditions of the ‘care for a family member’. If the child has two parents, one of them stays at home and would receive 80% of the average salary (this would be paid by the Social Insurance Agency). If the child has only one parent, the government would provide a financial voucher for the purpose of home care services.

— Introduction of a new status – the so called ‘quarantine incapacity to work’ eligible for sickness benefits (The Social Insurance Agency would pay the costs from the day 1).

— Simplification of conditions for payment of a contribution for job retention to help SMEs and self-employed.

— Adjustment of regulation on production of alcohol for the purpose of disinfectant production.

Measures supporting repeated economic growth

— Adjustment of possible tax loss depreciation not to be limited in any way or to be limited by a certain period.

— Support for investing in the private sector via sped up tax depreciation and using the tools provided by Slovak Investment Holding, European Investment Bank or Slovak Business Agency.

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Slovenia (1/1)

General information

On 10 March, the government presented eight crisis measures of EUR 1 billion to ensure the liquidity of companies, aid in the preservation of jobs, minimize the damage already incurred and guarantee that the situation of companies on the market does not further deteriorate.

The measures include immediate intervention measures as well as strategic measures for the restructuring of supply chains, and include:

— An intervention law for co-financing temporary lay-offs

— Lines of credit at the SID Bank, the Slovenian Enterprise Fund and the Slovenian Regional Development Fund

— Aid in the field of internationalization

— Aid to companies in difficulty, telework and quarantine cases

— A proposal for tax deferral

— Measures in the field of tourism promotion.

— Furthermore, media report on measures regarding self-employed.

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Spain (1/7)

1. General package

— Three pieces of legislation—Royal Decree-Law 6/2020, Royal Decree-Law 7/2020, and Royal Decree 463/2020—provide initial measures to address the coronavirus (COVID) crisis. The legislation includes measures that address health and the economy at large, with a particular emphasis on the tourism industry, small and medium size enterprises (SMEs), and the self- employed, as well as persons affected by the containment measures.

— Given the gravity of the situation, it is expected that these are but the first of many laws, decrees and ministerial orders (presumably some would be announced at the next cabinet meeting). These measures are at the national level, and they could be supplemented by measures at regional and local levels

2. More flexible mechanisms for temporary adjustments of activity

Exceptional measures in relation to the procedures for the suspension of contracts and reduction of working hours by reason of force majeure (Art. 24)

— The procedure shall be initiated by the company, accompanied by a report on the loss of activity as a result of COVID-19.

— Force majeure must be deemed to exist by the labour authority, irrespective of the number of workers affected.

— On receipt of the report from the labour and social security inspection service, the labour authority must, where appropriate, hand down a decision within five days of the request.

— The labour and social security inspection's report will be drawn up within a non-extendable period of five days.

Exceptional measures in relation to the procedures for the suspension and reduction of working hours for economic, technical, organisational and production-related reasons linked to COVID-19. (Art. 24)

— Where there are no workers' statutory representatives, the representative committee will be made up of the labour unions with the highest membership in the sector. If it cannot be assembled with those representatives, the committee will be made up of three workers.

— Consultation period between the company and the workers: up to 7 days

— The labour and social security inspection report: up to 7 days

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Spain (2/7)

Exceptional measures in relation to the procedures for the suspension of contracts and reduction of working hours by reason of force majeure (Art. 24)

— In procedures involving the suspension of contracts and reduction of working hours by reason of temporary force majeure related to COVID-19,

— the Social Security authority will exempt the company from the payment of the employer's contribution and the contributions for joint collection items while the authorised suspension of contracts and reduction of working hours persists

— With 50 or more workers registered with the social security, the exemption from the obligation to pay contributions will cover 75% of the employer's contribution.

— This exemption shall have no effects for the worker, as the aforementioned period shall be deemed to be a contribution period to all intents and purposes

Extraordinary measures regarding unemployment benefits for application of the procedures referred to in Articles 22 and 23. (Art. 25)

— The right to the contributory unemployment benefit shall be recognised even if workers have not met the minimum contribution period required.

— The time during which the contributory unemployment benefit is received for the aforementioned extraordinary reasons shall not be included for the purposes of determining completion of the established maximum periods for receiving benefits.

Temporary limitation of the effects of late filing of applications for unemployment benefits (Art. 26)

— These effects shall not apply during the period of enforcement of the extraordinary measures adopted regarding public health.

Extraordinary measures related to the extension of unemployment benefits and the period for filing annual income tax returns (Art. 27).

— The managing entity shall be authorised to extend ex officio the right to receive unemployment benefits in the case of workers who are eligible for a six-month extension (irrespective of whether they have applied for it).

— In the case of unemployment benefit recipients over 52 years of age, payment of benefits and social security contributions shall not be interrupted even in the event of late filing of the requisite annual income tax return

Duration of the measures provided for in Chapter II (Art. 28).

— The measures provided for in Articles 22, 23, 24 and 25 of this Royal Decree-law shall remain in force for as long as the extraordinary situation caused by COVID-19 shall persist.

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Spain (3/7)

3. Guarantee of liquidity to sustain economic activity

Approval of a credit line whereby the State shall cover the financing extended by financial institutions to companies and self-employed persons. (Art. 29)

— Approval of a credit line whereby the State shall cover the financing extended by financial institutions to companies and self-employed persons. The Ministry of Foreign Affairs and Digital Transformation will grant up to Euros 100,000 million in guarantees for funding provided by credit institutions.

— The conditions that apply and the requirements that must be met, including the maximum period for applying for the guarantee, shall be established by the Council of Ministers without the need to enact any subsequent implementing regulations.

— The guarantees granted under this regulation and the terms and conditions agreed by the Council of Ministers shall comply with European Union regulations on state aid.

Raising of the net indebtedness limit of the Spanish official credit institute (ICO) to increase the ICO credit facilities for the financing of companies and the self-employed. (Art. 30)

— The net indebtedness limit of the Spanish official credit institute (ICO) provided in the General State Budget Law will be raised by Euros 10,000 million to provide companies, particularly SMEs and self-employed workers, with additional liquidity. This will take the form of short-, medium- and long-term ICO financing facilities provided through financial institutions, and of direct funding for larger companies, in accordance with ICO's policy regarding financing.

— The decision-making bodies of the ICO will adopt the necessary measures to make more funds available and provide greater flexibility of funding, as well as to improve company access to credit while preserving the necessary financial equilibrium stipulated in its articles of association.

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Spain (4/7)

Extraordinary insurance cover facility. (Art. 31)

— **Beneficiaries:** Spanish small and medium enterprises (SMEs) and other larger unlisted companies in the following circumstances:

  – Companies engaged in international trade or that are in the process of internationalisation, and that meet at least one of the following requirements:

    — companies whose international operations, as reflected in the latest available financial information, account for at least one-third (33%) of their turnover, or

    — companies with regular export activities (those that have carried out regular exports over the past four years in accordance with the criteria established by the Secretariat of State for Trade).

  – companies that are experiencing liquidity problems or lack of access to funding as a result of the impact of the crisis caused by COVID-19 on their economic activity.

— **Excluded:** companies in technical insolvency or in pre-insolvency proceedings, and companies in default of payments to public sector companies or that have outstanding debts with the administration.

— **Formalisation:** two tranches of Euros 1,000 million each, the second of which will go into effect on verification that the first tranche has been issued in a satisfactory manner.

Suspension of tax time periods. (Art. 33)

— Among others, the time periods for payment of tax debts, the expiry dates for time periods and split payments under deferred and split payment agreements that have already been granted.

— In addition, foreclosures of real estate collateral will be suspended from the entry into force of this Royal Decree-law until 30 April 2020.

— The period from the entry into force of this Royal Decree-law until 30 April 2020 will not counted towards the maximum time limit for tax-application procedures, tax penalties and reviews carried out by the State Tax Agency. However, during that period the tax authorities may implement, order and perform essential procedures.

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Spain (5/7)

Financial measures aimed at owners of agricultural holdings that arranged loans due to the drought in 2017 (Art. 35)

— Owners of agricultural holdings who, affected by the drought in 2017, contracted credit facilities, will be allowed to voluntarily enter into agreements with financial institutions to extend the repayment periods of their loans by up to one year, which shall be considered a grace period.

— The Ministry of Agriculture, Fisheries and Food will finance the additional cost of the guarantees granted by the Sociedad Anónima Estatal de Caución Agraria (SAECA) as a result of extending the aforementioned repayment periods.

Measures in the area of public contracting to alleviate the consequences of COVID-19. (Art. 34)

— Public contracts for ongoing utilities and services which can no longer be performed or are impossible to continue, as a result of COVID-19 or the measures adopted by the State, the autonomous regions or local authorities to combat the virus, will be automatically suspended from the moment their provision becomes impossible and until such time as they can be performed again.

Measures in the area of public contracting to alleviate the consequences of COVID-19. (Art. 34) (continued)

— When fulfilment of a public contract is suspended, the grantor must indemnify the contractor for the damage and loss effectively suffered during the suspension period, subject to an application and confirmation thereof. The compensation for damage and loss that may be paid to a contractor shall only include the following:

  – The salary costs of personnel that are assigned on 14 March 2020 to the normal performance of the contract, during the suspension period.
  – Costs of maintaining definitive guarantees, related to the contract suspension period.
  – Rental or maintenance costs of machinery directly allocated to the performance of the contract, provided that the contractor can provide evidence that these could not be used for any other purposes.
  – Expenses of insurance policies stipulated in the specifications and related to the purpose of the contracts entered into by the contractor and that were in force at the time the contract was suspended.

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Spain (6/7)

4. Additional measures to enable an adequate response

Period for petitioning for insolvency proceedings. (Art. 43)

— Insolvent debtors will be under no obligation to apply to the courts for an insolvency order while the state of emergency is in force.

— Until two months from the end of the state of emergency, judges will not grant leave to proceed with any petitions for necessary insolvency filed while the state of emergency was in force or any filed during these two months.

— Any voluntary petition for an insolvency order that has been filed will be admitted for consideration, on a priority basis, even if it has a later date.

— Debtors will likewise not have to file for insolvency while the state of emergency is in force if they have given notice to the competent court for insolvency proceedings that negotiations have been started with creditors to reach a refinancing agreement or an out-of-court settlement or to gain acceptance of an advanced proposal of a creditors' agreement, even though the time period referred to in article 5.5bis of Insolvency Law 22/2003, of 9 July 2003, has expired.

5. Other measures– Royal Decree-7 2020

Measures to support the tourism industry

Increase in the Thomas Cook financing line to assist companies incorporated in Spain within certain economic sectors (art. 12).

— The budget item of the Ministry of Industry, Commerce and Tourism guaranteeing 50% of the debt drawn down from the ICO credit line will be raised from the initial Euros 100 million to Euros 200 million so as to cover the increased financing line up to Euros 400 million, adjusting the corresponding budgeted amounts in each year to these new limits.

Measures to support the continuation of the employment of workers with permanent seasonal contracts in the tourism industry and tourism-related retail and hotel and restaurant sectors (art. 13).

— Companies (excluding those in the public sector) in the tourism industry, as well as those in the tourism-related retail and hotel and restaurant sectors, which generate productive activity between February and June and which hire or retain workers under permanent seasonal contracts during such months will be able to apply a 50% reduction of employers' social security contributions for non-occupational contingencies, and for the joint refunding of unemployment benefits, the wage guarantee fund (FOGASA) and vocational training in respect of such workers.

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Spain (7/7)

Transitional financial support measures

Deferral of tax debts (art. 14).

— The deferral of payment of tax debts shall be granted for all tax returns and self-assessments with a filing and payment deadline falling between the date of entry into force of this Royal Decree-law and 30 May 2020.

— Eligibility: companies whose turnover in 2019 was less than €6,010,121.04

— Conditions of deferral: 6 months, with no interest accruing for the first three months.

Request for extraordinary deferral of repayment schedule for loans granted by the General Secretariat for Industry and Small and Medium Enterprises (art. 15)

— Companies (excluding those in the public sector) in the tourism industry, as well as those in the tourism-related retail and hotel and restaurant sectors, which generate productive activity between February and June and which hire or retain workers under permanent seasonal contracts during such months will be able to apply a 50% reduction of employers' social security contributions for non-occupational contingencies, and for the joint refunding of unemployment benefits, the wage guarantee fund (FOGASA) and vocational training in respect of such workers.

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Sweden (1/2)

On 16 March 2020, the Swedish Government submitted a referral for a changed budget due to the Corona crisis. The parliament is expected to approve the proposal on the 19 March 2020.

Strengthen companies' liquidity through deferral of tax payments

— The Swedish Government's proposal means that companies may receive a deferral of payment of employer's social security contributions, preliminary taxes on salary and VAT that is reported on a monthly or quarterly basis.

— Companies' extension of payment includes tax payments for three months and can be granted up to 12 months.

— It is proposed that the new rules will come into force from 7 April 2020. They may however be applied retroactively from 1 January 2020. This means that companies that have made tax payments for January to March may have this tax refunded from the Swedish Tax Agency. Interest of currently 1.25% p.a. and a fee of 0.3% per month is levied on the amount during the extension period. Extension of payment will only be granted companies that do not mismanage their financials. Moreover, extension cannot be granted for companies with substantial tax debts. Companies must apply for extension with the Tax Agency.

— The Riksbank indicated on 10 March it stands ready to take measures to improve liquidity in case the economic effects of the coronavirus. On 13 March, it announced it was lending up to SEK 500 billion (about EUR 46 billion) to companies via the banks, to avoid robust companies being put under financial stress as a result of the spread of the coronavirus. The Riksbank is prepared to take further measures and to supply necessary liquidity

Temporary lay-offs

— The temporary lay-offs are aimed to save employments in Sweden. The employees will, during the temporary lay-offs, reduce their work hours but still receive more than 90 percent of the salary, with a cap up to SEK 44,000 per month. The Government will take on 75 per cent of the cost for the employee´s reduced work hours. The suggested measure will come into force on the 7 April and will be applied from the 16 March 2020 to the 31 December 2020.

— The Swedish Agency for Economic and Regional Growth (Tillväxtverket) will be the government body responsible to process and decide on temporary lay-offs. To receive the support an application must be submitted to the Agency. If rejected by the Agency, it will be possible to appeal the decision to the Administrative Court.

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Sweden (2/2)

Tax incentive/ Tax measures (Proposed)

Postponement with payment of:

— Preliminary tax payment on salaries,

— VAT

— Employers' contribution for 3 months payments during Jan – Sep 2020. Postponement as longest for 12 months.

Adjusted rules for splitting of costs between the state and the employer when an employee reduces work time and salary.

The Swedish state will assume the responsibility for payment of sick pay (Sw. sjuklön) during April and May.

Tax incentive/ Tax measures (Enacted)

— Adjustment of monthly payments of preliminary tax

— Companies can defer payment of employers' social security contributions, preliminary tax on salaries and value added tax that are reported monthly or quarterly. The payment respite covers tax payments for three months and is to be granted for up to 12 months. It is proposed that the new regulations will take effect on 7 April 2020, but can be retroactively applied from 1 January 2020. This means that companies that have paid into their tax account for January to March can receive repayment of the tax from the Swedish Tax Agency.

— The proposal on short-term layoffs is based on a previous proposal on a new system of support in the event of short-time work, but the degree of subsidy has been significantly increased. Central government will cover three quarters of the costs when staff working hours are reduced, compared with short-time work where central government covers one third of the costs. This proposal means that employers' wage costs can be halved, while employees receive more than 90 per cent of their wage. The aim is for affected companies to be able to retain their staff and rapidly gear up again when the situation improves.

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Switzerland (1/6)

On 20 March 2020, the Federal Council approved a package of measures worth CHF 32 billion to mitigate the economic impact of the spread of the coronavirus. Taking into account the measures decided on 13 March, more than CHF 40 billion will be available. The ball is now in Parliament's court: the Finance Delegation will decide on this at the beginning of next week. The aim of these measures, which are aimed at different target groups, is to safeguard jobs, guarantee wages and support the self-employed. Measures have also been taken in the field of culture and sport to prevent bankruptcies and to cushion the financial consequences.

These new measures aim to avoid as far as possible cases of hardship and to provide, where necessary, targeted and rapid support to the persons and branches concerned by means of procedures that are as simple as possible from an administrative point of view.

Overview of measures:

Aid to undertakings in the form of liquidity (Proposed)

Affected by company closures and falling demand, many companies have less and less cash to cover their running costs, despite compensation for reduced working hours. A package of additional measures has therefore been adopted to prevent otherwise solvent companies from finding themselves in difficulty.

— Immediate assistance in the form of specific transitional credits: the Confederation will set up a guarantee programme with a volume of CHF 20 billion to ensure that affected SMEs (sole proprietorships, partnerships and legal entities) obtain transitional bank credits. This programme will be based on the existing structures of the guarantee organisations. The aim is that the companies concerned will be able to access credits of up to 10% of their turnover or up to CHF 20 million quickly and simply. Amounts up to CHF 0.5 million will be paid out immediately by the banks and will be fully covered by the federal guarantee. For amounts exceeding this ceiling, the guarantee will be reduced to 85%, which will then be subject to a brief review by the banks. Amounts up to CHF 0.5 million should cover the needs of more than 90% of the companies affected by the consequences of the coronavirus epidemic. The Federal Council, which estimates the volume of credits guaranteed by the Confederation at CHF 20 billion, will ask the Federal Chambers for an urgent commitment credit. This will be submitted to the Finance Delegation of the Federal Assembly for approval in the next few days. The broad outlines of the project will be the subject of an ordinance of necessity which will be adopted and published in the middle of next week. Only then will it be possible to answer questions from the affected companies on how to submit applications.

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Switzerland (2/6)

Aid to undertakings in the form of liquidity (continued)

— Deferral of social insurance contributions: Companies affected by the crisis will be able to defer the payment of social insurance contributions temporarily and without interest. They will also be able to adjust the usual amount of advance payments made under these insurances in the event of a significant drop in the wage bill. These measures also apply to self-employed persons whose turnover has fallen. The AHV compensation funds are responsible for examining the deferral of payments and the reduction of advance payments.

— Liquidity reserve in the tax area and for suppliers to the Confederation: companies will be able to postpone payment deadlines without interest on arrears. The interest rate will be reduced to 0.0% for VAT, certain customs duties, special consumption taxes and incentive taxes between 21 March and 31 December 2020; and no default interest will be charged during this period. An identical regulation applies for direct federal tax from March 1 to December 31, 2020. Finally, the Federal Finance Administration has instructed the administrative units to check and settle creditors' invoices as quickly as possible, without waiting for payment deadlines to expire, in order to increase the liquidity of the Confederation's suppliers.

— Suspension of debt collection and bankruptcy proceedings under the Federal Debt Enforcement and Bankruptcy Act (DEBA): From 19 March to 4 April 2020 inclusive, debtors cannot be prosecuted throughout Switzerland. The Federal Council decided on the suspension of debt collection and bankruptcy proceedings at its meeting on 18 March 2020.

Extension of short-time working and simplification of procedures (Proposed)

The instrument of reduced working hours (short-time working) makes it possible to compensate for a temporary drop in activity and to preserve jobs. Today's exceptional economic situation is also hitting hard at people who work for a limited period of time or on a temporary basis, at people in a position similar to that of an employer and at people who are doing an apprenticeship. For this reason, the entitlement to compensation for reduced working hours will be extended, and it will be easier to apply for it.

— Short-time working may now also be granted to employees with a limited period of employment and to persons in the service of a temporary work organisation.

— The loss of work will also be counted for persons who are in an apprenticeship.

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Switzerland (3/6)

Extension of short-time working and simplification of procedures (continued)

— Short-time work may be granted to persons who occupy a position comparable to that of an employer. This includes, for example, partners in a limited liability company (GmbH) who work for remuneration in the company. Persons who work in the company of their spouse or registered partner can also benefit from short-time working and claim a lump-sum compensation of CHF 3,320 for a full-time position.

— The waiting period (waiting period) for entitlement to short-time working, which had already been shortened, is abolished. This means that the employer will not have to assume any loss of work.

— Employees will no longer have to work overtime before they can benefit from short-time working.

— Provisions have been introduced to simplify the processing of claims and the payment of benefits in the event of short-time working as quickly as possible. For example, it will be possible to pay outstanding wages by means of an advance payment of short-time working benefits.

Compensation for loss of earnings for self-employed persons (Proposed)

— Self-employed persons who suffer a loss of earnings due to government measures to combat the coronavirus will be compensated if they are not already receiving compensation or insurance benefits. Compensation is provided in the following cases:

— closure of schools;

— quarantine ordered by a doctor;

— closure of an independently managed school open to the public.

— The regulations also apply to independent artists who have suffered a loss of earnings because their engagement has been cancelled due to coronavirus control measures or because they have had to cancel an independently organised event.

— Compensation is paid on the basis of the earnings loss allowance scheme and is paid in the form of per diems. These correspond to 80% of the salary and are capped at CHF 196 per day. The number of daily allowances for self-employed persons who are in quarantine or who assume managerial duties is limited to 10 and 30 days respectively. Claims will be examined and the benefit paid out by the Old Age and Survivors Insurance (AVS) compensation funds.

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Switzerland (4/6)

Earnings Loss Allowances for Employees (Proposed)

— Parents who have to interrupt their professional activity to take care of their children are entitled to compensation. The same applies in the case of interruption of work due to a quarantine ordered by a doctor. As for self-employed persons, compensation will be paid on the basis of the system of loss of earnings allowances (loss of earnings allowances for service and maternity) and paid in the form of daily allowances. These correspond to 80% of salary and are capped at CHF 196 per day. The number of daily allowances is limited to 10 for persons in quarantine.

— Culture: 280 million francs released for immediate assistance and cancellation compensation.

— The Federal Council wants to prevent lasting damage to Switzerland's cultural landscape and to maintain the country's cultural diversity. Immediate aid and compensation should help to alleviate the economic consequences of the ban on events for the cultural world (performing arts, design, film, visual arts, literature, music and museums). An initial tranche of CHF 280 million will be made available for two months. During these two months, the Confederation will discuss developments with the cantons and cultural organisations. The following measures are planned:

  – Firstly, the Confederation provides financial means to provide immediate assistance to cultural enterprises and artists: non-profit cultural enterprises (e.g. foundations) facing liquidity problems will be able to obtain interest-free repayable loans. Artists, for their part, may apply for non-repayable emergency aid for their immediate vital needs, provided that these are not covered by the new allowances paid on the basis of the allowance for loss of earnings scheme. The cantons (in the case of cultural enterprises) and the association Suisseculture Sociale (in the case of artists) are responsible for implementing this measure.

  – Secondly, cultural enterprises and artists may claim compensation from the cantons for financial loss caused in particular by the cancellation or postponement of events or the closure of establishments. This compensation will cover a maximum of 80% of the damage; the Confederation will pay half of the compensation granted by the cantons.

  – Thirdly, amateur music and theatre companies may be financially supported in covering the costs of cancelling or postponing events.

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Switzerland (5/6)

100 million francs for sports organisations (Proposed)

— Due to the cancellation of amateur or professional sports competitions and championships, the survival of sports clubs and associations as well as organisers of sporting events is at stake. In order to prevent the structures of the Swiss sports world from being undermined, the Federal Council is making the following financial assistance available:

— CHF 50 million in repayable loans to enable organisations that are active in a Swiss league and focus primarily on professional sport or that organise professional sports competitions to overcome liquidity shortages ;

— CHF 50 million in subsidies for voluntary organisations promoting mainly grassroots sport that are threatened in their existence.

— This support will be linked to the obligation for leagues and federations to take measures to ensure their liquidity levels in the event of a crisis. This obligation will be enshrined in the performance agreement that the Confederation concludes annually with Swiss Olympic.

— In addition, today's ordinance, which is valid for a maximum of six months, allows for the flexible handling of interruptions to training and further training within the framework of the Youth & Sport and Adult Sport programmes. These provisions also apply to the training courses provided by the Swiss Federal Institute of Sport in Magglingen.

Tourism and regional policy (Proposed)

— Emergency measures have already been implemented as early as February 2020 under the tourism promotion instruments. These were mainly information and advisory activities as well as measures to overcome liquidity shortages. The Confederation is strengthening its support by waiving the repayment of the outstanding balance of the additional loan granted to the Swiss Hotel Credit Corporation (SCH), which expired at the end of 2019. The SCH thus has an additional CHF 5.5 million at its disposal for loans to retroactively finance the investments of the accommodation facilities, which the latter have financed through their cash flow over the past two years.

— Within the framework of regional policy, federal loans for projects (60% of which are in the tourism sector) currently amount to around CHF 530 million. By law, the management of these loans is delegated to the cantons. In order to make more liquidity available to borrowers, the Confederation allows the cantons greater flexibility in managing the possibilities of deferring payments. This should help the ropeway sector in particular in the short term, where repayments often fall due after the winter season.

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Switzerland (6/6)

Additional measures relating to the Labour Act (Proposed)

— Hospitals and clinics, in particular, are under great strain in the current situation. It is impossible for them to employ their staff in compliance with all legal provisions given their extraordinary workload and limited staff numbers. They will be allowed the greatest possible flexibility in terms of working hours and rest periods. The priority remains, however, to ensure sufficient protection for medical and nursing staff, care assistants and all other persons involved, who contribute with their valuable commitment to the management of this exceptional situation.

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United Kingdom (1/5)

1. General package

The Chancellor has today set out a 12Mds package of temporary, timely and targeted measures to support public services, individuals and businesses through the economic disruption caused by COVID-19

The government continues to work closely with the Bank of England and international partners and has announced a three-point plan at the Budget:

— To support Public Services (NHS in particular)

— To support People affected by Covid-19

— To support businesses experiencing increases in costs or financial disruptions

2. Available measures to support people not employed by corporations to support the Economy

Statutory Sick Pay (SSP) will now be available for eligible individuals diagnosed with COVID-19 or those who are unable to work because they are self-isolating in line with Government advice. This is in addition to the change announced by the Prime Minister that SSP will be payable from day 1 instead of day 4 for affected individuals.

— Those who are not eligible for SSP, for example the self-employed or people earning below the Lower Earnings Limit of £118 per week, can now more easily make a claim for Universal Credit or Contributory Employment and Support Allowance:

— For the duration of the outbreak, the requirements of the Universal Credit Minimum Income Floor will be temporarily relaxed for those who have COVID-19 or are self-isolating according to government advice, ensuring self-employed claimants will receive support.

— People will be able to claim Universal Credit and access advance payments upfront without the current requirement to attend a jobcentre if they are advised to self- isolate.

— Contributory Employment and Support Allowance will be payable, at a rate of 73Mds£ a week if you are over 25, for eligible people affected by COVID-19 or self- isolating in line with advice from Day 1 of sickness, rather than Day 8.

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United Kingdom (2/5)

3. Available measures to support people employed by corporations

The government will bring forward legislation to allow small- and medium-sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. The eligibility criteria for the scheme will be as follows:

— This refund will cover up to two weeks' SSP per eligible employee who has been off work because of COVID-19

— Employers with fewer than 250 employees will be eligible. The size of an employer will be determined by the number of people they employed as of 28 February 2020

— Employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19

— Employers should maintain records of staff absences, but employees will not need to provide a GP fit note

— The eligible period for the scheme will commence the day after the regulations on the extension of Statutory Sick Pay to self-isolators comes into force

— The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible. Existing systems are not designed to facilitate employer refunds for SSP

4. Tax-related support for businesses (only certain sectors as of March 19):

— The government will increase the Business Rates retail (*) discount to 100% for one year and expand it to the leisure and hospitality sectors, and increase the planned rates discount for pubs to £5,000. Taken together with existing small business rate relief (which provides full relief for businesses using a single property with a rateable value of £12,000 or less), an estimated 900,000 properties, or 45% of all properties in England, will receive 100% business rates relief in 2020/21:

  – Businesses that received the retail discount in 2019-20 will be rebilled by their local authority as soon as possible

  – Those businesses eligible for the newly expanded retail discount and/or the new pubs discount may need to apply to their local authority to receive the discount

  – Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority

(*) Business Rates retail are charged on most non-domestic properties, like shops, offices, pubs, warehouses, factories, holiday rental homes or guest houses. You'll probably have to pay business rates if you use a building or part of a building for non-domestic purposes

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United Kingdom (3/5)

Tax-related support for businesses (continued)

— 12-month business rates holiday for all retail, hospitality and leisure businesses in England and Scotland for the 2020 to 2021 tax year.

— In Northern Ireland no rates will be charged for April-June 2020 for all business ratepayers excluding public sector & utilities.

— There are also reliefs in Wales for retail, leisure and hospitality businesses.

— Businesses may also be able to request Hardship Relief via their local authority.

Supporting small businesses through lower tax rates

— The government will provide an additional £2.2 billion funding for local authorities to support small businesses that already pay little or no Business Rates because of Small Business Rate Relief (SBBR). This will provide a one-off grant of £3,000 to around 700,000 business currently eligible for SBRR or Rural Rate Relief, to help meet their ongoing business costs. For a property with a rateable value of £12,000, this is one quarter of their rateable value, or comparable to 3 months of rent.

Temporary loan program

— Under the Coronavirus Business Interruption Loan Scheme (CBILS) UK businesses with annual turnover of no more than £45m can borrow up to £5m interest-free for 12 months under a British Business Bank (BBB) scheme where the Government provides the lender with a guarantee for 80%of each loan (subject to a per-lender cap on claims) and covers the cost of the first 12 months of interest.

— The scheme will launch during the w/c 23 March 2020.

— Businesses should speak to their existing bank lender(s) if they wish to access CBILS.

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United Kingdom (4/5)

HMRC's Time To Pay service

— All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities. These businesses can contact HMRC's new dedicated COVID-19 helpline from 11 March 2020 for advice and support. To ensure ongoing support, HMRC have made a further 2,000 experienced call handlers available to support firms and individuals when needed. For Time to Pay support if you are concerned about being able to pay your tax due to COVID-19, call HMRC's dedicated helpline on 0800 0159 559.

— Under the Coronavirus Job Retention Scheme, HMRC will reimburse 80% of 'furloughed workers' wage costs, up to a cap of £2,500 per month. Employers can choose to top up this amount.

— To access the scheme employers need to (i) designate affected employees as 'furloughed workers,' and notify employees of this change; and (ii) submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (details to follow)

— Changing the status of employees remains subject to existing employment law and may be subject to negotiation.

— HMRC are working urgently to set up a system for reimbursement and the intention to start payments in April..

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United Kingdom (5/5)

Tax-related support for businesses (continued)

Business rates reliefs and grant funding from local authorities

— Business rates would temporarily be “scrapped” for certain business premises with a rateable value of less than £51,000; The government has now gone further and introduced a 12-month business rates holiday for all retail, hospitality, and leisure businesses in England for the 2020 to 2021 tax year. In addition, a £25,000 local authority grant would be provided to retail, hospitality, and leisure businesses operating from “smaller premises” with a rateable value between £15,000 and £51,000.

— Businesses in receipt of small business rate relief (SBRR) or rural rate relief will be entitled to a £10,000 local authority small business grant.

— Businesses eligible for SBRR or rural rate relief will be contacted by the local authority—there is no need to apply.

— Scotland & Wales have announced similar grant schemes.

Statutory sick pay

— Businesses with less than 250 employees can obtain a refund from the Government for Statutory Sick Pay paid for up to 2 weeks’ absence due to COVID-19. This also covers absence due to self-isolating in line with Government advice.

— Employers will need to consider keeping records of staff absences for purposes of refund claims; there will be no need for employees to provide a doctor’s note.

Other tax measures

— Businesses can defer VAT payments which would have been due between 20 March and 30 June 2020 until 31 March 2021.

— Self-employed individuals with income tax payments due in July 2020 under the Self-Assessment system can defer payment until January 2021.

— 3 month deferrals have been agreed through this process during last week

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Australia (1/7)

The measures announced on 22 March 2020 amount to a further AUS $66.1 billion in federal government support, bringing the total over the last two weeks to approximately AUS $189 billion, including the fiscal measures announced on 12 March 2020 and various financial liquidity support measures (including those of the Reserve Bank of Australia)—about 10% of GDP

Tax relief measures

— The tax relief measures include tax-free withdrawals from superannuation funds. The package includes one-off stimulus payments to individual taxpayers, to be made through the social security system.

— For businesses and non-profits, there are to be tax-free payments made to certain employers (to support small and medium-size businesses). The payment would be delivered as a credit in the business activity statement system.

— To accelerate business investment, the tax depreciation write-off rules are significantly expanded with an increased instant asset write-off for immediate deductions of certain asset purchases and a 50% accelerated depreciation deduction in addition to the existing depreciation deduction for certain eligible asset purchases.

Business tax measures

— The Federal Government is allowing individuals affected by the economic impacts of COVID-19 to access up to $10,000 of their superannuation savings in 2019-20 and a further $10,000 in 2020-21 ($20,000 in total). Individuals will not need to pay tax on amounts released, and the money they withdraw will not affect Centrelink or Veterans' Affairs payments

Changes to drawdown rates

— The Government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for the 2019-20 and 2020-21 income years.

— This measure is intended to provide retirees with greater flexibility in how they manage their superannuation savings.

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Australia (2/7)

Business tax measures

— The temporary Boosting Cash Flow for Employers is an initiative with a significantly expanded support measures for small and medium sized businesses to manage cash flow and retain employees. The support payments will also extend to not-for-profit employers (including charities).

— To accelerate business investment, the Government will significantly expand the tax depreciation write-off rules from today. Two key temporary business investment measures have been announced in the stimulus package:

- **Increasing the instant asset write-off:** Eligible businesses will be able to immediately deduct purchases of eligible assets costing less than $150,000. Access to the instant asset write-off will be expanded to include all businesses with aggregated turnover of less than $500 million (up from $50 million) until 30 June 2020. The asset threshold applies on a per asset basis, which would enable businesses to immediately write-off multiple assets. The benefit will also apply to both new and second hand assets first used or installed ready for use in this timeframe
- **Business investment incentive:** A temporary business investment allowance for businesses with aggregated turnover below $500 million purchasing certain new depreciable assets acquired after 12 March 2020 and first used or installed by 30 June 2021. This measure will allow a 50 per cent accelerated depreciation deduction in addition to the existing depreciation deduction. Eligible assets include those depreciable under Division 40 of the Income Tax Assessment Act 1997. It does not apply to second hand Division 40 assets, or buildings and other capital works depreciable under Division 43.

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Australia (3/7)

Restructuring

The key features of the Federal Government's insolvency-related package are:

— A temporary increase in the threshold at which creditors can issue a statutory demand on a company, and the time companies have to respond to statutory demands they receive;

— A temporary increase in the threshold for a creditor to initiate bankruptcy proceedings, an increase in the time period for debtors to respond to a bankruptcy notice, and extending the period of protection a debtor receives after making a declaration of intention to present a debtor's petition

— Temporary relief for directors from any personal liability for trading while insolvent; and

— Providing temporary flexibility in the Corporations Act 2001 to provide targeted relief for companies from provisions of the Act to deal with unforeseen events that arise as a result of the Coronavirus health crisis.

Providing more scope to respond to creditors

— A creditor issuing a statutory demand on a company is a common way for a company to enter liquidation. The Federal Government is temporarily increasing the current minimum threshold for creditors issuing a statutory demand from $2,000 to $20,000. This will apply for six months.

— The statutory timeframe for a company to respond to a statutory demand will be extended temporarily from 21 days to six months. This will apply for six months.

— The time a debtor has to respond to a bankruptcy notice will be temporarily increased from 21 days to six months.

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Australia (4/7)

Restructuring

Temporary relief from directors' personal liability

Directors are personally liable if a company trades while insolvent.

Through these changes the Government is aiming to:

— Stop directors of companies, that would be ordinarily viable save for COVID-19, from electing to enter into insolvency due to the personal consequences from trading whilst insolvent;

— Enable directors to increase their focus on managing companies through the COVID-19 crisis as opposed to be concerned by the implications for their own personal positions;

— Avoid a situation whereby there are insolvencies en masse in a short space of time which, due to the sheer number of the companies in insolvency, may dilute the ability of companies to be rehabilitated. In this situation, assets may not be saleable given the sheer volume of insolvencies so may be realised for minimal value or parked away.

Agribusiness

The Federal Government's second announcement of economic stimulus measures has a distinct focus on supporting individuals, families and small-medium enterprises to continue to function business-as-usual wherever possible.

In addition to those provisions already made in Tranche 1, the Tranche 2 announcements will particularly benefit recipients of the Farm Household Allowance, small-medium sized agribusinesses and employers of apprentices and trainees (important for various downstream food processing and manufacturing sectors).

This announcement also reinforce support offered by other institutions and regulatory bodies, such as Guarantee Schemes and access to, and reduced cost of, credit.

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Australia (5/7)

Filing/Payment Deadline Extension

The ATO announced a series of administrative relief measures, including:

— Deferring by up to four months the payment date of amounts due through the business activity statement (including “pay as you go” (PAYG) instalments), income tax assessments, fringe benefits tax assessments and excise.

— Allowing businesses on a quarterly reporting cycle to opt into monthly goods and services tax (GST) reporting in order to get quicker access to GST refunds to which they may be entitled.

— Allowing businesses to vary PAYG instalment amounts to zero for the April 2020 quarter. Businesses that vary their PAYG instalment to zero will also be permitted to claim a refund for any instalments made for the September 2019 and December 2019 quarters.

— Remitting any interest and penalties, incurred on or after January 23, 2020, that have been applied to tax liabilities.

— Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low interest payment plans.

Payroll Tax

— **Tasmania** announced a waiver of payroll tax for the last four months of this financial year for hospitality, tourism and seafood industry businesses; a waiver of payroll tax payments for the remaining three months from March to June 2020 for other small to medium businesses with an annual payroll of up to $5 million in Australian wages based on the immediate impact of the virus on their businesses

— **New South Wales** announced AU$450 million for the waiver of payroll tax for businesses with payrolls of up to AU$10 million for three months (the rest of 2019-20); and AU$56 million to bring forward the next round of payroll tax cuts by raising the threshold limit to AU$1 million in 2020-21

— **Western Australia** announced that Small businesses that pay payroll tax will receive a one-off grant of $17,500; AU$1 million payroll tax threshold brought forward by six months to July 1, 2020; and payroll tax payments deferral until July 21, 2020 for businesses impacted by COVID-19

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Australia (6/7)

Filing/Payment Deadline Extension (continued)

— In **Queensland**, applications are open for a deferral of tax payment for SMEs until 31 July 2020. In addition, a business impact survey was implemented. Mentoring support (50 mentors available) and financial workshops are being delivered in several locations in Queensland to support SMEs, with an emphasis on local business communities. Sectorial support targeting tourism operators and the commercial fishing industry has also been announced in the state. Queensland offers AUD 500 million in interest free loans.

— **Victoria** announced a package of AUD 1.7 billion for business

Australia's government on 23 March 2020 introduced legislative packages to implement measures announced in tranches 1 and 2 of the economic response to the coronavirus (COVID-19) pandemic.

The tax measures included in the "Coronavirus Economic Response Package Omnibus Bill 2020" propose to:

— Increase the cost threshold below which small business entities can access an immediate deduction for depreciating assets and certain related expenditure (instant asset write-off) from $30,000 to $150,000—from 12 March 2020 to 30 June 2020

— Provide access to an instant asset write-off for entities with an aggregated turnover of $10 million or more, but less than $500 million (up from the existing cap of $50 million)

— Make the instant asset write-off available for depreciating assets and certain related expenditure costing less than $150,000—from 12 March 2020 to 30 June 2020

— Temporarily allow businesses with aggregated turnover of less than $500 million in an income year to deduct depreciation expenses at an accelerated rate subject to certain conditions

— Establish legislative authority for government spending on new measures to assist employers to retain apprentices and trainees and to provide financial assistance to participants in the Australian aviation sector

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Australia (7/7)

— Allow individuals affected by the adverse economic effects of the coronavirus to have up to $10,000 released from their superannuation or retirement savings account on compassionate grounds

— Increase the low-income threshold for individuals and families (including the dependent child-student component of the family threshold)

Another package—the "Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Bill 2020"—proposes to provide that the Commissioner of Taxation make cash-flow "boost payments" to eligible entities.

Tranche 2

The government announced further economic support measures on 22 March 2020 to further its tranche 1 stimulus package and the action taken by the Reserve Bank of Australia. The measures are designed to "cushion the economic impact of the coronavirus" and provide minimum payments for eligible small and medium-sized businesses, and not-for-profits (including charities) that employ people.

Furthermore, Australian banks announced support for SMEs through a six month break in loan repayments

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China (1/5)

— **On march 13th:** the Chinese central bank, which unblocked extensions or renewals of loans to companies at the end of February, announced a reduction in the banks' mandatory reserve ratio, freeing up 550 billion Yuan (70.6 billion euros) to support the economy. The People's daily announces on its front page "the reopening of 79% of major construction sites" in China.

— **On March 12th:** NDRC published a circular encouraging the resumption of activities by foreign companies. The circular asks the relevant local authorities to make regular visits to foreign companies and monitor their projects in order to assess their situation (activities, production, investments).

— **On 19 March,** the government announced a package to support the digitalisation of SMEs in the context of the crisis.

In addition, a wide range of policy measures have been announced for SMEs at the regional level in China. These include deferred tax payments for SMEs, reducing rent, waiving of administrative fees, subsidizing R&D costs for SMEs, social insurance subsidies, subsidies for training and purchasing teleworking services, and lowering lending rates. Furthermore, banks are being granted extra funding to spur SME loans.

Customs/Import and Other Miscellaneous Taxes

— Announcement No. 6 clarifies that imported supplies, donated by domestic and foreign donors and used for prevention and control of the epidemic, can be exempted from import duties, import VAT, and import consumption tax. This relief is valid from January 1 to March 31, 2020. In addition, the preferential treatment also applies to supplies imported by the health administration for the outbreak, even though the supplies are not donated. Tax refunds can be obtained for qualified supplies for which taxes have already been paid.

— Circular 19 extends the February 2020 statutory tax filing deadline to February 24, 2020. This can be further extended by local tax authorities where the outbreak is identified as serious (such as in Hubei province). Affected taxpayers and withholding agents can apply for further extension. Circular 19 also encourages local tax authorities and taxpayers to deal with tax matters online or via mobile application.

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China (2/5)

Personal income tax

Announcements Nos. 9 and 10 provide the following tax relief measures:

— An individual income tax exemption on receipt of the following types of income: (1) temporary subsidy and bonus received by medical and epidemic prevention staff engaged in prevention and control activities, that are in accordance with prescribed standards of local government authorities; and (2) medicines, medical supplies, protective equipment and other benefit-in-kind, excluding cash, provided by employers to their employees for prevention of COVID-19.

— Full tax deductibility of the following types of donations made by individuals: (1) donations in cash or in kind, made by individuals through non-profit social organizations or governmental authorities at the county level or above or their subordinate departments; and (2) donations in kind, made directly by individuals to designated hospitals undertaking the tasks of the prevention and treatment of COVID-19.

Payroll tax

— China's Ministry of Human Resources and Social Security issued guidance (Announcement No. 7), which provides measures for local social security bureaus and allows enterprises to make catch-up employer social security contributions within a period of three months following containment of COVID-19 outbreak without adversely affecting employee rights to social security benefits.

— In addition, certain local authorities have introduced policies in the respective city/province in order to support local enterprises during the outbreak. These included deferring adjustments to social security contribution base, adjusting employer contribution rate for certain social security plans, extending payment of employer social security contributions, and relaxing the restrictions on applying for refunds of unemployment insurance.

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China (3/5)

Fiscal policy

— The Ministry of Finance is allowing local governments to retain 5% more tax revenue from March to June 2020, which is estimated to increase total local revenue by RMB 110 Billion ($16 billion). Local governments have also issued RMB 1.2 trillion in bonds, more than 66% of their quota allocated for 2020 (expansion of the quota likely to be announced when the National People's Congress convenes).

Labour Policy

— The finance ministry cut social insurance payments by RMB 1 trillion to incentivize companies to retain employees. In late January the ministry announced that workers‘ compensation would be subsidized for infected medical workers, and local finance departments rolled out daily stipends for them.

Trade restrictions

— In China’s major cities (Beijing/Shanghai/Guangdong), companies that are found to be in temporary difficulties owing to the coronavirus outbreak and do not lay off employees or minimize the layoffs can get a refund of unemployment insurance premiums.

— In Guangdong province, China’s manufacturing heartland, over 6.08 million migrant workers had returned to work, which represents around a third of the overall migrant worker population in the province, although efforts have largely been focused on larger companies, with smaller firms continuing to struggle."

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China (4/5)

The National Development and Reform Commission, 27th of January, 2020

Emergency investment of 300 million Yuan in the central budget: The Wuhan Huoshen Mountain Hospital and Wuhan Leishen Mountain Hospital, which are special subsidies for the treatment of patients with novel coronavirus-infected pneumonia, are mainly used to purchase important medical equipment and provide facility guarantee for the realization of “centralized patients, centralized experts, centralized resources, and centralized treatment”.

The People's Bank Of China(PBOC), 3rd of February, 2020

Launched 1.2 trillion Yuan of the public market reverse repurchase operation on February 3rd: Maintain the liquidity of the banking system in the special period of epidemic prevention and control, meet the reasonable financing needs of the market, reduce the reverse repurchase rate by 10 basis points, and provide targeted low-cost special re-loan fund.

The People's Bank Of China(PBOC) 10th of February, 2020

Issuing the first batch of the special re-loans: Support them to provide preferential loans to the enterprises under the list management system, which are the key protection enterprises for epidemic prevention and control. For enterprises that enjoy special re-loan support from the PBOC, the Ministry of Finance will provide fiscal interest discounts support.

State Administration of Taxation, 11th of February, 2020

Guidelines for Preferential Tax Policies for the Prevention and Control of the Epidemic Pneumonia Caused by Novel Coronavirus Infection: Involve 12 policies in four aspects, namely, supporting prevention and treatment, supporting material supply, encouraging public welfare donations and supporting the resumption of work and production.

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China (5/5)

The People's Bank Of China(PBOC), 17th of February, 2020

Carry out medium-term lending facility (MLF) of RMB 200 billion and 7-days reverse repos of RMB 100 billion, and the interest rate of this MLF is 10 BP lower than the previous: In order to hedge the impact of factors such as the maturity of Peoples Bank of China (PBOC) ‘s reverse repos and maintain a reasonable and sufficient liquidity of the banking system

The state council executive meeting, 18th of February, 2020

Phased reduction and exemption of corporate social insurance fees and implementing the policy of payment delaying of housing fund by enterprises: "In order to reduce the impact of the epidemic on enterprises, especially small and medium-sized enterprises, in all provinces except Hubei province from February to June, small and medium-sized enterprises can be exempted from endowment insurance, unemployment insurance and industrial injury insurance, and from February to April, large enterprises can be reduced by half; Hubei Province can be exempted from February to June for all kinds of insured enterprises. At the same time, before the end of June, the enterprise can apply for delaying the payment of housing provident fund. During this period no overdue treatment will be made for the provident fund loans that the employees fail to repay normally due to the impact of the epidemic. "

The People's Bank Of China(PBOC) 20th of February, 2020

LPR interest rate reduction operation: The LPR of one-year period was 4.05%, 10 bp lower than that of last month; the LPR of more than five-year period was 4.75%, 5bp lower than that of last month.

The Ministry of Finance of PRC

Pre-allocate subsidies for epidemic prevention and control: As of February 23, 99.5 billion Yuan of epidemic prevention and control subsidy has been allocated by the Ministry of Finance at all levels, of which 25.52 billion Yuan has been allocated by the central government to ensure the need for epidemic prevention and control funds.

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Hong Kong (1/1)

General information

On 25 February, the Financial Secretary announced a reduction of the profits tax by 100% (subject to a cap) and low-interest loans for SMEs, with government guarantees as part of a wider package worth HKD 18.3 billion (USD 2.3 billion). A key highlight of the measures was a full government guarantee on loans of up to HKD 2 million for every small and medium-sized enterprise, under a financing guarantee scheme and involving HKD 20 billion in total.

Some banks have come forward with liquidity relief (USD 3.9 million) for businesses affected by the outbreak. In September, a bank introduced a scheme under which SMEs could make interest-only payments for six months (one year if the loan is secured by property) since September. This was recently extended to taxi and public light bus operators as a response to the crisis. Moreover, SMEs that have opted for trade finance have the option to convert part of their loan facility into an overdraft facility for six months in order to help with their working capital needs. The bank also announced it would extend the waiving of handling fees until the end of December and would subsidise guarantee fees for SMEs applying to the government's SME Financing Guarantee Scheme until the same date.

Monetary Policy:

On 15 March, following moves by the Fed, the Hong Kong Monetary Authority lowered its countercyclical capital buffer imposed on banks to 1% from 2%, and reduced its base rate by 64 basis points to 0.86%.This freed up HKD 500 billion in capital.

Fiscal policy:

Hong Kong in early March launched a fiscal stimulus of approximately USD 1300 for each of Hong Kong's 7 million residents, as well as targeted income tax cuts and rent suspension for a portion of the population, for a total of around USD 15 billion. Hong Kong will run its first budget deficit in years, and is projected to continue to run this deficit for the coming five years at least.

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Hong Kong (2/2)

Tax Relief:

— A reduction of 2019-20 profits tax payable by 100%, subject to a ceiling of HKD 20,000.

— A reduction of the 2019-20 salaries tax and tax under personal assessment by 100%, subject to a ceiling of $20,000.

— Waiver of the surcharge for up to one year on tax payments deferred under an approved instalment plan. The waiver is applicable for the 2018-19 year of assessment, and covers profits tax, salaries tax, and personal assessment. Taxpayers in need would be able to apply for an instalment payment plan before the due date of the respective tax payments.

— When the government announced work-from-home requirements for the public service, tax deadlines—including tax return filing, tax payment and responding to enquiries—have generally been deferred until the tax authority reopens**.**

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India (1/3)

Government of India (Finance minister) announced the 24 March 2020 certain relief measures in view of COVID-19 outbreak. Please see below a summary. Detailed press note is also attached in case you would like to get into further details.

Direct tax:

— FY 18-19: Last date of IT return extended from 31 March 2020 to 30 June 2020 (3 months extension)

— adhaar-Pan linking date extended from 31 March 2020 till 30 June 2020 (3 months extension)

— Vivad se Vishwas scheme (Direct tax amnesty scheme introduced by Govt. in Budget 2020) extended from 31 March 2020 to 30 June 2020 with no additional 10% charge

— Any delays in deposit of TDS, advance tax, regular tax, etc. made till 30 June 2020, to be subject to reduced interest @ 9% instead of 12%/18%.

— All other due dates for issue of notices, filing appeal, etc. under IT Act to be extended till 30 June 2020.

GST/Indirect tax:

— Companies with < INR 50 million turnover: Can file GSTR-3B due in March, April and May 2020 by last week of June 2020. No penalty or interest will be charged.

— Companies with > INR 50 million turnover: Can file GSTR-3B due in March, April and May 2020 by last week of June 2020. However, interest at a reduced rate of 9% will be charged instead of 18%.

— Composition scheme:

  – Last date to opt for composition scheme extended till 30 June 2020.
  – Last date for making payment for quarter ending 31 March 2020 is extended to 30 June 2020.
  – Return filing date extended to last week of June 2020.

— Last date for filing GST annual return for FY19 due on 31 March 2020 is extended till last week of June 2020.

— Customs clearance will be doing duty 24*7 till 30 June 2020

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India (2/3)

GST/Indirect tax (continued)

— Due date for all other notices, notification, filing appeal, etc. extended till 30 June 2020.

— Postponement of the income tax return deadline for the 2018-2019 tax year to 30 June 2020 (extended from 31 March 2020)

— A reduced rate of interest for certain tax payments made by 30 June 2020, and a waiver of late-filing penalties

— Postponed deadlines for filing of goods and services tax (GST) returns and related payments of GST

— Extension of the date for certain tax procedural actions, generally postponed to 30 June 2020

— A new tax dispute resolution scheme, allowing an option to settle tax when a percentage is paid by 31 March 2020

Financial services (Relaxation for 3 Months):

— Complete waiver of minimum balance charges for Savings Bank account

— Debit card holders can withdraw cash from any bank ATM for free of charge

— Bank charges for digital trade transactions will be reduced for all trade finance customers

Insolvency and Bankruptcy Code (IBC):

— Threshold of default under section 4 of the IBC has been increased from Rs 1 lakh to Rs 1 crore. This will prevent triggering of insolvency proceedings against MSMEs.

— If the current situation continues beyond 30 April 2020, Section 7, 9 and 10 of IBC to be suspended for 6 months so as to stop companies at large from being forced into insolvency proceedings in such force majeure causes of default.

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India (3/3)

Corporate affairs:

— No fees to be charged for late filing during moratorium period (01 April 2020 to 30 September 2020, 6 months) in respect of any document, return, statements, etc required to be filed with MCA (Ministry of Corporate Affairs)

— The mandatory requirement of holding board meeting within 120 days of last meeting shall be extended by period of 60 days. Relaxation is till 30 September 2020.

— Applicability of CARO, 2020 has been shifted to FY21 instead of FY20. (CARO is Companies Auditors' Report Order)

— Companies Act requirement of creating deposit reserve of 20% of deposits maturing in FY21 and investing 15% of debentures maturing in FY21 before 30 April 2020 may be done before 30 June 2020

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Indonesia (1/2)

General information

On 25 February, the government announced a USD 725 million package with financial incentives to support tourism, airlines and property industries, in addition to further subsides and tax cuts.

On 13 March, Indonesia announced a further IDR 120 trillion (USD 8.1billion) stimulus package, representing 0.8% of GDP, including exempting some manufacturing workers from income tax and reducing corporate tax payments for manufacturing companies. As part of the state's non-fiscal response, rules will be relaxed governing restructuring of bank loans to small and medium-sized companies, certification processes for exporters will be simplified and the government will make it easier to import raw materials. More measures are expected.

On 19 March, Bank Indonesia cut its benchmark interest rate by 25 basis points and lowered its deposit facility rate to 3.75% and lending facility rate to 5.25%. The Bank also lowered the rupiah reserve requirement ratio by 50 bps for banks involved in financing small and middle businesses and other priority areas after a 50 bps cut last month to support trade activities.

Monetary policy

Updated 20 March: Central bank again cut the interest rate benchmark by another 25 bps to 4.5%. The bank has also planned intervention measures to stabilize the market as the rupiah hit 16,000 to the dollar on 20 March, the lowest level since 1998 during the Asian Financial Crisis. Economic growth in 2020 is projected at 4.2%-4.6%.

Fiscal Policy

Policies include fiscal stimulus for tourism and manufacturing industries, wage subsidies (by temporarily exempting manufacturing workers from income tax payments), and cash transfers (through increased subsidies for the Affordable Food Program to boost local consumption).

The government has also announced its plan to buy back government bonds to stabilize the financial market.

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Indonesia (1/2)

Trade restrictions

— On March 20, The Ministry of Trade has issued a ban to export antiseptic, masks, and personal protection equipment to any country to prioritize domestic supplies. The ban applies temporarily until June 2020.

Incentives to companies to continue operating

— IDR 10 trillion (USD 725 million) fiscal stimulus package to support domestic tourism industry and tax waivers for hotels and restaurants in major tourist destinations in February.

— In the manufacturing industry, the government delays import duty and corporate income tax payments for six months (as per April 2020).

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Japan (1/3)

Introduction

The government announced a first package of measures of 270MdsJPN (2.5MdsUSD), with an emphasis on health measures

— The Japanese government is significantly expanding subsidies to maintain jobs impacted by the health crisis. Subsidies for SMEs are increased in areas of the territory particularly affected by the decline in economic activity (between +60 and +80%) and to support teleworking in SMEs (including encouraging firms to adopt IT solutions and develop e-commerce sales channels)

— SMEs facing more than a 15% decrease in sales can claim compensation of interests and can borrow without collateral. Japan also considers extending its programme for property tax breaks for small firms. On 21 March, media reported the government planned a corporate tax refund, mainly directed to SMEs

— To help private financial institutions to increase lending to help businesses whose sales are declining, a new funding framework with a 0% interest rate until the end of the month has been established.

— The Japanese government is concentrating its financial resources to support small and medium-sized enterprises. The Japanese government is concentrating its financial resources on supporting the fabric of small and medium-sized enterprises. 1,000 billion yen (8.5 billion euros) will be devoted to the recovery effort.

— Provision of special COVID-19 loans (500 billion yen - 4.3 billion euros) with low interest rates to provide financial support to businesses.

The Bank of Japan (BoJ) has loosened monetary policy by:

— Doubling the target for net purchases of exchange-traded funds to JPY 12 trillion ($112 billion)

— Agreeing to coordinated foreign swap lines, to lower the cost of borrowing dollars internationally, with the US Federal Reserve

— Establishing a new one-year facility that would offer loans against corporate debt as collateral at a zero per cent interest rate

— Increasing the upper limit for its purchases of commercial paper and corporate bonds by ¥2tn.

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Japan (2/3)

Filing/Payment Deadline Extension

The payment due dates for 2019 tax return for taxpayers who use automatic bank transfer will be extended as follows:

— Individual income tax and special reconstruction income tax are due May 15, 2020.

— Individual consumption tax and local consumption tax are due May 19, 2020.

— The payment due date for consumption taxpayers who apply special measures for certain short tax periods is also May 19, 2020. In addition, a grace period can be granted upon request to the tax office for taxpayers who cannot pay national tax at one time due to the effect of the coronavirus. The Tokyo tax authorities announced an extension of business tax (local tax) due between February 27, 2020 and April 15, 2020 to April 16, 2020 (except for when a taxpayer closed the business in the middle of the year).These announcements followed the national tax agency's previous announcements that—due to the coronavirus (COVID-19)—the tax return filing and payment dates for individual income tax, gift tax, and individual consumption tax for 2019 are extended to April 16, 2020.

— Fiscal stimulus spending by Abe's government will serve as the main tool for softening the outbreak's economic impact. The government will likely provide more stimulus in FY2020 using reserve funds in the budget for that year. It is developing a proposal to potentially cut the sales tax rate."

Fiscal Policy

— **Updated 19 March**: The government is discussing another near-term economic stimulus package or packages that will likely be funded via reserve funds in the FY2020 budget as well as a supplementary budget expected to total 30 trillion yen (about $274 billion) or more.

— **Updated 23 March:** The announcement on 22 March by the International Olympic Committee (IOC) that it will consider modifying or postponing (but not cancelling) the Games will boost pressure on the government to compile a robust economic stimulus package. The current plan is to have this package total around JPY 30 trillion (about USD 270 billion), including fresh fiscal spending of over JPY 15 trillion (about USD 135 billion).

— Updated March 19: The government has pledged to provide additional funds for employment adjustment assistance and promotion of telework.

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Japan (3/3)

Trade restrictions

Updated March 19: Tensions between Japan and South Korea flared once again when Tokyo recently imposed tougher restrictions on South Koreans seeking entry into Japan and Seoul reacted by immediately imposing like restrictions in what has become a familiar “tit-for-tat” dynamic in the bilateral relationship.

This most recent spat has not produced any new obstacles to bilateral trade, but it further complicates efforts to resolve an existing trade dispute between the two countries that began last summer.

Incentives to companies to continue operating

Prime Minster Abe's government has introduced a new $15 billion lending program to help businesses hit by the pandemic.

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Malaysia (1/1)

General information

Commercial banks have introduced support packages that include emergency loans to support their SME clients as well as flexibility for repayments of existing loans in addition to a decrease in the Policy rate.

Monetary policy

Update March 20: Malaysian Central Bank has cut its statutory reserve ratio from 3% to 2% releasing RM30 billion ($6.81 billion) into the banking system effective 20 March - to cope with the economic slowdown caused by the coronavirus outbreak and the declining oil prices.

Central Bank has lowered its overnight policy rate by 25 basis points to 2.5% in early March (the second reduction to its benchmark rate this year).

Fiscal policy

In February, the government has prepared RM 20 billion ($4.8 billion) for financial stimulus packages, providing tax breaks and cash aid to affected companies and households as well as an additional RM620 million ($205 million) in March to support affected industries and employer(see under labour policy and incentives to company).

Labour policy

The government has allocated RM120 million - out of the additional RM620 million - in the form of monthly handouts amounting RM600 ($138) to workers earning below RM4,000 ($920) a month for six months.

Incentives to companies to continue operating

Fiscal policy applies: RM500 million (out of the additional Rm620 million) are allocated for a discount on electricity tariffs for commercial, industrial, and agriculture sectors from April 1 to Sept 30.

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New Zealand (1/2)

Business Income Tax

— Reintroduction, from the 2020-21 income year, of a 2% DV depreciation deduction for commercial and industrial buildings. This would include hotels and motels.

— Temporary increase in the threshold for expensing low-value assets from NZ$500 to NZ$5,000 during the 2020-21 income year. The threshold would be NZ$1,000 from the 2021-22 income year.

— Changes to the calculation of the in-work tax credit to remove the hours worked test.

— NZD 2.8 billion in business tax changes to free up cash flow, including a provisional tax threshold lift, the reinstatement of building depreciation and writing off interest on the late payment of tax

Filing/Payment Deadline Extension

— The threshold for paying provisional tax will increase from $2,500 to $5,000 of residual income tax, from the 2020-21 income year.

— Inland Revenue will be given the power to write off interest on late payments for those adversely impacted by COVID-19 for tax payments due after February 14, 2020.

Reserve Bank Support

— The Reserve Bank has announced an emergency policy rate cut by 75 basis points, to 0.25%, accompanied by forward guidance saying this is for at least 12 months

— the Reserve Bank announced further measures to support commercial banks to strengthen liquidity

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New Zealand (2/2)

NZD 12.1 billion business continuity package:

— NZD 5.1 billion in wage subsidies for affected businesses in all sectors and regions, available from today;

— NZD 126 million in COVID-19 leave and self-isolation support;

— NZD 2.8 billion income support package for our most vulnerable, including a permanent $25 per week benefit increase and a doubling of the Winter Energy Payment for 2020;

— NZD 100 million redeployment package;

— NZD 600 million initial aviation support package.

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Singapore (1/4)

The Minister for Finance has unveiled during Budget 2020 on 18 February 2020, a S$4 billion Stabilization and Support Package that contains a range of measures, to cushion the blow of the novel coronavirus on local businesses and workers.

Broad-based measures for workers

Jobs Support Scheme

— Employers will receive an 8% cash grant on the gross monthly wages of each local employee (applicable only to Singapore Citizens and Permanent Residents) for the months of October 2019 to December 2019, subject to a monthly wage cap of S$3,600 per employee. Cash grants received by employers would be tax exempt.

Enhancements to Wage Credit Scheme

— This scheme, which co-funds wage increases for Singaporean employees, will see an increase in the qualifying gross monthly wage ceiling from S$4,000 to S$5,000. The Government will also increase the level of co-funding by five percentage points to 20% and 15% of the wage increases in 2019 and 2020 respectively.

Broad-based measures for businesses

Enhanced SME Working Capital Loan

— The SME Working Capital Loan (which has been subsumed under the Enterprise Financing Scheme), will be enhanced to increase the maximum loan quantum from S$300,000 to S$600,000. The Government's risk share will also be increased from the current 50% to 70%, to 80% for SMEs borrowing from Participating Financial Institutions under the scheme. The above enhancement will be effective from March 2020 and is available for one year till March 2021.

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Singapore (2/4)

Corporate income tax rebate

— Companies will enjoy an enhanced corporate income tax rebate of 25% of tax payable, capped at S$15,000 for YA 2020. This is an increase from the 20% rebate (capped at S$10,000) granted for YA 2019.

Interest-free instalments for Estimated Chargeable Income (ECI) payments

— An additional two months of interest-free instalments will be granted to companies paying their corporate income tax by GIRO when they file their ECI within three months from their financial year-end. This automatic extension of instalment plan will apply to companies that file their ECI from 19 February 2020 to 31 December 2020; or companies that file their ECI before 19 February 2020 and have ongoing instalment payments to be made in March 2020.

Enhanced carry-back relief scheme

— The carry-back relief scheme will be enhanced to allow all persons carrying on a business, including sole proprietorships as well as partnerships, to carry back qualifying deductions (capped at S$100,000) for YA 2020 for deduction against assessable income up to three immediate preceding YAs (previously only up to the immediate preceding YA), subject to certain conditions.

Options to accelerate capital allowance claims and deductions

— Taxpayers who incur capital expenditure on plant and machinery in the basis period for YA 2021 will have an option to claim accelerated capital allowance over two years. Taxpayers can claim capital allowances of 75% of the costs in YA 2021 and the remaining 25% in YA 2022. No deferment of claims is allowed under this option.

— Taxpayers who incur qualifying expenditure on renovation and refurbishment for the basis period of YA 2021 will have the option to claim renovation and refurbishment deductions in one YA (instead of over three YAs). The cap of S$300,000 for every relevant three-year period continues to apply.

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Singapore (3/4)

Targeted measures for specific sectors

Enhancement to the Adapt and Grow initiative

— Employees in affected sectors such as tourism, aviation, retail and food services sectors will receive enhanced support through new redeployment programmes. The funding support period for existing redeployment programmes (i.e. Job Redesign Place-and-Train (PnT) Programme for Hotel Industry and Job Redesign PnT Programme for Retail Industry) will be extended from three months to a maximum of six months.

Property tax rebate (PTR) for qualifying commercial properties

— 30% PTR for accommodation and function room components of licensed hotels and serviced apartments, and Meetings, Incentives, Conventions and Exhibitions spaced components of Suntec Singapore Convention & Exhibition Centre, Singapore EXPO and Changi Exhibition Centre

— 15% PTR for other qualifying commercial properties such as the premises of international airport and tourist attractions, shops within hotels, etc.

— 10% PTR for Marina Bay Sands and Resorts World Sentosa

One-year temporary bridging loan programme for tourism sector enterprises

— Eligible enterprises will be able to borrow up to S$1 million, with the interest rate capped at 5% p.a. The Government will co-share up to 80% of the borrowing risk.

S$112 million aviation sector assistance package (co-funded by the Government)

— Rebates on landing, parking and regulatory fees, etc. for airlines, freighter airlines and cargo agents

— Assistance to ground handling agents

— Rental rebates for shops and cargo agents at Changi Airport

Port dues concession

— Cruise ships and regional ferries with a port stay of not more than five days and passenger-carrying harbour craft will be given a 50% port dues concession from 1 March 2020 to 31 August 2020.

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Singapore (4/4)

Rental waivers

— Hawkers (food courts) managed by the National Environment Agency will be provided with one month's worth of rental waiver while qualifying commercial tenants managed or owned by other government bodies will be provided half a month's rental waiver.

The Government is currently working on a second stimulus package, expected to be worth S$1.6 billion, to help workers stay employed and to emerge stronger when the economy recovers. Details on the second package are likely to be announced shortly.

Apart from the short-term measures to combat the negative economic impact brought about by COVID-19, the Government has also announced during Budget 2020, certain medium and longer-term measures, amongst others, announced/ enhanced include:

— The Government is aiming to reach out to 3,000 SMEs with the Enterprise Development Grant (EDG) that provides up to 70% support in three areas: Core Capabilities, Innovation and Productivity, and Market Access.

— The Enterprise Leadership for Transformation (ELT), aimed at business leaders with the ambition and commitment to transform their business, is a three-year pilot focused on helping the professional growth of SME business leaders.

— Enhancement to the Market Readiness Assistance (MRA) grant, a broad-based enterprise grant scheme that provides 70% funding for eligible costs incurred by SMEs taking their first steps overseas, with grant cap increased from S$20,000 per year to S$100,000 per new market per company.

— Enhancement to the Double Tax Deduction for Internationalization (DTDi) scheme that gives businesses an automatic 200% tax deduction on qualifying expenditure of up to S$150,000 incurred on specified activities, which have been expanded to include new categories of expenses.

— The New Skills Future Enterprise Credits to help enterprises defray 90% of out-of-pocket costs of business transformation, job redesign and skills training.

— The expansion of the Productivity Solutions Grant, which supports enterprises to adopt pre-approved IT solutions and equipment, to include job redesign consultancy services.

— The tightening and extension of the Mergers & Acquisitions (M&A) scheme to provide a continuous drive to encourage and support enterprises, especially SMEs, to continue to transform and grow via strategic acquisitions.

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South Korea (1/2)

General information

Between 7 February and 3 March, the financial sector (from both state-invested banks, private banks and credit card companies) provided financial support directed at SMEs worth EUR 2.1 billion.

On 4 March, the Ministry of SMEs and Start-ups announced its plan to provide support worth EUR 1.2 billion as supplementary budget, including the following measures:

- An Emergency Fund, providing direct financial support to SMEs and self-employed, aimed at encouraging these firms to keep their employees;
- Government guarantees, and insurance on loans.
- Sanitary support for the reopening of SMEs that closed due to exposure to infected patients;
- Encouraging brick-and-mortar shops to open their business online.
- Simplification of procurement processes by limiting on-site inspections.

Priority is given to regions that were affected the most.

- On 19 March the Government announced a further USD 39 billion package including:
  - Emergency financing for small businesses and other stimulus measures;
  - Loan guarantees for struggling small businesses with less than USD 78 000 in annual revenue to ensure they can easily and cheaply get access to credit.

Domestic commercial banks and savings banks will also allow loans to be rolled over for small businesses if they cannot afford payment when due.

Monetary Policy

On March 23, The Bank of Korea ledged to begin purchasing an unspecified amount of local bonds to help prevent a possible liquidity crunch as well as expand the scope of its purchase program to include bonds issued by public enterprises.

The Bank of Korea slashed its benchmark interest rate to 0.75% in an emergency move following actions by the Federal Reserve. Korea will lower interest rates applied to its loan facility for smaller companies, and add bonds issued by banks to its open market operations to enhance liquidity

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South Korea (2/2)

Fiscal policy:

11.7 trillion won ($9.8 billion) in a stimulus package was announced on March

2.3 trillion won will be allocated to fund quarantine efforts and 3.0 trillion won will go to small- to medium-sized businesses.

Government debt will increase to 41.2 percent of GDP, compared with 39.8 percent projected earlier

Labour Policy:

On March 19, the government has relaxed requirements for overtime work and pledged to provide more financial assistance to support wages.

The epicentre of the virus happened in South Korea's ""rust belt"“ where heavy industry a (particularly automotive) production occurs. The auto industry is facing disruptions in supply chain production lines.

Trade restrictions:

On March 19, tensions between Japan and South Korea flared once again when Tokyo recently imposed tougher restrictions on South Koreans seeking entry into Japan and Seoul reacted by immediately imposing like restrictions in what has become a familiar “tit-for-tat” dynamic in the bilateral relationship. This most recent spat has not produced any new obstacles to bilateral trade, but it further complicates efforts to resolve an existing trade dispute between the two countries that began last summer.

Incentives to companies to continue operating:

On March 19: The supplementary budget passed on March 17 contains funding for a wide range of programs to provide loans and other types of assistance to distressed firms and their employees.

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Thailand (1/2)

Business Income Tax

— WHT imposed on payment for services, hire of work, certain commissions, and professional fees will be reduced from 3% to 1.5% for the payments made from April 1, 2020 to September 30, 2020. The WHT will subsequently be reduced to 2% from October 1, 2020 to December 31, 2021 if the payment is made electronically.

— Eligible small and medium enterprises (SMEs) can claim a 150% deduction for interest expenses incurred on loans obtained under a funding initiative to provide THB 150 billion in soft loans to SMEs with an interest rate of 2% for the first two years

Filing/Payment Deadline Extension

— The filing deadline for individual income tax returns (form PND.90/91) is extended from March 31, 2020 (or April 8, 2020 for e-filings) to June 30, 2020.

Payroll Tax

— SMEs employers can deduct 300% of eligible salary costs paid to employees in the period from April 2020 to July 2020 for corporate income tax purposes.

VAT

— VAT payers participating in the “good exporter” program will receive VAT refunds faster than usual. VAT refunds will be granted within 15 days (compared to a normal 30-day period) if VAT returns are filed via an e-filing system and within 45 days (compared to a normal 60- day period) for paper filings.

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Thailand (2/2)

Fiscal policy

A fiscal package worth approximately 400 billion baht, consisting of soft loans worth 150 billion baht, debt payments extension,

tax benefits including reduction of withholding taxes, providing support for households including reducing and delaying utility bills. A second-phase package could be introduced if the slowdown continues.

Monetary policy

— Policy rate reduced by 0.25% from 1.25% to 1%“

— **On March 22,** announced a plan to ensure sufficient liquidity in the bond market by allowing commercial banks to use investment grade bonds as collateral to borrow from the central bank’s lending facility of over 1 trillion baht ($30 billion).

— **On March 23:** In an emergency meeting, policy rate has been further reduced by 0.25 basis points to a record low of 0.75%. Thai authorities on Sunday

Labour policy

— Part of fiscal package - SMEs can use expenses incurred by salary payments from April to July to claim deductions of up to three times.

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Vietnam (1/1)

General information

— Vietnam plans to assist companies struggling amid the coronavirus outbreak with tax breaks, delayed tax payments and reductions in land lease fees.

— The assistance package totals USD 1.16 billion.

— Several commercial banks have already lowered interest rates for businesses affected by COVID-19.

— Textiles businesses, including several with no prior experience, have begun producing antibacterial masks after authorities announced a daily need of 10 million.

— Central Bank has reduced policy rates by 0.25-1 percentage point.

— A credit support and fiscal package of 280 trillion VND ($12 billion) together. The former includes measures such as debt restricting and preferential interest rates, while the latter is likely to include a variety of tax breaks but this has not been confirmed.

— Suspension of social insurance payments for businesses affected by the outbreak.

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Argentina (1/1)

Monetary policy

Will remain expansionary as the administration focuses on boosting growth.

Fiscal policy

The administration announced a number of measures to fight the slowdown targeted at poorer consumers (estimated cost of 2% of GDP). This includes a special bonus for people who receive the lowest pensions as well as for people with children. Also increased assistance to food banks including at schools, and more resources for social programs reaching over 9 million people. Credit payments to the government will be suspended in April and May. Price ceilings have been established for essential products including food and sanitary products.

Decreto 300/2020 sets forth the following tax relief measures for companies that are employers and that provide healthcare-related benefits:

— 95% reduction of employer contributions to the social security system

— 59% reduction of the bank credit tax

— 17% reduction of the bank debt tax

The measures in the decree are valid for 90 days from the date of publication in the official gazette, 20 March 2020.

Labour policy

Fernandez announced that the administration will partially cover salaries for companies that need to stop operations. Expansion of unemployment benefits. Labour license for vulnerable populations including people over 60.

Trade restrictions

Fernandez has imposed trade restrictions including required pre-authorizations to export medicine and medical equipment.

Incentives to companies to continue operating

Credit programmes for industries that are being hard hit as well as food suppliers at preferential rates. ARS 350 billion (USD 5 billion).

Expansion of Ahora 12 programme which provides incentives for consumption of national products through online platforms. The government will suspend employer contribution requirements for companies in hard-hit industries.

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Bolivia (1/1)

Corporate income tax measures implemented

— Deduction of donations in cash destined for the prevention, diagnosis, control, attention and treatment of the COVID-19 in favour of authorized public and private health centres, made until the December 31, 2020, up to 10% of the taxable net profit gathered from the January 1 to December 31, 2019.

— Payments for corporate income tax deferred until May 29, 2020.

— Extension of the VAT tax credit until the 31st of December 2020 for the following expenses from their direct familiar nucleus:

  — Health

  — Education

  — Alimentation

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Brazil (1/2)

On 16 March, the government announced a USD 30 billion package of emergency measures, including an deferral of company taxes, with further measures with regard to SMEs announced on 17 and 18 March. The package includes:

— PROGER/FAT: credit for Micro and Small Firms (USD 1 billion);

— Salaries: the government is set to pay part of the salaries incurred by micro and small companies;

— Employment contracts: possibility to suspend employment contracts;

— Payment of federal taxes: To provide liquidity to companies, the government is considering postponing firms' payment of federal taxes for two or three months;

— FGTS: deferral payment term for 3 months USD 6 billion;

— Contributions from "Sistema S": 50% reduction in contributions for 3 months (USD 0.4 billion);

— Workers with Covid-19: the government will pay for the first 15 days of leave of the worker who is identified with the Covid-19;

— Caixa: The state-owned Federal Savings Bank will extend USD 14.9 billion in credit lines to small-and medium-sized firms aimed at working capital, purchase of payroll loan portfolios from medium-sized banks and agribusiness. The bank also cut interest rates on some types of credit and offered clients a grace period of 60 days;

— Banco do Brasil announced a USD 20 billion increase in its credit lines, aimed at working capital, investments, prepayment of receivables, agribusiness and credit to individuals. The bank also increased the credit limit for 13 million customers;

— BNDES: opening of a working capital loan line for small and medium-sized firms of tourism and service sectors;

— Credit contracting requirements: simplification and waiver of documentation (CND) for credit renegotiation;

— Capital charge relief: Lending and credit support through capital charge relief to loans secured by commercial real estate; and credit charge relief to retail exposures, to non-significant investment in the capital of financial institutions and insurance entities and to exposures secured by covered bonds issued by the own bank;

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Brazil (2/2)

— Restructured loans: Increased flexibility of the provisioning rules for a period of 6 months;

— Conservation Capital Buffer (CCB): reduction from 2.5% to 1.25% for 1 year and setting a transitional arrangement to restore the original 2.5% CCB in the subsequent year;

— Febraban: The Brazilian Federation of Banks announced an agreement by which the five largest banks in the country (BB, Caixa, Itaú Unibanco, Bradesco and Santander) are willing to respond to requests for a 60-day extension for the debt maturity of individual and SMEs.

On 18 March, Brazil's Central Bank lowered the benchmark interest rate SELIC by 50 bps to a historical minimum of 3.75%. This follows a reduction of the countercyclical capital buffer requirements.

On 18 March, Brazilian authorities also announced the possibilities for firms to reduce working hours and pay by up to 50% while maintaining the employment link, but there is no compensation for workers for the resulting income losses. Further flexibility for firms will come from extended use of the bank of hours and the possibility to anticipate annual leave, including collective annual leave.

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Canada (1/6)

Canada has announced new financial and tax measures in response to COVID-19. In addition to extending certain tax deadlines, Canada will provide a variety of financial measures for Canadian individuals and businesses affected by the COVID-19 outbreak. In particular, the CRA will delay tax filing deadlines for individuals to June 1, 2020 and for trusts to May 1, 2020. In addition, all taxpayers that owe income tax balances and income tax instalments on or after March 18, 2020 and before September 2020 will now have until September 1, 2020 to remit these amounts. Further, Canada will provide a temporary wage subsidy to help small businesses retain employees and an Emergency Care Benefit to offer financial support to affected individuals.

On 5 March, the Bank of Canada lowered the policy rate by 50 basis points. On 12 March, the Bank decided to lower rates by a further 50 basis points from 1.25% to 0.75%. On 11 March, Canada announced a 1 billion CAD COVID-19 Response Fund with an emphasis on health.

Business Development Canada (BDC) now offers the following support for entrepreneurs70:

— Small Business Loan of up to CAD 100 000 can be obtained online in 48 hours from time of approval;

— Working capital loan to bridge cash flow gaps and support everyday operations;

— Purchase Order Financing to increase cash flow to fulfil domestic or international orders with very flexible terms.

On 18 March, the Government announced a further CAD 82 billion support package as part of its COVID-19 Economic Response Plan, including CAD 27 billion in emergency aid for workers and businesses and CAD 55-billion in tax deferrals.

Filing/Payment Deadline Extension

The Government announced that businesses may be able to make flexible arrangements with the Canada Revenue Agency (CRA) if the businesses face difficulties related to COVID-19 when they are trying to meet their payment obligations (further details are not yet available).

Tax payment relief

— Businesses will be able to defer payment of any income tax amounts until September 1, 2020. This deferral applies to tax balances and instalments that are owing on or after March 18, 2020 and before September 2020. These amounts will not be subject to interest or penalties during this period. This payment relief applies only to income tax payments, and does not apply to other payments such as GST/HST and employer payroll remittances.

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Canada (2/6)

Temporary wage subsidy for small businesses

— Small employers may be eligible for a temporary wage subsidy to help prevent lay-offs. This subsidy, which will be available for three months, will be equal to 10% of remuneration paid during that period, up to a maximum subsidy of $1,375 per employee and $25,000 per employer. Businesses will be able to benefit from this support now by reducing their remittances of income tax withheld on their employees' remuneration. This measure applies to corporations eligible for the small business deduction, as well as non-profit organisations and charities.

Increasing credit

As announced on 13 March, a new Business Credit Availability Program will provide more than CAD 10 billion of additional support to businesses experiencing cash flow challenges through the Business Development Bank of Canada and Export Development Canada. The Government is ready to provide more capital through these financial Crown corporations;

Launch of an Insured Mortgage Purchase Program

In order to purchase up to CAD 50 billion of insured mortgage pools through the Canada Mortgage and Housing Corporation (CMHC), as announced on 16 March. The Government will enable these measures by raising CMHC's legislative limits to guarantee securities and insure mortgages by CAD 150 billion each.

The six largest financial institutions in Canada have made a commitment to work with personal and small business banking customers on a case-by-case basis to provide flexible solutions to help them manage through challenges, such as pay disruption due to COVID-19, childcare disruption due to school or day care closures, or those suffering from COVID-19. As a first step, this support will include up to a six-month payment deferral for mortgages, and the opportunity for relief on other credit products.

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Canada (3/6)

Quebec has announced additional delays to certain tax filings and payments due to the COVID-19 outbreak:

- Following a previous announcement, Quebec has now agreed to introduce further delays to these deadlines to harmonize with new federal changes, and has additionally announced that partnerships will now have until May 1, 2020 to file their information return for 2019.
- As a result of this new announcement:
- Corporations that have instalment payments or tax payments due between March 17, 2020 and July 31, 2020 will have more time to make these payments, at a date to be announced at a later time.
- The deadline for individual income tax returns is extended to June 1, 2020 (from April 30, 2020).
- An individual's tax and contribution payments will be extended to past August 31, 2020 (from April 30, 2020);
- The deadline for partnerships informative returns is extended to May 1, 2020.
- For a trust that has a tax due date on or before March 30, 2020 for its 2019 tax return, the payment due date will be extended to past August 31, 2020.
- The balance due date for tax instalments and taxes payable is extended to at least July 31, 2020 for individuals, individuals with business income, and trusts..

Quebec further announced on March 19, 2020 that it will harmonize with the federal government concerning its measure to reduce by 25% in 2020 the amount of mandatory withdrawal from a registered retirement income fund (RRIF).

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Canada (4/6)

Saskatchewan's Minister of Finance, Donna Harpauer, delivered a scaled-back version of the province's 2020 budget estimates on March 18, 2020. These estimates come in the wake of Saskatchewan's decision to postpone the release of its full 2020-21 provincial budget due to the COVID-19 pandemic and its related economic consequences.

The estimates anticipate government expenses of $14.15 billion in 2020, but do not provide revenue estimates. The estimates do not include any changes to the province's personal or corporate tax rates for the current year. However, this release does refer to:

— A three year extension to the non-refundable Manufacturing and Processing Exporter Tax Incentive,

— A new PST rebate for new home construction

— A new PST registration requirements for certain e-commerce platforms and new incentives to support pipelines and the chemical fertilizer sector, among other changes.

Saskatchewan also announced penalty and interest relief for tax filings directly affected by COVID-19, in a separate press release.

Administrative tax changes

Interest and penalty relief for businesses

— New tax filing relief for businesses directly affected by the COVID-19 outbreak was announced in a Saskatchewan information notice released March 17, 2020. Specifically, businesses unable to file their provincial tax returns by the due date may submit a request for relief from penalty and interest charges on their affected returns. Penalty and interest waiver requests can be submitted electronically through the Saskatchewan eTax Service,

Corporate tax changes

Extension for Manufacturing and Processing Exporter Tax Incentive

— The budget estimates propose to extend the non-refundable Manufacturing and Processing Exporter Tax Incentive by three years to 2022 (from 2019). This tax credit is available to eligible corporations that expand the number of manufacturing and processing related full time employees above the number employed in 2014. Eligible businesses must derive at least 25% of revenues from the export of their manufactured goods to the rest of Canada or internationally each year, among other requirements.

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Canada (5/6)

Employers — Managing Tax & Legal Issues During COVID-19

Employers should ensure they take appropriate steps to manage their employee issues during the COVID-19 outbreak. During this time, employers may want to look at their options to avoid laying off employees, including considering several government programs that are in place to assist employers in this situation. In particular, the government recently announced that it would enhance some programs to assist businesses. However, in situations where employers decide to initiate temporary lay-offs, they should consider important related legal issues related to payroll and employment law. Employers who may need assistance navigating their options and requirements at this time should reach out to our team of tax and legal professionals.

Work-Sharing program

Employers who are directly or indirectly affected by a downturn in business caused by COVID-19 may want to consider whether they qualify for the federal Work-Sharing program. This program, which provides EI benefits for eligible employees as income support is designed to help eligible employers avoid layoffs during certain temporary

reductions in business activity, such as the COVID-19 outbreak. To qualify, employers must generally:

- Have been in business in Canada year-round for at least two years
- Be a private business, publicly-held company or a not-for-profit organization
- Demonstrate that the shortage of work is temporary and beyond their control
- Demonstrate a recent decrease in business activity of approximately 10%
- Submit and implement a recovery plan designed to return the Work-Sharing individuals to normal working hours by the end of the program.
- The program allows employers to reduce an employee's work schedule as follows:
- The program must last between six weeks and 76 weeks (the duration of the program was recently increased from a maximum of 38 weeks as a result of COVID-19).
- A reduction between a minimum of 10% (one half day) and a maximum of 50% (three days).
- In any given week, the work reduction can vary depending on available work, as long as the work reduction on average is between 10%-60% for the duration of the program.

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Canada (6/6)

Supplemental unemployment benefits

Employers may also take action to top up an employee's EI Sickness Benefits. Specifically, employers may establish a Supplementary Unemployment Benefit (SUB) plan for this purpose during a period of unemployment due to a temporary layoff for, among other things, sickness. Employers considering this plan should register a qualifying SUB plan with Service Canada, or else the benefit will be treated as income, and any EI benefits received may be reduced.

Temporary layoffs — Employer obligations

Employers may choose at this time to temporarily lay off employees and cease compensation, where allowed under the relevant law. In this case, the employer and employee treat the employment relationship as ongoing, despite this interruption of the employee's work term, with the understanding the employee may resume working, in an equivalent position and on the same terms, in the future. Employers considering this course of action should remember that the rules in this area can vary significantly by province, including what constitutes a temporary layoff, how long such layoffs can last, and whether employers must provide advance notice.

Generally, layoff periods are unpaid, unless otherwise provided under an employment agreement, company policy or collective agreement. However, employees may qualify for Employment Insurance under new eligibility criteria put in place by the federal government for COVID-19. However, employees may volunteer to use vacation time they are entitled to during a temporary layoff period and continue to receive pay. In addition, most employers are not legally required to continue benefit contributions during temporary layoffs, subject to certain provincial requirements. Employers should seek legal advice to determine the obligations they must comply with for their own particular situation.

Another important consideration in this area is that many provinces have different legal requirements that apply to group/mass termination. In some cases, these rules can also apply to temporary layoffs.

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Chile (1/1)

An existing programme of targeted subsidies to firms undergoing hardship will be extended to firms in the tourism sector, starting in April 2020. Furthermore, authorities announced they are elaborating a further plan to support SMEs in the tourism and other services sectors. The Chilean Central Bank announced on 16 March it would lower interest rates from 1.75% to 1%.

The government will allocate US$11.75 billion to address the economic crisis caused by the Coronavirus.

Employment protection

— Labour flexibility for the reduction of working hours: The unemployment insurance can be applied, without term of contract, in case of not being able to go to work due to force majeure

— Employment protection: it will allow the reduction of working hours, compensating the decrease in remuneration with unemployment insurance funds.

Tax relief

— Abolition of the monthly provisional payments (PPM) for the second quarter of the year.

— Voluntary postponement of the payment of VAT for 3 months for all companies with sales under UF 350,000.

— Advance income tax refund for SMEs (April).

— Postponement of income tax for SMEs until July 2020

— 0% Stamp Tax for the next 6 months.

— Postponement of the payment of the quarterly quota of the contributions for companies with sales lower than 350,000 UF

— Relief for the payment of debts with the General Treasury of the Republic for SMEs and people with lower incomes.

More liquidity for SMEs-Cash payment of all invoices issued to the State, in early April

— Expansion of State guarantees for loans to micro, small and medium enterprises.

— New capitalization plan of Banco Estado for an amount of US$500 million to provide loans to SMEs

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Colombia (1/1)

General information

On 11 March, the Colombian president announced a package of economic measures to mitigate the effects on the tourism and aviation sectors. In particular, the Government postponed the payment of the VAT and income taxes for the tourism and aviation sectors. Furthermore, it decided to reduce the import tariffs for some inputs related to the health and aviation sectors, on a temporary basis. The Government has also opened a new credit line for the tourism and aviation sector.

Monetary Policy

The central bank is scheduled to hold its next monetary policy meeting on 27 March. It recently announced measures to provide liquidity to the market.

Fiscal Policy

Duque has unveiled around USD 3.7 billion (1.5% of GDP) in measures to counter the effects of the coronavirus outbreak. These include additional cash transfers for the most vulnerable, VAT rebates for the poorest, tax deferrals for companies, and financing support for SMEs.

Labour Policy

The Labour Ministry has issued guidelines for employers to protect jobs, including the possibility of flexible and remote working, early holidays, and paid leave.

Trade restrictions

Duque has closed Colombia's border in a bid to mitigate the spread of coronavirus but that does not apply to cargo and trade restrictions are unlikely for the time being.

Incentives to companies to continue operating

Measures to protect job losses announced so far include financing support for SMEs.

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Dominican Republic (1/1)

1. Tax relief in response to coronavirus (COVID-19)

The Dominican tax authority (DGII) has implemented a series of measures that aim to provide tax relief following the coronavirus outbreak and the state of emergency declared by the government

The tax relief measures recently implemented by the DGII include:

— Extending the deadline for filing and paying obligations related to income tax and the “simplified tax regime” (RST) to 30 April 2020 or 29 May 2020 (depending on the type of tax)

— Allowing taxpayers that owe additional tax after having filed their income tax returns, the ability to pay the tax liability in four instalments (interest free)

— Allowing instalment payments of value added tax (VAT) owed for February 2020

— Reducing by 50% the amount of any currently active instalment payment arrangements, duplicating the previously agreed-upon deadlines, as well as the number of instalments

— Providing relief from penalties and interest for taxpayers with outstanding tax obligations

— Ceasing temporarily to apply the corresponding rate from advanced pricing agreements (APAs) for the hospitality industry

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Guatemala (1/1)

1. Extension of tax return deadlines, response to coronavirus (COVID-19)

The tax authorities issued guidance extending the deadline for filing certain tax returns in response to the coronavirus (COVID-19) pandemic.

— The income tax return for 2019 and the monthly value added tax (VAT) return corresponding to February 2020 are now due 15 April 2020.

— The deadline for returns corresponding to income tax withholdings is 28 April 2020 and for VAT withholdings is 5 May 2020.

— The tax audit process, information requests, and other procedures are suspended until 15 April 2020.

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Mexico (1/1)

Monetary policy

The central bank will continue making FX interventions, trying to provide liquidity and financial stability in moments of high volatility or sharp peso depreciation. The bank has not made any surprise rate cuts, but if inflation doesn't spike, it will likely have more room to cut. President Lopez Obrador will remain respectful of the bank's autonomy.

Fiscal policy

Low oil prices and slow growth will leave very limited room for any fiscal expansion. Government will cut sending in order to offset lower revenues. Lopez Obrador will remain committed to fiscal prudence. Centralized decision-making under Lopez Obrador's hands will make response slow and inefficient.

Labour policy

No changes in labour policy have been announced as a response to the virus. Congress is debating a reform to impose stricter rules on outsourcing. The final bill is unlikely to be disruptive for businesses. Approval will likely be delayed due to closure of legislative power due to coronavirus.

Trade restrictions

The government is unlikely to impose trade restrictions. On the contrary, it will look more for keeping prices low opening opportunities to new markets in sectors that could be affected by the disruptions the virus outbreak is causing globally. USMCA has been approved in all three of Mexico, the US, and Canada, and now each country will focus on finalizing the regulatory changes needed for its implementation.

Incentives to companies to continue operating

The administration has yet to release plans for economic measures but finance ministry officials have hinted it could include credit through development banks to hard-hit industries. Other social benefits programs could be passed, though the fiscal restrictions are significant. No tax incentives for companies likely.

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Puerto Rico (1/1)

Filing/Payment Deadline Extension

- Extension of electronic filing period without penalties for the 2019 informative returns due to COVID-19. The period for filing of informative returns corresponding to the 2019 tax year is extended; these informative returns must be completed and filed via SURI no later than April 15, 2020, to avoid penalty assessments.
- Extension of filing period for income tax returns and its corresponding payments.- For pass-through entities and other taxpayers that have income tax returns due during March 2020, the PRTD granted an additional extension of the returns and payments until April 15, 2020 (including the payments due with returns, extensions and estimated income tax due on March 16, 2020).- For taxpayers with income tax returns due on April 15, 2020, the PRTD granted an additional extension of the returns and payments (including the payments due with returns, extensions and estimated income tax) through May 15, 2020.
- Payment plans moratorium. Taxpayers economically affected by COVID-19 and the closure order will not be required to follow the terms of a payment plan between the period March 16, 2020, and April 30, 2020. The PRTD will not be imposing interest and penalties for non-compliance with the payment plans. If there is a notice for interest and penalties, the taxpayer may submit a request to eliminate such charges.

Suspension of Tax Audits

Extension of administrative terms due to COVID-19.

- An additional 120 days, added to the period established in any notification issued by the PRTD of mathematical error or adjustment in returns
- An additional 90 days added to the expiration date for filing administrative complaints and for the presentation of information or documents required by the PRTD's Office of Administrative Appeals when the expiration date falls on a date from March 12, 2020, and later
- Automatic extension of all administrative hearings to be held from March 16, 2020, until June 15, 2020 (thereafter, taxpayers are to be notified of the new date(s))
- An additional 120 days to allow clearance of any debt-review letter issued on or before March 12, 2020

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United States of America (1/14)

Notice 2020-18 was issued on March 22 and it expands the relief provided in 2020-17 the week before

- The IRS released two Notices that provide relief for certain taxpayers to make payments of federal income tax.
- Under the president's March 13, 2020 "Emergency Declaration" relating to the coronavirus 2019 pandemic, relief from income tax payment deadlines is being provided to U.S. taxpayers who have been adversely affected by the COVID-19 emergency under the authority of section 7508A(a).
- According to the IRS notice, any person with a federal income tax payment due April 15, 2020, is affected by the COVID-19 emergency for purposes of this tax relief is an "affected taxpayer". The notice continues to explain that:
  - For an affected taxpayer, the due date for making federal income tax payments due April 15, 2020, in an aggregate amount up to the "applicable postponed payment amount," is postponed to July 15, 2020.
  - The "applicable postponed payment amount" is up to $10 million for each consolidated group (as defined in Reg. section 1.1502-1) or for each corporation that does not join in filing a consolidated return.
  - For all other affected taxpayers, the "applicable postponed payment amount" is up to $1 million regardless of filing status. For example, this amount is the same for a single individual and for married individuals filing a joint return.
- The relief provided by Notice 2020-17 only applies for federal income tax payments (including payments of tax on self-employment income) due on April 15, 2020, in respect of an affected taxpayer's 2019 tax year, and federal estimated income tax payments (including payments of tax on self-employment income) due on April 15, 2020, for an affected taxpayer's 2020 tax year.
- Notice 2020-17 clarifies that there is no extension provided by it for the payment or deposit of any other type of federal tax, or for the filing of any tax return or information return.
- The U.S. Securities and Exchange Commission (SEC) has provided regulatory relief from certain filing obligations of companies that have operations in or that are located in regions affected by the coronavirus (COVID-19). The period of relief covers filing deadlines falling between March 1 and April 30. However, the SEC will continue to consider whether additional relief is necessary as developments unfold.
- Certain states or local governments have offered tax relief on extensions of time to file and to pay upcoming state and local taxes, as well as additional information on matters such as agency shutdowns.

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United States of America (2/14)

Guidance related to interest and penalties:

— As a result of the postponement of the due date for making federal income tax payments up to the applicable postponed payment amount from April 15, 2020, to July 15, 2020, there will be no accrual of interest, penalties or addition to tax for a failure to pay for the period beginning on April 15, 2020, and ending on July 15, 2020. Interest, penalties, and additions to tax with respect to amounts of postponed federal income tax payments will begin to accrue on July 16, 2020. Also, interest, penalties, and additions to tax will accrue, without any suspension or deferral, on the amount of any federal income tax payments in excess of the applicable postponed payment amount due but not paid by an affected taxpayer on April 15, 2020. Notice 2020-17 states that affected taxpayers subject to penalties or additions to tax despite the relief granted by this notice may seek reasonable cause relief under section 6651 for a failure to pay tax or seek a waiver to a penalty under section 6654 for a failure by an individual or certain trusts and estates to pay estimated income tax, as applicable. Similar relief with respect to estimated tax payments is not available for corporate taxpayers or tax-exempt organisations under section 6655

Federal Income Tax filing

— The Treasury Department and Internal Revenue Service announced today that the federal income tax filing due date is automatically extended from April 15, 2020, to July 15, 2020.

— Taxpayers can also defer federal income tax payments due on April 15, 2020, to July 15, 2020, without penalties and interest, regardless of the amount owed. This deferment applies to all taxpayers, including individuals, trusts and estates, corporations and other non-corporate tax filers as well as those who pay self-employment tax.

— Taxpayers do not need to file any additional forms or call the IRS to qualify for this automatic federal tax filing and payment relief. Individual taxpayers who need additional time to file beyond the July 15 deadline, can request a filing extension by filing Form 4868 through their tax professional, tax software or using the Free File link on IRS.gov. Businesses who need additional time must file Form 7004.

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United States of America (3/14)

U.S. Senate Republicans March 22, 2020, released a draft "Phase 3" coronavirus bill, which provides for:

- Extended carry-back period for net operating losses (NOLs), including a five-year carry back of certain 2018, 2019, and 2020 losses and, temporarily, the ability to fully offset income. Special rules would be provided for REITs and life insurance companies. It also includes a technical correction to the effective date of changes made by the TCJA to the NOL rules.
- Changes to the limitation on loss rules for partnerships and sole- proprietors (some temporary): suspend the application of the limitation on excess business losses of non-corporate taxpayers that was enacted as part of the TCJA, for tax years beginning after 2017 and before 2026.
- Acceleration of refundability of corporate alternative minimum tax (AMT) credits.
- Temporary relaxation of the section 163(j) limitation of interest deductions to 50% of adjusted 2019 and 2020 taxable income
- A number of technical corrections to provisions in the 2017 tax law (“Tax Cuts and Jobs Act”), including the qualified improvement property fix,
- would change the recovery life of qualified improvement property to 15 years, making those costs eligible for bonus depreciation, retroactive to enactment of the TCJA.

Customs/Import and Other Miscellaneous Taxes

The U.S. Treasury Department’s Alcohol and Tobacco Tax and Trade Bureau (TTB) issued a release announcing that it was waiving certain excise tax provisions with regard to distilled spirits that are used in the production of hand sanitizers.

- Existing beverage distilled spirits plants (DSP) and alcohol fuel plants (AFP) can immediately commence production of hand sanitizer without first having to obtain authorization or formula approval.
- DSPs and AFPs can supply distilled spirits (ethanol) for use in the manufacture of hand sanitizer to other permittees without first having to obtain authorization.
- Industrial alcohol users may procure increased amounts of denatured ethanol and can use denatured ethanol to manufacture hand sanitizer without first obtaining formula approval.
- The hand sanitizer produced must meet certain World Health Organization standards and other standards listed in the TTB release.

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United States of America (4/14)

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Customs/Import and Other Miscellaneous Taxes (continued)

— The TTB release notes that hand sanitizers made with denatured ethanol are not subject to federal excise tax. However, if the hand sanitizer is made with undenatured ethanol, federal excise tax applies. The provisions apply through June 30, 2020.

U.S. Senate Republicans March 19, 2020, released a draft "Phase 3" coronavirus bill, which provides for a suspension of certain aviation excise taxes through the creation of an “excise tax holiday” through December 31, 2020.

— On March 20, U.S. Senate Finance Committee unveiled a draft bill entitled “Save America’s Main Street Act”, which, among other things, would:

— Create a small business rebate against income tax equal to 30% of the prior tax year’s gross income with a maximum rebate of $75,000. To qualify for the rebate, a small businesses must have gross receipts not exceeding $1 million (measured by average annual gross receipts for the three prior tax years), no more than 50 full time employees, and conduct a trade or business within the United States. The provision would also apply to qualifying tax-exempt organizations.

— Allow a delay of payment of estimated federal taxes for certain sole proprietors that meet qualifying employee limitations (generally less than 500 full-time equivalent employees) and income limitations (generally gross income of less than $250,000/$500,000). If qualified under the provision, taxpayers would be allowed to make only two instalments payments which would be payable on September 15, 2020, and January 15, 2021. The provision also would adjust the required annual payment to 75%.

— Create a refundable employee retention credit for employers impacted by COVID-19. The credit generally would equal 50% of an employee’s wages with a maximum credit amount of $7,500 per employee. The provision would apply to certain businesses with fewer than 500 employees located in a “qualified coronavirus disaster zone” and that are required to close due to a directive by a federal, state or local authority or to a lack of available employees due to a public health emergency. An employer may also qualify for the credit if the gross receipts for any qualifying 30-day period in the calendar year is more than 25% less than the gross receipts for the corresponding 30-day period during the previous year.

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United States of America (5/14)

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Payroll offset rules, research tax credits

- The consolidated Appropriations Act, 2016 (the Protecting Americans from Tax Hikes Act of 2015 or "PATH Act"), retroactively extended the section 41 research tax credit for all of 2015 and made it permanent. The PATH Act also created a new section 41(h) election so that a QSB can elect to apply up to $250,000 of credit against their payroll tax liability instead of their income tax liability.
- To be eligible, a small business must have gross receipts for the tax year of less than $5 million, and no gross receipts for any tax years preceding the five-tax-year period ending with the credit determination tax year. That is, a taxpayer making this election for 2019 must not have had any gross receipts in a tax year preceding 2015.
- A small business that is not a corporation or partnership (such as a sole proprietor) must take into account the aggregate gross receipts the taxpayer receives in carrying on all its trades or businesses. For corporations and partnerships, the gross receipts and the credit limitation apply on a controlled group basis. For a QSB other than a partnership or S corporation, the amount elected is limited to current year credits that would otherwise be carried forward.
- Gross receipts for purposes of the payroll tax credit are determined under the rules of section 448(c)(3)(B), (C), and (D). This is similar to the rules for determining gross receipts for purposes of AMT liability. Hence, for short tax years, gross receipts are annualised by multiplying the gross receipts for the short period by 12 and dividing the result by the number of months in the short period. Furthermore, gross receipts for any tax year are reduced by returns and allowances made during such year.
- A taxpayer may make the election by specifying the amount on or before the due date (including extensions) of the tax return for the tax year the credits are generated; the election may be revoked only with the consent of the Secretary of the Treasury. The credit can be claimed in no more than five tax years. In the case of a partnership or S corporation, this election is made at the entity level.
- The elected amount is allowed as a credit against the qualified small business's FICA (section 3111(a)) tax liability on wages paid for the first calendar quarter beginning after the date on which the qualified small business files its income tax or information return for the tax year. That is, the elected credit amount is used to reduce the taxpayer's payroll tax following the time the return is filed.

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United States of America (6/14)

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Payroll offset rules, research tax credits (continued)

- A taxpayer that makes the election for the 2019 tax return and timely files its return (with extension) on April 30, 2020, would be able to use the credit against payroll tax liability for the third quarter of 2020. Any credit that exceeds the payroll liability for that first calendar quarter following the filing of the return is carried over to the succeeding calendar quarter.
- Because of the timely filed return requirement, a taxpayer will need to determine and report a research credit on the timely filed return to use the payroll tax election. A taxpayer with no current income tax liability (e.g., because of net operating losses) cannot wait to determine the credit for the year that it will end up using as a carryover, if it wants to make the payroll tax election.

Payroll Tax

The U.S. House of Representatives and the Senate passed a bill which would introduce:

- Payroll tax credit for required paid sick leave - Effective for wages paid with respect to a period that begins on a date selected by Treasury and that ends December 31, 2020, the bill generally would provide an employer payroll tax credit equal to 100% of the qualified sick leave wages paid by the employer under the Emergency Paid Sick Leave Act, subject to certain limitations. The tax credit generally would be available for wages of up to either $511 or $200 for each day an individual is paid qualified sick leave. The amount of the credit for any calendar quarter generally could not exceed the tax imposed under Code section 3111 or Code section 3221(a) for such quarter.
- However, the bill includes refundability provisions for credits that exceed tax liability.
- Payroll tax credit for required paid family leave - Effective for wages paid with respect to a period that begins on a date selected by Treasury within 15 days of enactment and that ends December 31, 2020, the bill would provide an employer payroll tax credit for each calendar quarter generally equal to 100% of the qualified family leave wages paid by the employer to comply with the Emergency Family and Medical Leave Expansion Act with respect to such quarter. The credit would be against the employer portion of OASDI taxes imposed by Code section 3111(a)
- Negotiations currently take place on a third package of economic stimulus proposed by the Administration which may amount USD 1 trillion and are expected to include a reduction in pay-roll taxes and USD 50 billion for the airline industry

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United States of America (7/14)

Individual Income Tax

- The U.S. House of Representatives and the Senate passed a bill which would introduce:
- Credit for sick leave for certain self-employed individuals - the bill would allow an eligible self-employed individual a credit against the tax imposed by subtitle A of the Code (relating to income taxes) with respect to qualified sick leave equivalent amounts. To qualify, an individual generally must regularly carry on a trade or business within the meaning of Code section 1402 and must have met the criteria to receive paid leave pursuant to the Emergency Paid Sick Leave Act as if the individual were an employee of an employer.
- Credit for family leave for certain self-employed individuals - The bill would allow an eligible self-employed individual a credit against the tax imposed by subtitle A of the Code (relating to income taxes) with respect to qualified family leave equivalent amounts. To qualify, an individual must regularly carry on a trade or business within the meaning of Code section 1402 and must have met the criteria to be entitled to receive paid leave pursuant to the Emergency Family and Medical Leave Expansion Act as if the individual were an employee of an employer.
- Wages under section 3111 - The bill provides that any wages required to be paid by reason of the Emergency Paid Sick Leave Act and the Emergency Family and Medical Leave Expansion Act would not be considered wages for purposes of Code section 3111(a).
- U.S. Senate Republicans March 19, 2020, (updated as of March 22) released a draft "Phase 3" coronavirus bill, which provides for:
- Rebates of up to $1,200 for single filers and $2,400 for joint filers (with amounts increased by $500 per child). These payments are subject to phase-outs beginning at $75,000 / $150,000 adjusted gross income (AGI) for single filers / joint filers.
- A delay of the April 15 filing date for 2019 returns until July 15. Also, a delay in estimated tax payments otherwise due from date of enactment until October 15, 2020.
- A waiver of the early withdrawal penalty for certain coronavirus- related withdrawals from qualified retirement plans.
- Allowance of up to $300 of charitable deductions for non- itemizing taxpayers for tax years beginning in 2020 and relaxation of the limitations for those taxpayers who itemize.
- Increase in charitable contributions limits: for individual taxpayers who itemize, the provision would suspend for 2020 the 50% of AGI limitation on certain charitable contributions. For corporations, the 10% AGI limitation would be increased to 25% for certain 2020 contributions.

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United States of America (8/14)

The United States has opened up the Disaster Relief Loan Programme for small business affected by the situation.

Financial services regulatory expectations for COVID-19:

- In its role as a central bank, the FRB established multiple facilities to support the flow of credit to households and businesses, including:
  - A Commercial Paper Funding Facility (CPFF) to purchase unsecured and asset-backed commercial paper rated at least A1/P1/F1 (as of March 17, 2020) directly from eligible companies, defined to be U.S. issuers of commercial paper, including U.S. issuers with a foreign parent company. Purchases under the CPFF will continue through March 17, 2021 unless extended by the FRB.
  - A Primary Dealer Credit Facility (PDCF) to offer overnight and term funding with maturities up to 90 days to Primary Dealers of the New York Federal Reserve Bank. Credit extended to primary dealers under this facility may be collateralized by a broad range of investment grade debt securities, including commercial paper and municipal bonds, and a broad range of equity securities. The PDCF will be in place for at least six months and may be extended as conditions warrant.
  - A Money Market Mutual Fund Liquidity Facility (MMLF) that will make loans available to eligible financial institutions secured by high-quality assets purchased by the financial institution from money market mutual funds. “Eligible financial institutions” are defined as U.S. depository institutions, U.S. bank holding companies, and U.S. branches and agencies of a foreign bank. High-quality assets include unsecured and secured commercial paper, agency securities, and Treasury securities. Certain categories of state and municipal debt and other securities were subsequently added here and here. Credit extensions under the MMLF will be available through September 20, 2020 unless the facility is extended by the FRB.

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United States of America (9/14)

Financial services regulatory expectations for COVID-19: (Continued)

- On March 23, 2020, the FRB established additional facilities, including:
  - The Primary Market Corporate Credit Facility (PMCCF) for new bond and loan issuances. This facility is open to investment grade companies and will provide bridge financing of four years. Borrowers may elect to defer interest and principal payments during the first six months of the loan, extendable at the Federal Reserve's discretion, in order to have additional cash on hand that can be used to pay employees and suppliers.
  - The Secondary Market Corporate Credit Facility (SMCCF) to provide liquidity for outstanding corporate bonds. The SMCCF will purchase in the secondary market corporate bonds issued by investment grade U.S. companies and U.S.-listed exchange-traded funds whose investment objective is to provide broad exposure to the market for U.S. investment grade corporate bonds.
  - The Term Asset-Backed Securities Loan Facility (TALF), to support the flow of credit to consumers and businesses. The TALF will enable the issuance of asset-backed securities (ABS) backed by student loans, auto loans, credit card loans, loans guaranteed by the Small Business Administration (SBA), and certain other assets.
- The federal banking agencies advocated the use of capital and liquidity buffers and amended their capital rules to simplify the capital framework in this regard. (The federal banking agencies, including the FRB, OCC, and FDIC) have individually and collectively taken the following actions:
- Encouraged banking entities to:
  - Use the Federal Reserve’s discount window. The FRB later indicated a notable increase in discount window borrowing.
  - Use Capital and Liquidity Buffers to make credit available and undertake “other supportive actions” in a safe and sound manner.
- Modified regulatory capital requirements through:

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United States of America (10/14)

Financial services regulatory expectations for COVID-19: (Continued)

— An interim final rule to "neutralize" the effect of participating in the MMLF for regulatory capital purposes, including risk-based and leverage requirements. Under the interim final rule, eligible financial institutions may exclude exposures acquired pursuant to a non-recourse loan provided as part of the MMLF from total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets, and standardized total risk-weighted assets, as applicable. Further, the institution's liability under the MMLF must be reduced by the purchase price of the assets acquired with funds advanced from the facility. Comments are requested on this interim final rule for 45 days following publication.

— An interim final rule to modify the definition of "eligible retained income" in order to "strengthen the incentives for a banking organization to use its capital buffers in adverse conditions." Under the interim final rule, "eligible retained income" is defined as the greater of (1) a banking organization's net income for the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income, and (2) the average of a banking organization's net income over the preceding four quarters. This definition will apply with respect to all of a banking organization's buffer requirements, including the fixed 2.5 percent capital conservation buffer, and, if applicable, the countercyclical capital buffer, the GSIB surcharge, and enhanced supplementary leverage ratio standards. It will also apply to all parts of the Stress Capital Buffer requirement when they become effective. Comments are requested on this interim final rule through May 4, 2020.

— Issued a joint Statement on Loan Modifications and Reporting that indicates the agencies will not criticize institutions for working with borrowers in a safe and sound manner, and will not direct supervised institutions to automatically categorize loan modifications as troubled debt restructurings (TDRs). They add that short-term (such as, six months) modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not TDRs. These would include modifications such as payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant.

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Financial services regulatory expectations for COVID-19: (Continued)

— The FDIC has also urged the Financial Accounting Standards Board (FASB) to delay certain accounting rules including implementation of the Current Expected Credit Losses (CECL) methodology, which would also impact regulatory capital. The FDIC asked FASB to permit financial institutions currently subject to CECL an option to postpone implementation, and to impose a moratorium on the effective date for those financial institutions not yet subject to CECL.

— Expanded consideration of CRA credits to include retail banking services and retail lending activities in a financial institution's assessment areas that are responsive to the needs of low- and moderate-income individuals, small businesses, and small farms including waiving certain fees (e.g., ATM, overdraft, late payment), providing “alternative service options” in light of limited branch access, and payment accommodations to avoid delinquencies or negative credit bureau reporting. In addition, during the national emergency, financial institutions will receive credit for community development activities, including loans, investments, or services that support digital access or access to health services, the provision of food supplies, and activities to sustain small business operations.

The federal financial services regulatory agencies provided guidance and targeted regulatory relief to address remote workplace and “social distancing” constraints. Recognizing that compliance with certain regulatory requirements will be challenging or impossible due to the national emergency declaration, which requires that personnel will be displaced from normal business sites and large gatherings of individuals will be prohibited:

— The CFTC:

  – Provided no action relief from recording of oral communications related to voice trading and other telephonic communications as well as certain time-stamping requirements for a variety of entities, including futures commission merchants, introducing brokers, swap dealers, retail foreign exchange dealers, floor brokers, swap execution facilities, and certain designated contract markets. The letters are available here and here.
  – Provided targeted relief by extending, for one year, the initial margin compliance deadline for market participants with the smallest uncleared swaps portfolios.

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Financial services regulatory expectations for COVID-19: (Continued)

— The SEC provided:
  - Guidance for conducting annual shareholder meetings, including provisions to for changing the date and location, use of new technologies (e.g., "virtual" meetings), and alternative means, such as by telephone, for shareholders to present proposals.
  - Relief to certain investment funds and investment advisers related to requirements for in-person board meetings and certain filing and delivery requirements, such as certain in person board votes, annual and semi-annual filings, and client disclosures.
  - No-action relief regarding enforcement of the Consolidated Audit Trail (CAT) compliance rules through May 20, 2020, effectively extending the CAT filing deadline.

— Other federal agencies with authorities related to financial services products and services took actions to address impacts to the financial well-being of individuals and businesses caused by COVID-19, including a HUD and FHFA suspension of foreclosures and evictions, and the Department of Education's suspension of interest accruals on federal student loans.

— The Department of Housing and Urban Development announced a foreclosure and eviction moratorium for single family homeowners with FHA-insured mortgages for 60 days. Separately, the Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac (together, the GSEs) will similarly suspend, for at least 60 days, foreclosures and evictions on single-family mortgages backed by the GSEs.

— The Department of Education suspended interest accruals on federal student loans for at least 60 days.

— The Department of Justice announced a series of temporary changes to its civil merger investigation processes, including additional time to review transactions and rescheduling of meetings in favour of videoconferencing.

State Regulatory Actions

— Individual States are taking action to address the impact of the COVID-19 outbreak on financial services businesses, including insurance-related businesses, under their supervisory jurisdiction. In some cases, such as in New York and California, they have dedicated web pages to announce and document State actions to address COVID-19.

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United States of America (13/14)

Financial services regulatory expectations for COVID-19: (Continued)

Banking Regulators

Working collectively through the Conference of State Bank Supervisors (CSBS), individual States participated in releasing joint interagency guidance with the federal financial services regulators, including:

— Releasing a statement encouraging financial institutions to “work constructively” with borrowers and other customers in areas affected by COVID-19 to help meet the customers’ financial needs. The Agencies committed to providing appropriate regulatory assistance to affected institutions, working to minimize disruption and burden related to examinations and inspections, and expediting reviews of requests to provide more conveniently available services to affected customers.

— Releasing a statement on loan modifications and reporting (jointly with the federal banking regulators).

— Updating a Statement on Pandemic Planning, which identifies actions financial institutions should take to minimize the potential adverse effects of a pandemic.

Insurance Regulators

— The National Association of Insurance Commissioners (NAIC) issued a brief outlining the types of insurance that may have provisions and exclusions triggered by the COVID-19 outbreak, including health, travel, life, business continuity, workers compensation, and general liability and directors and officers insurance.

— New York Department of Financial Services provided guidance to insurance companies to “do their part to alleviate the adverse impact caused by COVID-19 on those consumers and small businesses that can demonstrate financial hardship caused by COVID-19,” including offering payment accommodations, increasing resources for claims, and proactively reaching out to customers.

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United States of America (14/14)

Financial services regulatory expectations for COVID-19: (Continued)

OCDE:

— On 3 March, the Federal Reserve cut the interest rate by half a percentage point. On 15 March, the Federal Reserve further reduced rates by another percentage point with interest rates now amounting 0-0.25%. Furthermore, it announced buying USD 500 billion in obligations and USD 200 billion in commercial debt. The Federal Reserve also made it easier for commercial banks to make use of central bank liquidity by lowering rates with 150 basis points. On 17 March, the Fed announced it would reopen the so-called Commercial Paper Funding Facility to underwrite the short-term loans that companies often use to pay for their operations, a key financial market backstop first set up 2007 to 2009.

— On 6 March, the government launched a USD 8.3 billion spending bill, with an emphasis on health measures. The coronavirus has been deemed a “disaster” by the government, making American businesses (of all sizes) eligible for the Economic Injury Disaster Loan Assistance programme of the Small Business Administration (SBA). Under this programme, small businesses can obtain working capital loans of up to USD 2 million at low-interest rate.

— The Administration on 13 March announced its intention to make USD 50 billion available for loans to small businesses.

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Algeria (1/1)

General information

- Extension of the deadline for the subscription of declarations and the payment of duties and taxes
- Taxpayers under the real estate regime:
  - Postponement of the subscription of the monthly declaration series G n° 50 of February and of the payment of the duties and taxes relating thereto until April 20, 2020.
  - Deferral of payment of tax instalments IRG / IBS until April 20, 2020.
  - Taxpayers, falling under the GD, subject to the obligation of tele-declaration and tele-payment are not concerned by these measures.
- Taxpayers exercising liberal professions: Postponement of the subscription of the monthly declaration series G n° 50 of February (concerning IRG/salaries), until 20 April 2020.
- The Monetary Policy Operations Committee decided to reduce the required reserve ratio from 10% to 8% and to lower the reserve ratio by 25 basis points (0.25%), The key rate of the Bank of Algeria to set it at 3.25% as from 15 March 2020".

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Egypt (1/1)

General information

— On 14 March, the government announced a USD 6.4 billion stimulus package. Furthermore, the Central Bank Egypt gave small and medium-sized businesses a six-month extension for credit repayments and cancelled ATM withdrawal fees for the same period. The central bank also increased the daily withdrawal limits for credit and debit cards, and said lenders will “immediately” provide financing for the import of key commodities. On 17 March, the central Bank announced a rate cut of 3%.

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Israel (1/2)

On 8 March, the Finance Ministry announced it opened a special loan facility for struggling companies to receive support from the State Guarantee Fund for Small Businesses. The facility is primarily aimed at SMEs that were experiencing cash flow difficulties as a result of the virus outbreak. It provides working capital loans of up to 5 years to a maximum of NIS 500 000 or up to 8% of the last annual turnover, with possibilities to defer payment for half a year. Banks are expected to provide credit approval within nine working days.

On 11 March, the Government announced a further NIS 10 billion support package, doubling the amount available under the loan fund.

On 16 March, the government announced further measures of importance to SMEs, which include (next to measures to enhance access to loans already announced):

- Advance of payments to small and medium government suppliers;
- Extension of deadline for VAT payments to state treasury for all businesses;
- Postponement of National Insurance payments for the month of April, and allowing payments in instalments;
- Postponement of self-employed, small and medium business mandatory payments;
- Postponement of council tax (municipal tax) payments and provision of financial assistance to weak local government, and;
- Special aid grant for self-employed - intended for self-employed with small businesses in anticipation of projected losses due to the decline in economic activity.

Furthermore, a number of other policy measures are currently in place:

- Reducing the level of collateral for businesses (while increasing government guarantees at the same time) in the Small and Medium Business Fund from 25% to only 10% for any business that submits a signed statement regarding damages from the Coronavirus. The fund's credit line will be increased to four billion NIS.

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Israel (2/2)

— A support package of 10 billion NIS to SMEs, mostly through the State guarantee Fund to SMEs, to finance working capital in view of cash flow difficulties:
  - State guarantees increased to 85% of the loan amount
  - Reduced collateral up to 10%
  - Longer repayment period up to 5 years
  - Shortened loan approval at the bank – up to 9 working days
  - Loan up to 500 000 NIS or 8% of the annual revenue (the highest between the two)

— Postponement of VAT, water, social security and health insurance payments.

— Flexible payments for electricity bills.

By order of the Minister of the Interior, municipal taxes will be postponed until 1.5.2020 through a government support for authorities that will be affected by the epidemic.

— Israel's five largest banks, which account for about 99% of overall banking activity, declared a deferment of mortgage and loan payments (with a waiver of deferred payment fees) for the next three months. Israel's largest mortgage bank, bank Mizrahi Tefahot, will postpone payments for four months.

— The same applies for state-funded mortgages.

— As directed by the Accountant General of the Ministry of Finance, the government pays its suppliers within a few days, while the maximum amount of time to refund businesses was reduced from 45 to 30 days.

— Freezing enforcement actions, including new foreclosures and the postponement of outstanding foreclosures.

— Reducing the enforcement of by-laws within certain local administrations vis-à-vis businesses.

— Increased flexibility in the employment market by extending unemployment benefits to employees who are sent on unpaid leave for 30 days or more.

— Promoting local procurement: encouraging residents to buy from local SMEs by local authorities, through investments in marketing within the community.

— Creating a network of local authority' representatives, for peer learning and communicating "field" knowledge to the Ministry of Economy, and vice versa.

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Kenya (1/1)

Monetary policy

On March 23, the MPC cut its policy rate from 8.25% to 7.25% and reduced the cash reserve ratio from 5.25 to 4.25. The central bank states that it ""will ensure that the interbank market and liquidity management across the sector continue to function smoothly.

On 17 March, a central bank order for banks to waive bank fees for individuals who move money between their bank account and mobile wallet came into effect. It has also increased the upper limit for mobile money transfers by SMEs. Both are in a bid to limit contact with physical notes. On 18 March authorities reached a deal with commercial banks to restructure nonperforming loans caused by Covid-19 layoffs etc.

Fiscal policy

Nothing major has been approved as of yet. The Treasury has announced a $5 million package to support the tourism industry.

Labour policy

Nothing concrete has been approved. Government workers have been asked to work from home where possible.

Incentives to companies to continue operating

Bank debt restructurings also apply to businesses facing financial instability due to Covid-19. This is not necessarily directly aimed at keeping businesses up and running, but it will contribute to assisting them. SMEs can now make larger mobile money transfers.

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Nigeria (1/1)

General information

Nigerian Central Bank establishes a fund to support the country's economy 50 billion naira (EUR 121 million) for households and micro and small enterprises. Credit assistance for the health industry to meet the potential increase in demand for health services and products "by facilitating borrowing conditions for pharmaceutical companies, hospitals and practitioners".

Monetary Policy

On March 16, the Central Bank of Nigeria announced six new measures to cushion the financial impact of the coronavirus:

— A 1 year extension of a moratorium on principal repayments for CBN intervention facilities;

— The reduction of the interest rate on intervention loans from 9 percent to 5 percent;

— The creation of a NGN 50 billion (USD 140 million) targeted credit facility for households and SMEs that have been hard-hit by the virus;

— Credit support for the healthcare industry;

— Urging Deposit Money Banks to consider temporary and time limited restructuring of the tenor and loan terms for affected businesses and households;

— Strengthening of the Loan to Deposit ratio policy (i.e. stepped up enforcement of directive to extend more credit to the private sector)

Fiscal Policy

— The Federal Government cut planned spending in the 2020 budget by about NGN 1.5 trillion (USD 4 billion), including a 20 percent cut to capital expenditure and a 25 percent cut to recurrent expenditure.

— The crude oil benchmark price was also reduced from USD 57 to USD 30.

— The Central Bank announced that it will create a NGN 50 billion (USD 140 million) targeted credit facility for households and SMEs that have been hard-hit by the virus and pledged to pump in NGN 1.1 trillion (USD 3 billion) into critical sectors of the economy

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Mauritius (1/1)

Mauritius Revenue Authority – Wage Assistance Scheme

The Government of Mauritius announced a Wage Scheme Assistance on 23 March 2020. Where companies in the private sector are adversely affected by COVID-19, an application can be made to the Mauritius Revenue Authority ("MRA") for financial support.

Under this scheme, companies will be entitled to receive in respect to its wage bill for the month of March 2020, an amount equivalent to 15 days' basic wage bill for all of its employees drawing a monthly basic wage of up to MUR 50,000 subject to a cap of MUR 12,500 of assistance per employee.

Mauritius Revenue Authority – No penalty and interest for late filing

The MRA has issued a communique on 20 March 2020 stating that taxpayers who are unable to submit returns or effect payment of tax due to the lockdown will not be charged any penalty or interest for late submission or payment. No cut-off date has as of yet been communicated on this grace period.

The head-office of the MRA is closed to the public. However, queries may still be emailed to the MRA as a team of MRA officers are working from home to maintain their services.

Facilities for the electronic submission of tax returns and electronic payment of tax remain available on the MRA website.

Promoting work-from-home policy & tax credits for companies affected by the COVID-19

With a view to promote working from home, the Government introduced a tax reduction scheme in 2018 which gives employers a double tax deduction in respect of emoluments payable to its staff who work from home and a 5% tax credit on the acquisition of information technology system. These measures are transitional and apply only for the period 01 July 2018 to 30 June 2020.

Companies affected by the COVID-19 will also be eligible for certain tax deduction when acquiring plant and machinery during the period 01 March 2020 to 30 June 2020.

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Morocco (1/1)

General information

— The Council decided to reduce the key interest rate by 25 basis points to 2% and to continue to monitor all these developments very closely.

— Morocco releases one billion dollars for the fight against coronavirus

— Covid-19 in Morocco: Suspension of the CNSS, moratorium on bank loans

— Suspension of tax charges as at 31 March and of payroll charges for all sectors, except those not suffering from the crisis.

— The CVE decided to suspend the payment of social security charges and to introduce a moratorium on the repayment of bank loans to companies. These measures should be operational from Monday 23 March.

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Qatar (1/1)

General information

The General Tax Authority (“GTA”) has issued Circular No.5 for the year 2020 Thursday evening, in response to letters received by the GTA, requesting for an extension of the deadline for filing tax returns for the year ended 31 December 2019 (FY 2019).

The GTA has provided an extension of 2 months for filing the tax returns for the FY 2019; whereby 30 June 2020 will now be the deadline to file the said tax returns. The circular has been issued in light of the exceptional circumstances that the State is facing during this period.

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Saudi Arabia (1/2)

General information

On 14 March, Saudi Arabia announced a stimulus package, including SAR 50 billion (USD 13.3 billion) for SMEs. Under Saudi Arabia's programme, SAR 30 billion will be allocated for banks and financing companies to delay loan payments due from SMEs for six months. The package will provide SAR 13.2 billion to SMEs through bank loans to allow them to continue operations and support growth. SMEs will also get relief from finance costs through a SAR 6 billion loan guarantee programme.

The Kingdom of Saudi Arabia announced measures targeted specifically to provide relief for taxpayers by easing tax return filing and tax payment requirements for a limited time in response to the coronavirus (COVID-19) pandemic.

The General Authority for Zakat and Tax (GAZT) introduced a general extension of three months for filing tax returns and payment the related tax for registered taxpayers. The extensions apply for Zakat, income tax, withholding tax, value added tax (VAT), and excise tax due for the period from 18 March to 30 June 2020 as follows:

— Tax/Zakat: Return filing dates will be postponed until 31 July for taxpayers with a December year-end, certificates will be issued without restrictions for the year 2019
— VAT: Return filing dates for VAT will be postponed until 30 June, 31 July, 31 August, 30 September for the February, March, April, and May periods.
— Excise tax: Payments due on goods imported during the postponement period can be delayed, but the importer must submit monthly temporary returns to GAZT.
— Withholding tax: Filing dates for submission of returns are now due on the 10th of July, August, and September for the March, April and May periods.
— Delay penalties: Taxpayers are exempted from late (delay) penalties for the submission of returns and the associated payments for all taxes (listed above) that fall due within the period starting from 18 March to 30 June 2020.
— Payments suspended: Penalties will not apply for payments of tax that are suspended.
— Refund payments: Refunds due to taxpayers are to be expedited.

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Saudi Arabia (2/2)

Monetary Policy:

The Saudi Arabian Monetary Authority unveiled a $13.3 billion package on March 15. The “Supporting Finance for the Private Sector” program will support SMEs through three components: $8 billion to support banks in deferring SME payments for six-months; $3.5 billion to provide concessional financing; $1.6 billion in guarantee provision to support loan-making to small businesses. The final component of the program will support the e-commerce sector, with the provision of a targeted $213 credit facility. A new economic committee has been set up to coordinate and review the programs and incentives put in place by the National development fund, Kafala Program, General Authority for Small and Medium Enterprises, and Saudi Import Export Bank.

Fiscal Policy:

On 20 March, Saudi Arabia announced $18.6 billion in fiscal initiatives. These include an exemption from the expat levy, extending for 3 months without charge. It will also enable employers to refund fees of unused work visas. Finally, it will postpone payment of value added tax, excise tax and income tax, zakat declarations, accept instalment requests.

Labour Policy:

Public sector workers will continue to receive salaries; no other specific policy discussed for private sector workers who have been ordered home for 15 days starting 19 March

Incentives to companies to continue operating:

— Monetary incentives to ease financing has at this point targeted SMEs.

— No fiscal incentives announced yet in terms of tax delays.

— Focus is on keeping businesses shut for next 14 days.

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Senegal (1/1)

General information

— In addition to a fund initially created with an envelope of 1.4 billion FCFA ('2.1 million), Senegal has taken 3 new measures to mitigate the negative effects of the coronavirus on its economy. These are the establishment of a Response and Solidarity Fund against the effects of COVID- 19 called "FORCE-COVID-19". Then the creation of a COVID-19 growth and economic watch committee. And finally, the development of a contingency plan following the evolution of the pandemic for an amount of 64 billion FCFA (97.6 million euros).

— Referring to the private sector, Amadou Hott, Minister of Economy, suggested that banks will provide facilities to the most affected companies and operators

— Macky Sall announced the creation of a "national crisis cell and a fund for response and solidarity against the effects of Covid-19". He asked his ministers to put their hands in their pockets and invited them to "each contribute one million CFA francs" (1,500 euros).

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South Africa (1/6)

General information

The 18 March, the government announced it works on a package to support SMEs

A Debt Relief Fund aims at providing relief on existing debts and repayments, to assist SMEs during the period of the Covid-19 state of disaster. For SMEs to be eligible for assistance under the Debt Relief Fund, the applicant must demonstrate a direct link of the impact or potential impact of Covid-19 on the business operations. The Ministry has set up a centralised registration system (www.smmesa.gov.za) where all those in need of financial aid will register and be screened

The Business Growth or Resilience Facility aims to enable continued participation of SMEs in supply value-chains, in particular those who manufacture (locally) or supply various products that are in demand, emanating from the current shortages due to Covid-19 pandemic. This facility will offer working capital, stock, bridging finance, order finance and equipment finance and the amount required will be based on the funding needs of the business.

On 19 March, the Reserve Bank cut the repo rate by 100 basis points from 6.25% to 5.25%.

South Africa: VAT considerations in light of coronavirus (COVID-19), 20th of March,2020

Deposits: Whether an amount received is indeed a deposit and, if so, the VAT treatment when such deposit is forfeited or applied as consideration for the supply of goods or services

Vouchers issued or credits granted for cancellations: Whether the voucher is taxable or not, the implications when tendered or forfeited and different forms of credits received for future use

Cancellation fees: The rate of VAT to be applied to these charges to customers together with documentary requirements, where relevant, i.e. a local standard rated flight for a non-resident will potentially have a zero rated cancellation fee

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South Africa (2/6)

South Africa: VAT considerations in light of coronavirus (COVID-19), 20th of March,2020 (continued)

Unpaid creditors: The implications of creditors unpaid for a period of more than 12 months (subject to the exceptions, e.g. certain inter-group transactions)

Bad debts: The requirements for the relief available for bad debts written off, considering the exceptions to

certain inter-group transactions and the potential VAT liability on bad debts subsequently recovered

Dealings with SARS: The potential impact which new measures introduced by SARS will have on VAT registrations, disputes, account queries, ruling applications, delayed refunds, verifications etc.

VAT refunds: In the unlikely event of the closure of SARS branches or a significant reduction in staff members, the potential impact on cash flow due to delayed payment of VAT refunds

VAT due which cannot be paid timeously: Arranging extended payment terms with SARS due to cash flow restrictions

South Africa: Carbon tax registrations and possible effect of coronavirus (COVID-19), 23th of March,2020

The carbon tax is administered as an environmental levy on carbon emissions, which requires that every person operating emissions-generation facilities at a combined capacity equal to or above the legislated carbon tax threshold, must register with the South African Revenue Service and **obtain** a **consolidated license for the combination of emissions facilities** that generate **emissions** subject to the **carbon tax**. The **emission facilities** will be licensed as a "**customs and excise manufacturing warehouse".**

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South Africa (3/6)

Tax and Legal News

On Monday 23 March 2020, the President of South Africa announced unprecedented measures in assisting South Africa in its fight against COVID-19. Most notably, a nationwide lockdown effective for 21 days from midnight on Thursday 26th March 2020. The lockdown will be lifted at midnight on Thursday 16th April 2020.

COVID-19 – The Benefits of Tax Compliance in Unprecedented Times

This measure is aimed at preventing millions of South Africans from infection whilst saving the lives of hundreds of thousands of South Africans.

The implementation of this safeguard will have an impact on the economy and people's livelihoods. The President mentioned several mechanisms that could assist in dampening the negative economic impact that the safeguard could have, including the setup of a SOLIDARITY Response Fund which could afford organisations and individuals tax deductible donations in assisting with the fight against the COVID- 19 Epidemic. The President went on further to mention certain tax related mechanisms which could assist businesses given the financial and economic distress in these unprecedented times

Overview of measures proposed

— Tax compliant businesses with a turnover of less than ZAR 50 million will be allowed to delay 20% of their Pay-As-You-Earn (PAYE) liabilities over the next four months and to delay a portion of their provisional corporate income tax payments without penalties or interest over the next six months.

— The South African tax system will provide a tax subsidy of up to ZAR 500 per month for the next four months for those private sector employees earning below ZAR 6 500 under the Employment Tax Incentive (ETI). The South African Revenue Service (SARS) will also work towards accelerating the payment of ETI reimbursements from twice a year to monthly to get cash into the hands of compliant employers as soon as possible.

— The South African government is exploring the temporary reduction of employer and employee contributions to the Unemployment Insurance Fund (UIF) and employer contributions to the Skill Development Levy Fund (SDL contributions) and to the Commissioner for Compensation for Occupational Injuries and Disease Fund (COIDA contributions)

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South Africa (4/6)

Introduction to Employer Relief Measures proposed

The details of the actual temporary relief measures are not known at this time. Any changes to the legislation require swift changes to the SARS electronic platforms and payroll software used by employers to run their payrolls.

Employment taxes

As mentioned above, the President proposed relief measures in relation to employment taxes. Employment taxes include:

— PAYE

— UIF

— SDL obligations

— Remittances by employers to the COIDA Fund.

When are the remittances payable by the employer (taxpayer)?

Every resident employer must withhold employees' tax on remuneration paid to employees by no later than the 7th day of the month following the month in which such tax amount was withheld. Where the 7th of the month falls on a public holiday, Saturday or Sunday, the payment must be received by the SARS by the preceding business day. The same payment date applies for the remittances of the UIF and SDL obligations to SARS. The payments to SARS must be accompanied by a monthly form (EMP 201). The payment of COIDA is an annual employer liability payable to the Compensation Commissioner.

What are the penalty provisions?

Currently, when PAYE, UIF and SDL payments are not received timeously by SARS, a 10% penalty in relation to the late payment and interest at prevailing rates apply. The Speech Proposals provide that employers with a turnover of ZAR50 million or less, may delay 20% of the PAYE obligations over the next four months without incurring penalties and interest.

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South Africa (5/6)

What is currently reported on the EMP201 and what changes are recommended?

Currently the EMP201 form only requires the following information to be provided by the employer:

— PAYE payable

— SDL payable

— UIF payable

— ETI[brought forward

— ETI calculated

— ETI utilized

— ETI carried forward

— Penalty and Interest (if paid late)

UIF and SDL temporary relief measures

UIF is required to be withheld by employers in relation to a monthly remuneration value capped to ZAR 14 872.

1% of the UIF contribution is withheld from the employee's compensation and the employer makes a matching 1% contribution. It is speculated that UIF obligations will be set aside for at least four months.

The Employment Tax Incentive (ETI)

— The ETI is an incentive aimed at reducing youth unemployment by encouraging employers to hire young work seekers.

— Employers are incentivised to employ young persons (between 18-29 years of age) in terms of a cost-sharing arrangement with government, by allowing the employer to reduce the amount of PAYE it is required to pay to SARS by the amount of the ETI. This provides an immediate cash benefit to the employer.

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South Africa (6/6)

What are the proposals?

— The President stated that this proposal is intended to assist businesses which may be in distress, by using the tax system to provide a tax subsidy of “up to ZAR 500 per month” for the next four months for those private sector employees earning below ZAR 6 500 under the ETI regime.

— It is not clear whether the employer will be entitled to claim an additional ZAR 500 of the ETI, per qualifying employee per month. Presently the value of the ETI which an employer may claim in relation to a “qualifying employee” varies depending on the quantum of the compensation paid by the employer to that employee. It would appear that the additional ZAR 500 saving will apply for all employees earning less than ZAR 6 500 per month.

— An employer is not eligible to claim the ETI if the employer is not compliant in respect of its tax obligations i.e. if the employer has any outstanding tax returns or an outstanding tax debt.

— Currently, qualifying employees who earn ZAR 6 500 per month or less do not pay personal income tax since their income is below the personal income tax threshold (2021 tax year threshold is ZAR 83 100).

— In addition to the above, SARS will also work towards accelerating the payment of ETI reimbursements from twice a year to monthly to facilitate the availability of cash into the hands of compliant employers as soon as possible.

— Currently, if the ETI amounts claimed on the EMP201s exceeds the employees’ tax payable as at the end of every six-month employer reconciliation period, the employer can claim a cash refund from SARS. However, if the taxpayer is not tax compliant across all taxes, the employer may not set off the ETI against the employees’ tax liability nor can the employer claim the refund.

— In practice, ETI refunds take a long time and refunds will not be paid by SARS until SARS has completed an audit of the ETI claims.

— Given the current timing delay in relation to the payment of ETI refunds, SARS would need to remove ETI system blocks and delay ETI audits to ensure that refunds will be paid out timeously.

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Tunisia (1/4)

The Government has announced a set of financial and fiscal measures to address the impact of citizen closure and to reduce the impact of the resulting activity. The total amount announced is $2,500 million. The objective of these measures is to avoid bankruptcies or permanent cessation of business activities, to maintain employment and to financially support the most highly paid and the most profitable businesses.

The objective of these measures is to avoid bankruptcies or permanent terminations of the companies' activities, to maintain employment and to financially support the most highly paid and the most successful companies.

Tax measures for all companies

All companies, whatever their size and sector of activity, have systematically benefited from the following measures:

— The extension of SI declarations until the end of May 2020, with the exception of companies subject to the SI rate of 35%.

— The suspension of all control operations and all deadlines related to tax audit procedures and deadlines for objections until the end of May 2020.

— The reduction of the time limits for the removal of the tax credit is to be achieved by speeding up the timing of the meetings of the Commission for the consideration of requests for removal by moving to a weekly instead of a fortnightly basis. Payment shall be made within a period of no more than one month.

— The revaluation of built and unbuilt property on the basis of its actual value and the exemption from capital gains tax on the revaluation of property held for sale.

— The cancellation of penalties for companies with public procurement contracts for a maximum period of 6 months.

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Tunisia (2/4)

Tax measures for the most affected companies

The phrase "undertakings affected by the impact of the virus" will be defined by government decree after consultation with representatives of the Government's President's Office.

The most successful companies are allowed to take advantage of the following opportunities:

— The staggering of their tax and customs debts for a maximum period of 7 years.

— The suspension of penalties and delays in the payment of tax for a period of three months from April 1 to June 30, 2020.

— The deferral of payment of NSSO contributions for the second and third quarters lasts for three months (excluding the first quarter due on 15 or 25 April).

— Simplification of the procedures for refunding the VAT credit from the farm by removing the condition of continuity for a period of 6 months. Payment will be made within a maximum of one month.

— With the exception of the certificate of purchase and the certificate of suspension of tax and other tax certificates, which may be obtained at any time without the presentation of the necessary documents, provided that they are submitted at a later date.

The tax measures for companies are entirely export-oriented

As an exception and only once in the 2020 financial year, companies that are all exporters can benefit from the authorisation to sell their goods on the local market within the following new limits:

— For companies that are entirely exporters operating in the agri-food and health sectors: the percentage of 30% is increased to 100%.

— For the other companies, which are all exporters, the percentage of sales on the local market increased from 30% to 50%.

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Tunisia (3/4)

Direct Financial Assistance (450MD)

— A 300 million envelope for the benefit of technically unemployed workers, the first of which, according to the Finance Department's proposal, would be of interest to SMEs, with a view to strengthening the SME support fund, in addition to the implementation of the previous decision to provide a bonus of 3 points of interest.

— A 150 million envelope for the benefit of poor and special-needs families that supports family programs that require direct assistance to individuals directly affected under the supervision of the Ministry of Social Affairs.

Business Support Financial Envelopes(1700MD)

— A 500 MD envelope to increase the stock of basic products for the public sector drug, food and oil companies.

— A 500 MD guarantee line to allow private companies that are unable to obtain bank credit to maintain their business (credits granted up to the end of December 2020, over a period of 7 years with 2 years of grace). The tourism sector (hotels, travel agencies, restaurants, craftsmen, transport, culture) is particularly targeted by this MF measure.

— Three new investment funds, funded by the CDC under the MF, (700MD):

  — The first of 500 MD (of which 100 MD will be released as a first tranche) for large companies, including strategic companies, to strengthen their capital and maintain employment;

  — The second of the 100 MD is a bridging fund for the takeover of existing investment funds in companies facing difficulties in strategic sectors, so that these funds can be used to finance other projects;

  — The third part of a 100 MD fund to finance the acquisition of equipment for hospitals and public health institutions.

— This contribution from the CDC will be dependent on the financing of the Treasury, which is the main source of funds from the CSF and would oblige the State to have recourse to the financial system.

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Tunisia (4/4)

Exemptions and financial support

— This measure relates to limited amounts because the source credit of the population represents a small portion of the total credit to individuals, which is 24 billion dinars. This does not pose any problems for the banks, as other individuals continue to pay back the loans.

— Deferral of bank credit repayments over 6 months for companies affected by the crisis. This measure, however, can be applied to higher amounts if it covers more than one sector.

— For example, the central risk centre has identified 67 billion Dinars in credit to companies, of which 39 billion Dinars is short term, and the carry-over must be limited to the most affected companies so as not to choke the banking system. The average liquidity requirement of the banks has fallen from 16 billion at the beginning of 2019 to 11 billion Dinars at present, and this fall over 12 months has helped to reduce inflation (from 7.3% to 5.8% in one year).

— A resumption of financing is therefore expected to allow banks to extend the maturities of affected customers, but this would be limited to 5 billion Dinars over one year, with the aim of not exceeding the level at the end of 2018, which is considered to be high and inflationary. This represents 13% of all short-term loans to companies, so the balance of the loans must be targeted at the companies most affected by the crisis.

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Turkey (1/2)

General information

On 16 March, media reported that Turkey is considering offering tax relief as one of several possible measures to help companies and small businesses cope with an economic slowdown in the face of spreading coronavirus.

On 17 March, the Turkish Central Bank cut its key interest rates by 100 basis points. The bank said it would also provide banks with as much liquidity as they need through intraday and standing overnight facilities.

On 18 March, Turkey launched a 21 point stimulus package (Economic Stability Shield) worth USD 15.4 billion to tackle the coronavirus pandemic. The package includes:

— A three-month deferral of loan payments by companies and will offer additional financial support to affected businesses

— A reduction of VAT on domestic air travel from 18 percent to 1 percent for three months

— Accommodation tax will be cancelled until November

— Social security premiums will be deferred by six months for retail, iron and steel industries, shopping malls, automotive, entertainment and hospitality sectors, food and beverage businesses, textiles as well as event organization sectors

— Stock financing assistance to importers who are affected by the global pandemic.

Monetary Policy:

The CBRT convened an emergency meeting Tuesday, 2 days ahead of its scheduled regular meeting, and slashed its benchmark 1-week repo rate by 1pp to 9.75%. The move takes Turkish real yields deeper into negative territory (annual inflation rate at 12.37%), which is a disadvantage for investors, but will help domestic liquidity.

The CBRT also instituted a host of emergency measures including 91-day repo auctions at a 150bps discount to the benchmark rate, a 500bps cut in FX reserve requirements that should free up $5.1bn for Turkish banks, and repayment delays for rediscount credit (FX loans to exporters) for up to 3 months that could postpone repayments of up to $7.6bn.

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Turkey (2/2)

Fiscal policy

— Government pledged a "series of measures“ but hasn't yet unveiled a figure for the potential fiscal stimulus. With debt/GDP at 32% Turkey has a lot of fiscal space, so long as international markets remain open/there is no liquidity crunch. *UPDATED MARCH 19: On March 18, Ankara unveiled a TRY100bn ($15.4bn) economic package comprising tax breaks and deferrals, as well as credit guarantees and delays in loan repayments.

Labour policy

— On March 18 The government unveiled measures to support labour markets, including a doubling of the part-time compensatory work scheme to four months

— to prevent a surge in unemployment while companies cut back on operations.

Trade Restrictions

— Turkey says halting face-mask exports because of domestic needs. Restrictions have been placed on facemask (which can still be exported as long as domestic demand is met). Exports of other items such as medical/ sanitary gloves and medical suits are under review. None others yet.

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United Arab Emirates (1/1)

Monetary Policy:

UAE Central Bank cut interest rate to 0.75% but kept repurchasing rates.

Fiscal Policy:

UAE Central Bank rolls out stimulus package of $27bn, and Dubai also added its own stimulus package of $409 million.

Labour Policy:

An extended travel ban has been placed on residents (non-Emiratis) which will have an impact on expat labor if extended for considerable period of time.

Incentives to companies to continue operating

Temporary exemptions on principle payments and interest on loans have been approved for the private sector affected by Covid-19. Efforts are being made to create a banking environment that is more friendly to investors, including first-time property buyers, and boost lending capacity. Numerous exemptions, waivers and rebates to help stabilize above mentioned sectors, plus encourage further investments.

Customs/Import and Other Miscellaneous Taxes

The Dubai Government has announced the following measures:

— A refund of 20% of the customs fee imposed on imported products sold in Dubai

— A 90% reduction of fees imposed on submission of customs documents

— Reduction of municipality fees imposed on sales at hotels from 7% to 3.5%

The Abu Dhabi Government has also announced the suspension of tourism and municipality fees for the tourism and entertainment sectors until the end of this year.

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European Central Bank

- The objective of the ECB through this program is to provide relief to banks in order to boost loans to businesses and households, as well as to support production and employment.
- This action is similar to that taken by the Fed in the U.S., which includes the purchase of $500 billion in T-bills and $200 billion in mortgage-backed securities to support the smooth functioning of these marketplaces.
- The ECB's Governing Council announced on Wednesday March 18 a new Pandemic Emergency Purchase Programme with an envelope of €750 billion until the end of the year, in addition to the €120 billion decided on March 12. Together this amounts to 7.3% of euro area GDP. The programme is temporary and designed to address the unprecedented situation the monetary union is facing. It is available to all jurisdictions and will remain in place until ECB assesses that the coronavirus crisis phase is over.
- The new instrument has three main advantages. First, it fits the type of shock we are facing: exogenous, detached from economic fundamentals and affecting all countries in the Euro Area. Second, it allows to intervene in the entire yield curve, preventing financial fragmentation and distortions in credit pricing. Third, it is tailored to manage the staggered progression of the virus and the uncertainty about when and where the fallout will be worst.
- This is reflected in the terms and conditions of the new programme. While the benchmark allocation across jurisdictions will continue to be the capital key of the national central banks, purchases will be conducted in a flexible manner. This allows for fluctuations in the distribution of purchase flows over time, across asset classes and among jurisdictions.
- Moreover, to the extent that some self-imposed limits might hamper action that the ECB is required to take in order to fulfil its mandate, the Governing Council will consider revising them to the extent necessary to make its action proportionate to the risks faced.
- ECB is fully prepared to increase the size of the asset purchase programmes and adjust their composition, by as much as necessary and for as long as needed. ECB will explore all options and all contingencies to support the economy through this shock.
- ECB also decided to purchase commercial papers of sufficient credit quality and to expand the eligible collateral in its refinancing operations. The aim is to reinforce the actions that ECB took last week to protect the flow of credit to companies and people.
- ECB is making available up to €3 trillion in liquidity through its refinancing operations, including at the lowest interest rate ever offered, -0.75%. Offering funds below ECB deposit facility rate allows to amplify the stimulus from negative rates and channel it directly to those who can benefit most. European banking supervisors have also freed up an estimated €120 billion of extra bank capital, which can support considerable lending capacity by euro area banks.

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International Monetary Fund

International Monetary fund

— The IMF is ready to mobilise its lending capacity of USD 1,000 billion to assist its member countries.

— The IMF already has 40 outstanding arrangements with resource commitments of up to approximately USD 200 billion. About 20 other countries have also expressed interest.

— Another objective is to increase the Disaster Assistance and Response Trust Fund (ARC Trust Fund) to USD 1 billion (from USD 400 million today). This fund can help the poorest countries by providing immediate debt relief.

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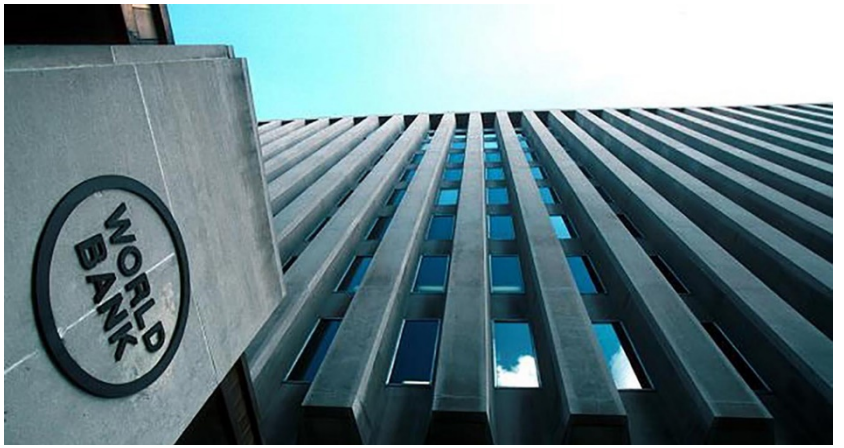
World Bank

World Bank

— Accelerated funding envelope increased to $14 billion to support corporate and national efforts to prevent, detect and respond to the rapid spread of Covid-19.

— Depending on the duration and severity of the epidemic, the World Bank may release a second funding envelope to focus more specifically on economic and social impacts.



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