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COVID-19 *Government Intervention Schemes in EMEA*

Government Intervention Schemes

Countries around the globe are facing unprecedented and rapid change due to the COVID-19 pandemic. This guide provides a summary of key government intervention measures across 15 EMEA jurisdictions in relation to: EU State Aid Approvals (where applicable), Foreign Investment Restrictions, Debt and Taxation.

EU State Aid Approvals: Due to the rapid impact on EU Member States' economies directly resulting from COVID-19, the EU Commission has taken measures (the 'Temporary Framework'), explained in this guide, which permit fast-track COVID-19 State aid approvals in certain areas including State guarantees for loans. The approach of the EU Commission is also expected to evolve in the near future again.

Foreign Investment Restrictions: Businesses and investors must carefully consider foreign investment review risks at this highly sensitive and volatile time. Taking the time to understand the rules, which are changing day after day, and identify a regulatory strategy, including appropriate messaging and communication with the relevant governmental authorities, and the consequential impact on deal documentation.

Debt: In response to COVID-19, governments have announced various measures to support companies' debt arrangements including deferred payments, guaranteed credit facilities, and government-backed loans.

Taxation: Similarly, governments have announced new taxation measures to support businesses including deferral of payments, expedited customs clearance and suspension of interest on tax payments.

The situation is evolving and so too are government responses. We are continuing to review the situations across multiple jurisdictions. This guide is intended to provide an overview of certain key measures in specific countries in EMEA. Please note the date at the beginning of each country section when reading the guidance and please note the high level overviews in this document is not intended to be comprehensive legal advice.

Visit the Baker McKenzie Coronavirus Resource page to access a wealth of reference materials around this topic.

Countries

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European Union

last update: 03 April 2020

State Aid	

	▪ EU law generally prohibits EU Member States from providing State aid (unless exempted or approved by the EU Commission)
	▪ 13 March 2020 EU Commission presents communication setting out already available routes to approval for aid to help mitigate socio-economic impact of COVID-19 e.g. ability to compensate specific companies or sectors for damages directly caused by COVID-19
	▪ 19 March 2020 EU Commission adopts Temporary Framework to fast-track COVID-19 State aid approval (until end 2020)
	▪ On 3 April 2020, the Commission adopted an amendment extending the Temporary Framework. While its text was not available at the time of writing, the Commission has explained that the Framework now enables Member States to accelerate the research, testing and production of coronavirus relevant products, to protect jobs and to further support the economy in the context of the coronavirus outbreak. It now enables Member States to give zero-interest loans, guarantees on loans covering 100% of the risk, or provide equity up to the nominal value of € 800 000 per company. This can be combined with other types of aid.
	▪ Some COVID-19 support measures will not qualify as prohibited State aid; for instance:
	  ▪ direct consumer compensation
	  ▪ company investment, deferring debt repayment, or shareholder guarantee, at market terms (= acceptable to a private investor in comparable situation)
	  ▪ measures generally applicable to all companies e.g. tax relief or relief from social contributions (≠ sectoral relief)

European Union

last update: 03 April 2020

State Aid	▪ COVID-19 Temporary Framework as adopted on 19 March provides for fast track approval available for five types of aid under certain conditions:
	  ▪ direct grants, selective tax advantages and advance payments: schemes for support of up to EUR 800,000 per company for urgent liquidity needs
	  ▪ State guarantees for loans taken by companies from banks: Member States can provide State guarantees to ensure banks keep providing loans to customers
	  ▪ subsidised public loans to companies: Member States can grant loans with favourable interest rates to companies
	  ▪ safeguards for banks that channel State aid to the economy
	▪ Nine Member States had a total of 23 support schemes approved under the Framework within the first ten days

Foreign Investment Restrictions	On 25 March, the European Commission published guidelines to EU Member States, calling on them to make full use already now of its FDI screening mechanisms to take fully into account the risks to critical health infrastructures, supply of critical inputs, and other critical sectors as envisaged in the EU legal framework; For those Member States that currently do not have a screening mechanism, or whose screening mechanisms do not cover all relevant transactions, to set up a fully-fledged screening mechanism and in the meantime to use all other available options to address cases where the acquisition or control of a particular business, infrastructure or technology would create a risk to security or public order in the EU, including a risk to critical health infrastructures and supply of critical inputs.

Austria

last update: 27 March 2020

EU State Aid Approvals	No approved measures to date.
Foreign Investment Restrictions	We are not aware that there is already a legislative initiative or even public debate in this regard. However, this might follow in the course of the coming weeks (now we are still in emergency mode), as in the last years there has already been a debate (and even legislative proposal) to tighten foreign investment control, i.e. the mindset is already there and the current situation might lead to action in this regard. But, as said, so far no specific measures and no such proposals.
Debt	The Austrian Federal Government set up an initial COVID-19 Fund of EUR 4 billion, to provide support to companies mainly in the form of loans with terms, conditions and termination provisions that are more favourable than those on the market. It subsequently added to that an additional EUR 36 billion package consisting of EUR 15 billion in emergency aid for particularly affected sectors; EUR 10 billion for tax deferrals and EUR 9 billion for guarantees and warranties for current loans of affected companies; and an additional EUR 2 billion working capital credit lines for affected exporting companies. **Exclusions** ▪ Companies must have their registered office or a permanent establishment in Austria. ▪ Must carry out their "essential operational activities" in Austria, i.e, foreign activities must not be "more important" than those in Austria. ▪ Must be economically healthy, with business activities in Austria that suffer 'financial difficulties' due to COVID-19.

Austria

last update: 27 March 2020

Taxation	**Short-term work program:** A new short-term work program allows employers to reduce their employees' weekly working hours by minimum 10% up to a maximum of 90%. This refers to an average basis for the whole time of the intended short-term work program. The employer only has to bear the costs for the actual work his employees are performing during this period, which also includes social contributions. A respective application has to be made with the Labour Market Service. The relevant applications can be found by clicking here.
	Social contributions: Everyone insured at SVS (Sozialversicherungsanstalt der Selbstständigen - Social Insurance Institution for Self-employed) suffering from financial losses due to the COVID-19 outbreak can request a reduction or deferred payment of their social contributions via e-mail or online by clicking here.
	SMEs and self-employed individuals: The Austrian government has further provided hardship funds for one-person-companies and very small companies (up to 10 employees).
	Requirements:
	▪ Independent operator of a commercial company or any freelance profession, regardless of whether or not a chamber member Establishment or start of business until December 31, 2019
	▪ Registered office or permanent establishment in Austria
	▪ To be affected "by an economically significant threat from COVID-19", i.e. the applicant
	    ▪ is no longer able to cover running costs or
	    ▪ is affected by an officially ordered ban on entry due to COVID-19 or
	    ▪ has a drop in sales of at least 50 percent compared to the same month of the previous year
	Application for a direct payment of up to EUR 1,000,-, if the net income amounts to more than EUR 6,000,- per year (followed by monthly payments of up to EUR 6,000,- in total), no repayment.
	Amongst other reasons, no payment will be granted, if the total yearly net income exceeds EUR 60,000, or is below EUR 5,500.
	An application is possible until 31.12.2020 online by clicking here

Bahrain

last update: 01 April 2020

Foreign Investment Restrictions	No new measures have been announced in specific response to COVID-19.
Debt	The government launched a financial and economic stimulus package worth BD 4.3 billion (approximately US$ 11.3 billion) to support Bahraini residents and the private sector. The measures include: a. discussions on a draft law pertaining to paying the salaries of all private sector employees for 3 months commencing from April 2020 from the unemployment fund, following constitutional procedures and in line with the Social Insurance Law; b. subsidising individual and corporate Electricity and Water Authority (EWA) utility bills for 3 months commencing from April 2020 (as long as the amounts do not exceed the amounts paid during the same period in 2019); c. exempting all individuals and businesses from municipal fees for 3 months commencing from April 2020; d. exempting all individuals and businesses from industrial land rental fees for 3 months commencing from April 2020; e. exempting all companies in the tourism industry from tourism related levies for 3 months commencing from April 2020; f. increasing the Liquidity Support Fund to BHD 200 million (approximately US$ 530 million); g. working with the CBB to issue directives to raise the lending capacity of financial institutions in Bahrain (equivalent to circa BD 3.7 billion (approximately US$ 9.8 billion) to enable financial institutions to reschedule debt, suspend interest payments, extend payment instalments, provide more credit, etc.); and h. redirecting all the programmes of Tamkeen (a semi-autonomous government agency that provides loans and assistance to Bahraini individuals and SMEs) to support financially distressed companies, as well as the restructuring / rescheduling Tamkeen loans.
Taxation	Exempting all companies in the tourism industry from tourism related levies for 3 months commencing from April 2020.

Belgium

last update: 02 April 2020

EU State Aid Approvals	No approved measures to date.
Foreign Investment Restrictions	The Federal Government or any Regional Governments have taken no FIR measures linked to COVID-19 so far.
Debt	**Debt moratorium for commercial credits** The Belgian federal government, the National Bank of Belgium and Febelfin (i.e. the association of the Belgian financial sector) have agreed on a debt moratorium for borrowers and credit facilities that comply with certain criteria The conditions are set out in a charter issued by Febelfin. ***What:*** A deferral of repayment of principal amounts of maximum six months by certain borrowers in respect of certain credit facilities. Interest payments are not affected by the debt moratorium. After the deferral period, the payment of principal will resume. The maturity of the credit will be extended by a period equal to the deferral period (i.e. which is maximum six months). The bank may not charge additional administrative costs for the implementation of the debt moratorium ***Eligible borrowers:*** In order to be eligible for such debt moratorium, a borrower must comply with each of the following criteria: ▪ it is a non-financial enterprise, small or middle size enterprise, self –employed or a non-profit organisation; ▪ It is permanently established in Belgium; ▪ it is facing payment difficulties because of the COVID-19 crisis, evidence of which can be easily provided if: ▪ its revenues or activities have decreased or will decrease; ▪ it has invoked in whole or in part temporary or full unemployment; ▪ or the government ordered the closure of its business in the context of the measures against the COVID - 19 virus;

Belgium

last update: 02 April 2020

Debt	
	▪ on 1 February 2020 it has not incurred payment arrears in respect of its outstanding credit facilities, tax or social security contributions or on 29 February 2020, it has not incurred payments arrears of more than 30 days in respect of its outstanding credit facilities, tax or social security contributions; and ▪ it has not been in breach of any of its contractual credit obligations towards any of its banks during the last twelve months prior to 31 January 2020 and it is not involved in an active credit restructuring. ***Eligible credit facilities:*** The following credit facilities between an eligible borrower and a bank:credit facilities with a fixed repayment schedule; overdraft facilities; straight loans (vaste voorschotten / avances à terme fixe). Factoring and leasing do not fall within the scope of application of the debt moratorium. ***Application and duration of deferral period:*** Eligible borrowers who would like to make us of this debt moratorium should contact their bank. If the request for the payment deferral is made before 30 April 2020, the payment deferral will end after a maximum period of six months until 31 October 2020. If the request is made after 30 April 2020, the payment deferral will end on 31 October 2020 at the latest. **Federal State guarantee** Only the heads of terms of this federal guarantee arrangement have been published. The details of the arrangement are still to be published by Royal Decree. The heads of terms of the federal government's guarantee arrangement are the following: • the principal amount of the credits and credit facilities guaranteed under the government guarantee arrangement may not exceed EUR 50 billion in aggregate; • will apply to all new credits and credit facilities with a maximum maturity of one year (this period may be extended by the Belgian federal government because of the severity and the duration of the economic effects of the COVID-19 crisis);

Belgium

last update: 02 April 2020

Debt	• which are entered between the date of the entry into effect of the Royal Decree and 30 September 2020 (such period may be extended by the Belgian federal government because of the severity and the duration of the economic effects of the COVID-19 crisis); • will only apply to credits and credit facilities granted to viable non-financial enterpises, non-profit organisations and self-employed persons (the scope of application will be further clarified in the Royal Decree); • will only apply to credits and credit facilities granted by Belgian credit institutions or Belgian branches of non-Belgian credit institutions (the Belgian government may expand the scope of application to other institutions considered to be equal to Belgian credit institutions); • credits for the refinancing of existing credit facilities do not fall within the scope of the guarantee arrangement; and • guarantee fee of 25 bps for SMEs and 50 bps for large enterprises. **Additional notes** Upon expiration of the guarantee arrangement, the Belgian financial sector and the banks will evaluate the loss incurred in respect of the credits which benefited from the guarantee arrangement. The loss will be borne by the Belgian financial sector and the federal government at predetermined rates. The several Belgian regional governments have also taken measures in order to support businesses against the financial consequences of the COVID-19 crisis. However, these measures are particularly focused on small and middle - sized enterprises.

Belgium

last update: 02 April 2020

Taxation	The Belgian government has implemented support measures that are automatically applicable. These include the extension of filing of tax returns and payment deadline (full details available here). A series of tax measures have also been taken at regional and local level. For example, in the Flemish Region, the assessments relating to real property tax for enterprises will only be sent in September, whereas they are usually sent around this time. Moreover, the Flemish tax authorities granted a payment deferral of four months with respect to the annual road/circulation tax due by enterprises for 2020. At a federal level, support measures were adopted with respect to payment arrangements regarding outstanding tax debts of enterprises that are in financial difficulties as a result of COVID-19, such as exemption from late payment interest or a waiver of fines related to the non payment of tax. In order to benefit from the said support measures, the taxpayer must demonstrate that they are experiencing financial difficulties as a result of COVID-19. Details can be found on the website of the Federal Public Service Finance. **Frontier workers:** Due to COVID-19 many frontier workers will be forced to work from home and hence not in the frontier region of their work state. Belgium has therefore agreed with both France and Luxembourg that the presence of the frontier workers at home due to COVID-19 will, as of 14 March 2020, not be taken into account for the application of the rules imposed by the Double Tax Treaty given that the current situation can be considered as a case of force majeure. Likewise, the Belgian social security administration has taken the position that changes in the normal working pattern due to COVID-19 will not trigger a change in applicable social security coverage (at least in an EU cross-border employment situation; where Switzerland or another country with which Belgium has entered into a bilateral social security treaty are concerned, the situation has to be analysed on a case by case basis and in conjunction with the Belgian social security administration). Further no (amended) LIMOSA notification has to be made where employees who are covered by a non-Belgian social security regime are working from their Belgian home office due to COVID-19.

France

last update: 03 April 2020

EU State Aid Approvals

Three schemes expected to mobilise more than EUR 300 billion. Two schemes enabling the French public investment bank BpiFrance to provide State guarantees on commercial loans and credit lines for enterprises with up to 5,000 employees. A third scheme to provide State guarantees to banks on portfolios of new loans for all types of companies (21 March)

A fourth scheme covering direct grants to small and micro-enterprises (maximum of 10 employees and a yearly turnover not exceeding EUR 1 million), as well as self-employed people affected by the coronavirus. Under the scheme companies are entitled to a maximum grant of EUR 3,500 each if their business was closed by administrative decision as a result of the coronavirus outbreak, or their monthly turnover in March 2020 dropped by 70% compared to their turnover in the same period last year. (28 March)

A fifth scheme consisting in a deferral payment scheme of certain aeronautical taxes to compensate damages suffered by airlines due to the coronavirus outbreak. The scheme will be accessible to airlines with an operating licence in France, and will offer them the possibility to defer the payment of certain taxes that would in principle be due between March and December 2020 to after 1 January 2021, and to pay the taxes over a period of up to 24 months. (31 March)

France

last update: 03 April 2020

Foreign Investment Restrictions	Based on new governmental measures (Ordinance / Ordonnance n° 2020-306 du 25 mars 2020): For requests for prior approval filed before 12 March 2020 (official starting date of the lockdown in France), the review period for the Ministry of Economy to provide its position on the approval request is suspended during the lockdown. It will resume as from the expiry of a 1-month period following the end of the lockdown. For requests for prior approval filed as from 12 March 2020 the beginning of the review period for the Ministry of the Economy to provide its position on the approval request is postponed to the date that is the expiry of a 1-month period following the end of the lockdown. In addition the French Minister of Economy has stated that the government is ready to protect important/strategic French companies by notably recapitalising them, buying shares or even taking them over (temporarily if necessary). The government has specifically stated that the option to nationalize strategic companies is not excluded, notably in the automotive and aeronautical sectors.
Debt	The main measures adopted by the French government consist in state guarantee schemes, implemented in line with the EC authorization, to facilitate short-term credit to companies facing cash flow difficulties due to the COVID-19 crisis: Setting-up of a loan guarantee scheme up to a total of EUR 300 billion for loans satisfying certain conditions: All companies are eligible, subject to (i) the borrower not being a credit institution or finance company, nor being insolvent or under bankruptcy or similar proceedings as at 31 December 2019, (ii) the loan terms including a minimum grace period, the possibility to extend the amortization period and the absence of security interest and (iii) the lender proving an increase of its financial support to the borrower since 16 March 2020. The maximum amount of guaranteed financing is 25% of the borrower's annual turnover (subject to exceptions for young or innovative companies). The level of guarantee coverage is 90% for borrowers with less than 5,000 employees and an annual turnover under EUR 1.5 billion and 80% / 70% for borrowers with an annual turnover exceeding respectively EUR 1.5 / 5 billion). The state guarantee is granted at a preferential fee (from 0.25% to 2% per year depending on the size of the borrower and the loan maturity).

France

last update: 03 April 2020

Debt

Setting up of cash loan schemes with guarantees subsidized by the French public investment bank (BPI) for a total of EUR. 700 million: BPI has announced the implementation of two loan programs with no asset linked or personal security required:

- *Prêt Rebond:* Available to SMEs / Amount between EUR 10,000 and 300,000 / 7-year term with a 2-year grace period;
- *Prêt Atout:* Available to VSEs, SMEs and mid-sized companies / between EUR 50,000 and 5 million for VSEs / SMEs and 30 million for mid-sized companies / 3-to-5-year term with an up to 1-year grace period.

Young companies (less than 12 months), real-estate / finance intermediaries / agricultural companies (and for *Prêt Atout*, companies being insolvent or under bankruptcy or similar proceedings) may not benefit from this scheme.

BPI announced it will also provide subsidized guarantees to secure 3-to-7-year term cash loans (or 12-to-18-month bank overdrafts) granted by private banks to SMEs and mid-sized companies impacted by the COVID-19 outbreak.

General moratoria on penalty (including periodic penalty), termination and forfeiture clauses: Inapplicability of such clauses with respect to breach of performance having occurred, or being sanctioned, between 12 March 2020 and one month after the end of the state of sanitary emergency. This moratoria does not apply to criminal and electoral laws, urgency laws enacted in response to the COVID-19 crisis, nor to certain financial obligations (listed in art. L 211-36 of the French Monetary and Financial code).

Setting-up a 3-to-6-month solidarity fund of more than EUR 1 billion in order to provide tax-free financial aid up to EUR 1,500 to small and medium businesses carrying out an activity significantly impacted (closure or +70% loss of revenue) by the COVID-19 outbreak.

France

last update: 03 April 2020

Taxation	France has initiated tax measures to address the significant impact of the COVID-19 outbreak. **Tax and social contributions payment deferrals:** These include full deferrals of tax (corporate income tax, CFE, CVAE,…) and social contributions (employer’s part of payroll related taxes mainly) due since March 15 (you can obtain a temporary repayment if already paid), not subject to size or profitability. They can be obtained only upon request. Three-month deferrals are generally granted. Businesses in severe distress can obtain a full exemption of tax, not just a deferral. VAT and other corporate income tax credits can be repaid faster than usual. The Ministry of Finances has issued specific forms for certain requests per type of tax and publishes news very regularly on its webpage that we recommend consulting regularly: https://www.economie.gouv.fr/coronavirus-soutien-entreprises. **Key Exclusions**: We recommend to ask quickly for deferrals because, as time passes by, new conditions to be eligible / exclusions may be requested. There is otherwise no particular rule affecting personal income tax withholding obligations of employers or VAT collections requirements. **Other important measures include:** In case of partial work, employees benefit from an allowance equal to at least 70% of their base gross salary (approx. 84% of net salary) paid by the employer. Said allowance will then be reimbursed by the State, up to a maximum of 70% of the employee's gross salary, such salary being capped at 6,927 € for the purpose of such calculation. Employers had initially 1 month to make the appropriate claim (this seems to be extended in practice but we recommend to do it as soon as possible). Employers can pay a 1,000 euros bonus to employees who are willing to go to work (this bonus is apparently fully exempt of tax: social and personal income tax). Some retailers have already committed to pay this bonus. Payment of electricity, natural gaz and water bills as well as rents may be deferred. This is particular important to industries using large facilities in France.

Germany

last update: 03 April 2020

EU State Aid Approvals	Two subsidised loan schemes to be implemented by the German bank Kreditanstalt fur Wiederaufbau (KfW) covering up to: ▪ 90% of the risk, available to all companies (up to 5 year maturity and up to EUR 1 billion per company) ▪ 80% of the risk, but no more than 50% of a company's total debt, as part of a consortium of private banks. Loans will only be provided during 2020 with up to a six year maturity (22 March) A third loan scheme open to all companies enabling the granting of guarantees on loans at favourable terms to help businesses cover immediate working capital and investment needs (24 March) A fourth direct grant aid scheme (direct grants, repayable advance or tax and payment advantages) for companies of up to EUR800,000 per company (with lower thresholds for companies involved in fishing and agriculture) (24 March) A fifth subsidised loan scheme in line with the first loan scheme referred to above, but now implemented by the German federal and regional authorities, and promotional banks, instead of KfW. (2 April)
Foreign Investment Restrictions	In light of the COVID-19 crisis, the German government would likely restrict the acquisition of medical companies by non-EU or EFTA entities. Different to before the crisis even the sale of a small to medium sized medical company could presumably be considered to endanger the public order and security of Germany. While many have expressed concerns that foreign investors may be acquiring German companies and have called for stronger screening of foreign investments, the German government has not indicated any changes. While to date there has been no specific changes to the German FIR regime due to the pandemic, according to a proposed amendment to the German Foreign Trade and Payments Act (AWG), the scope of the review will change from an "actual risk" to public order or public security to "probable impairment". Furthermore, the foreign investment review is to be become stricter for certain critical technologies, for example biotechnology.

Germany

last update: 03 April 2020

Debt	The German government announced the possibility to ask for a loan backed by the German government (80/90%) of up to EUR 1 billion, but capped at 25% of annual turnover to cover liquidity needs for the next 18 months (small companies) or 12 months (large companies) or 50% of the overall debt (if loan in excess of EUR 25 million).
Taxation	For taxpayers (irrespective of legal form) who are directly and not only insignificantly affected by COVID-19, the following tax reliefs are provided: 1. Enforcement measures and late payment surcharges in respect of all taxes in arrears or due up to December 31, 2020 may be waived. 2. Tax debts may be deferred (without levying deferral interest). 3. Advance tax payments may be reduced. In order to apply for such tax reliefs, the local tax offices provide application forms on their websites. However, at present it is not yet clear what form the required evidence must take and whether there will be standardized regulations for certain companies and sectors. Furthermore, with regard to taxes that are administered by the Federal Central Tax Office (Bundeszentralamt für Steuern) (e.g. value added tax and insurance tax) and the Central Customs Authority (Bundeszollverwaltung), the tax authorities have been instructed to make appropriate concessions to taxpayers. It is therefore imaginable that the allocation of VAT ID numbers, the MOSS procedure and the input tax refund procedure could be simplified.

Italy

last update: 27 March 2020

EU State Aid Approvals

Two measures:

- EUR 50 million aid scheme to support the production and supply of medical devices (such as ventilators) and PPE masks. Financial support is available to companies of all sizes which either set up new facilities, or expand the production of their existing facilities or convert their production line (22 March)
- State guarantee to support a debt moratorium for SMEs, which includes the postponement of repayments of overdraft facilities, bank advances, bullet loans, mortgages and leasing operations. The scheme runs until 30 September with State risk limited to 33%. Eligible beneficiaries must not have non-performing exposures pre 17 March 2020 (25 March)

Foreign Investment Restrictions

From the Italian perspective, the press is highlighting the fact that the Government is considering possible amendments the current Italian rules on FIR (so-called "Special Powers" of the Italian Prime Minister). Indeed, according to the news reported this morning, the Prime Minister and the Government are looking at the possibility of qualifying all Italian companies listed at the Milan Stock Exchange – including banks and financial institutions – as "strategic" for the purposes of the application of the Special Powers rules.

This could mean that the current Special Powers rules on FIR which allow the Prime Minister to veto or impose conditions in relation to certain transactions entailing a change of control could apply not only to the defense / homeland security, telecoms, energy, and transportation (as it is already under the current rules), but also to those listed entities.

Italy

last update: 27 March 2020

Debt

The Italian government issued a Decree to:

(a) strengthen the Central Guarantee Fund for SMEs (the Fund) for a period of nine months by, among other things, permitting the granting of guarantees on a gratuitous basis, increasing the maximum guaranteed amount for each SME from EUR 2.5 million to EUR 5 million, and permitting the guarantee to be available for refinancing;

(b) introduce a State guarantee in favour of Cassa Depositi e Prestiti S.p.A. directly guaranteeing 80% of the financing made available by CdP to enterprises other than SMEs and/or counter-guaranteeing 80% of any guarantee issued by CdP in the interest of enterprises other than SMEs; and

(c) contemplate further decrees adopting additional measures.

Exclusions

Guarantee for refinancing: The amount of the new financing must be at least equal to 10% of the outstanding amount of the old financing.

Guarantees from the Fund covers: (i) in case of a direct guarantee, 80% of the financing; or (ii) in case of a counter-guarantee of Confidi's guarantees, 90% of the relevant Confidi's guarantee.

Morocco

last update: 01 April 2020

Foreign Investment Restrictions	Launching of an online platform called "SMART" for: ▪ requests for special authorizations for any foreign exchange transaction not expressly defined or provided for in the provisions of foreign exchange regulations (e.g. opening of foreign accounts by residents, etc.) ▪ ability to file electronic reporting of foreign exchange transactions
Debt	1. For companies requesting it, banks will grant a 3 months postponement period (renewable), for their medium and long-term loans deadlines. 2. Banks will also cover working capital needs of companies ("besoins en fonds de roulement"). As such, to enable companies to cope with activities and cash flows reductions, banks will grant extensions for their current operations: loans, refinancing. 3. Banks will also grant all their clients requesting it in writing 3 months postponement (renewable once) of payment deadlines relating to their amortizable maturities (real estate and consumer loans). 4. Bank Al Maghrib (the Moroccan banking regulator) has ensured that the supply of fiduciary money will continue. Bank Al Maghrib has also decided to reduce its key interest rate by 25 basis points. It is therefore now set at 2%.

Morocco

last update: 01 April 2020

Taxation	1. Companies with a turnover lower than MAD 20 million for 2018 fiscal year may benefit from the postponement of tax returns filings and payment of taxes due as of March 31, 2020 until the end of June 2020. Such companies benefit automatically from this measure, i.e. without any formality. The postponement relates to the following obligations:
	    1. Tax result declaration;
	    2. Additional corporate income tax due for the financial year 2019;
	    3. First instalment due for the current fiscal year.
	2. Companies with a turnover equal to or exceeding MAD 20 million for 2018 fiscal year suffering significant economic and financial damages are allowed to submit a postponement request, which will be reviewed on a case-by-case basis by the competent authorities.
	3. Suspension of tax audits and garnishment notice (avis à tiers détenteur) procedures until June 30, 2020.

Netherlands

last update: 27 March 2020

EU State Aid Approvals	No approved measures to date.
Foreign Investment Restrictions	No new measures have been announced in specific response to COVID-19.
Debt	The Dutch government has announced a wide range of financial, economic and fiscal measures. The majority of these measures have not been formalised in detail yet. They include, among others, extended government funding and guarantees for SMEs (from 50% to 75%), a special government guarantee ("GO-guarantee") for SMEs with difficulty accessing financing (up to an amount of EUR 150 million and not exceeding 50% of the principal loan amount), additional funds for small undertakings in areas such as hospitality, culture and restaurants, credit guarantees for SMEs in agriculture sector, and government funding for 'Qredits' microcredits initiative. **Exclusions** Other than the thresholds already specified there are currently no other restrictions outlined for these measures. The measures are designed to bridge short term funding issues and the assessment of whether the individual measures were warranted will take place once the economy has recovered and stabilised. **Additional notes** Other entrepreneurs affected by COVID-19, albeit not through direct influence of government measures such as closures, may also be able to call on financial support should their income reduce.

Netherlands

last update: 27 March 2020

Taxation	
	The Dutch administration has announced economic emergency measures to counter liquidity problems for businesses due to the COVID-19 outbreak. The COVID-19 Measures include (this is not an exhaustive list): **Employers:** Those who experience difficulties with paying their corporate/individual income tax, wage tax and/or VAT due to the COVID-19, can request the Dutch tax authorities for a deferment of payment for three months provided they can prove that the payment difficulties are related to the COVID-19 outbreak. If a deferment of payment is required for more than 3 months, it is possible to request for a deferment of payment for a longer period. The Dutch tax authorities will publish the information required to file for such a longer deferral at a later stage. Important to note is that the Dutch tax authorities will not impose fines for late payment if a payment deferment was obtained and the tax interest rate has been reduced to 0.01% per annum. **Employees:** Remote working can have an impact on the social security status of employees that live and work in a different country (cross-border workers). The Netherlands has - in line with some other EU countries such as Belgium and Germany - decided that in this situation working from home due to the outbreak of the coronavirus will not impact the social security status of the cross-border worker under the Regulation 883/2004. However, please note that this only has full effect if all countries that fall within the scope of Regulation 883/2004 take this position.

Poland

last update: 03 April 2020

EU State Aid Approvals	No approved measures to date.
Foreign Investment Restrictions	Poland does introduce a number of anti-COVID-19 measures, including special instruments to protect businesses and national interests. It seems, however, that there is no draft new law directed specifically to FIR laws or procedures. That said, the list of key protected companies under FIR is issued by the Council of Ministers pursuant to the Act on Control of Certain Investments in a regulation, and it may be amended by the Council of Ministers as a matter of days or even hours.
Debt	The possibility to change the terms and conditions of credit agreements and cash loan agreements for micro, small and medium-sized enterprisesIn our opinion, the most significant - from the point of view of the financial markets - change introduced under the provisions of the Act on COVID-19 is a solution enabling the domestic bank, upon agreement with the borrower, to change the terms and conditions and deadlines specified in credit agreements or cash loan agreements concluded with micro, small and medium-sized enterprises. Such amendments may be made to all contracts for which financing was granted before 08 March 2020 and where, at the same time, such amendment is justified by an assessment of the borrower's financial and economic situation made by the bank no earlier than 30 September 2019. Such an amendment shall be made on terms agreed between the domestic bank and the borrower and shall not cause a deterioration of the borrower's financial and economic situation. The above solution is correlated with the solution which entitles Bank Gospodarstwa Krajowego to grant - in connection with the effects of COVID-19 - guarantees for the repayment of credits taken by entrepreneurs (excluding micro and small entrepreneurs), that is intended to ensure financial liquidity.

Poland

last update: 27 March 2020

Debt	Limitation of the maximum amount of non-interest-reduced costs of consumer credits Pursuant to the provisions of the Act on COVID-19, there was introduced the solution aimed at limiting the maximum amount of non-interest bearing costs of consumer credits. The legislator introduced new formulas concerning the calculation of the above mentioned costs (with a distinction between consumer Credits with a repayment period shorter than 30 days and with a repayment period equal to and longer than 30 days), as well as limiting these costs to the maximum amount of 45% of the consumer credit (over the entire repayment period of the consumer credit).
Taxation	Social security contributions: Employers hiring fewer than 10 employees and self-employed persons are entitled to **exemption from social security contributions** for 3 months (March, April, May 2020) provided that: • for employers - as of 29 February 2020 they have fewer than 10 persons registered for social security • for self-employed persons - they conducted the business activity before 1 February 2020 and their income in the first month of the exemption did not exceed 300% of the average monthly remuneration, and • they file a relevant motion with the Social Security Office (ZUS) no later than on 30 June 2020. In addition, all employers are entitled to exemption from the **extension fee**, in case of filing a motion for deferment or payment in instalments of contributions during a state of emergency or state of epidemic or 30 days after its cancellation for the period from 1 January 2020.

Poland

last update: 27 March 2020

Taxation	

Taxation

Funding of employees' remuneration:

Regardless of the number of employees, employers are entitled to:

- reduce the remuneration of an employee affected by **economic stoppage** by up to 50%, but not lower than PLN 2,600 gross (minimum remuneration) for full time employment.
    - the funding will equal PLN 1,533.09 - i.e. 50% of the minimum remuneration (PLN 1,300) for full time employment increased by the amount of social security contributions due from the employer from this amount;
- reduce the working time of an employee by 20% (but not lower than 0.5 of the full time) and reduction of their remuneration accordingly, but not lower than PLN 2,600 gross (minimum remuneration) for full time employment.
    - funding of up to PLN 2,452.27 – i.e. up to 50% of the reduced remuneration, but not more than 40% of the average monthly remuneration in the previous quarter (PLN 2,079.43) for full time employment, increased by the amount of social security contributions due from the employer from this amount.

The abovementioned funding is not be available for persons whose remuneration in the month preceding the motion for funding was higher than 300% of the average monthly remuneration in the previous quarter (PLN 15,198.52).

Alternatively, micro, small and medium-sized employers (hiring up to 249 employees and having an annual turnover not exceeding EUR 50 million) are entitled to funding of an employee's remuneration in an amount depending on the fall in turnover:

- fall in turnover of at least 30% - funding up to 50% of the minimum remuneration (PLN 1,300), increased by the amount of social security contributions due from the employer
- fall in turnover of at least 50% - funding up to 70% of the minimum remuneration (PLN 1,820) increased by the amount of social security contributions due from the employer
- fall in turnover of at least 80% - funding up to 90% of the minimum remuneration (PLN 2,340) increased by the amount of social security contributions due from the employer

Poland

last update: 27 March 2020

Taxation	The above funding is available: • for up to 3 months • also for persons hired under contracts of mandate or other service contracts (civil law agreements). PIT and CIT: deadline for annual tax reconciliations for 2019 is extended to 31 May 2020 (or to 31 July 2020 - with respect to a limited group of taxpayers). For PIT taxpayers the proposed solution assumes that filing the tax return and paying tax due after the standard deadline (i.e. 30 April 2020) will be equal to filing the so-called voluntary disclosure. PIT and CIT: under certain conditions (as a rule - at least 50% revenue decrease in 2020 comparing to 2019 caused by the epidemic) the taxpayers should be allowed to recognize the potential tax loss incurred in 2020 in their tax result for 2019 - up to PLN 5m. In practice, this should be possible by the tax return for 2019 correction. VAT: entry into force of (i) new matrix of VAT rates, (ii) Standard Audit File obligations (Polish: JPK_VAT) for big taxpayers and (iii) regulations on binding VAT rate information should be postponed to 1 July 2020. Tax rulings: deadline for issuing the tax rulings is extended by 3 months (i.e. up to 6 months). Based on the special regulations it may be further prolonged by another 3 months. Mandatory Disclosure Rules: all MDR reporting deadlines are suspended in the period 31 March - 30 June 2020.

Russia

last update: 03 April 2020

Foreign Investment Restrictions	As of today, we are not aware of any official statements/comments/initiatives of the Russian Government that would imply any enhancement of FIR controls/Russian strategic sector protection in light with the pandemic situation. However, obviously the situation may change as the crisis evolves, so this needs to be monitored daily. We will update you in case of any changes.
Debt	"Credit vacations" to small and mid-size businesses and individuals. Individuals, individual entrepreneurs and small and medium businesses operating in important industries may apply to the banks and request a moratorium for repayment of loans and payment of interest. Type of loans to which moratorium applies: (i) consumer loans and mortgage loans provided to individuals and individual entrepreneurs; and (ii) loans provided to SME borrowers. Term of the moratorium: up to 6 months. Consequences: during the moratorium the creditor is not entitled to declare default and claim repayment of the loan, the default interest shall not accrue, enforcement of security is prohibited. Regular interest: regular interest shall accrue but shall not be paid until the end of the moratorium. Reduced interest rate shall apply under the consumer and mortgage loans provided to individuals. Additional requirement: confirmation of reduction of income for more than 30% as compared to 2019 for individuals and individual entrepreneurs under consumer and mortgage loans.

Russia

last update: 27 March 2020

Debt

- (in Moscow) state subsidies to lending institutions which provided loans on preferential terms to small and mid-size businesses within the last three years.
- (Pending President´s approval) The Russian Government may introduce moratorium on creditors' petitions to hold debtors as bankrupts.
- (Pending President´s approval) In those regions of Russia where the government introduced the regime of extraordinary situation or regime of high readiness (currently, such regimes were introduced in the majority of Russian regions), tenants of properties may request their landlord to defer their 2020 lease payments. Should the tenant not be able to use the property, e.g. restaurants or other public places closed down by order of the government due to COVID-19, the tenant may demand reduction of the lease payment from the landlord.

Taxation

<u>Tax benefits for "severely affected" small and mid-size enterprises (Qualifying SMEs):</u>

1. (Draft Decree of the Russian Government) Six months' deferral on paying taxes (except for VAT) for SMEs; the deferral on paying social security contributions for microbusinesses (whose average headcount does not exceed 15 employees and annual turnover does not exceed 12 million rubles (USD 1.5 milllion)).
2. Long-term reduction of social security contributions from 30% to 15% on salaries exceeding minimal wage for SMEs.

Qualifying SMEs include companies that:

1. are included in the Russian State Registry of SMEs as on March 1, 2020 (companies whose annual turnover does not exceed 2 billion rubles (approximately USD 250 million, average headcount does not exceed 250 employees, participation of foreign shareholders does not exceed 49%)), and
2. operate in industries severely affected by the COVID-19 quarantine (air and truck transportation, airport activities, culture and leisure activities, sports, tourism, hotel and restaurant business, education, conferences, exhibitions and consumer services).

Russia

last update: 27 March 2020

Taxation	
	▪ (Expected amendments to certain tax treaties) Increase in the withholding tax to 15% on dividends and interest paid "abroad, to offshore jurisdictions" to certain "transit" jurisdictions e.g., Cyprus (or termination of such tax treaties in case of lack of agreement). Official request to change tax treaty was sent to Cyprus on April 1, 2020. The list of "transit" jurisdictions is currently being determined. When: increased withholding tax rates may apply not earlier than 2021. ▪ 13% individual income tax on interest on all RUB and foreign currency bank deposits and investments of individuals into debt securities exceeding 1 million rubles in total as of 2021 (previously exempt within Russian Central Bank rate +5% for ruble deposits). Some exemptions for small and low rate salary accounts. ▪ (Draft Decree of the Russian Government) Simplified rules for providing interest-free tax deferrals (instalment plans) for Qualifying SMEs operating in industries severly affected by the COVID-19 quarantine. Qualifying SMEs/companies: 1. companies with a 10% decrease* of income (income from sale of goods and services); 2. companies with a 10% decrease* of income from sale of goods and services subject to the 0% Russian VAT (provided that such sales amount to more than 50% of all operations); 3. companies receiving losses at the end of a reporting period in 2020 (if a company received profits in 2019); 4. SMEs applying special tax regimes. * compared to the same reporting period of 2019.

Russia

last update: 27 March 2020

Taxation	Covered payments: all taxes (except for mineral extraction tax and excise tax), advance tax payments and social security contributions due in 2020 and respective late payment interest. Term: depending on the company's financial position - up to 1 year for tax deferrals and up to 5 years for installment plans. Financial terms: interest-free. No requirement for collateral/bank guarantee for tax deferrals up to 6 months. ▪ (Draft Decree of the Russian Government) No collection of tax underpayments for SMEs and companies operating in industries affected by the COVID-19 quarantine until May 1, 2020. ▪ (Draft Decree of the Russian Government) Postponement of accounting and tax reporting (expect VAT) due in March - May 2020 for three months. ▪ (Draft Decree of the Russian Government) Extension of the deadlines for collecting taxes, penalties and late payment interest for 6 months. ▪ Switch to the remote (online) reviewing of appeals and other claims via telecommunication channels; permission to submit materials during a tax audit in scanned copies. ▪ Freeze on new on-site tax audits and transfer pricing audits and suspension of current ones until May 1, 2020 (chamber tax audits may continue). The freeze may be extended until June 1, 2020 under the Draft Decree of the Russian Government. ▪ (Draft Decree of the Russian Government) Extension of procedural terms and deadlines for tax audits. ▪ (Draft Decree of the Russian Government) Extension for 20 working days of the deadlines for providing documents and information requested by the Russian tax authorities in March - May 2020. Potentially no penalties for missing the deadline. ▪ Elimination of customs duties and simplification of customs formalities for import of certain categories of goods, such as medical goods.

Saudi Arabia

last update: 01 April 2020

Foreign Investment Restrictions	No new measures have been announced in specific response to COVID-19.
Debt	The government launched a financial and economic stimulus packages worth more than SAR 70 billion (approximately US$ 18.6 billion), which consists of exemptions and postponement of some government dues to provide liquidity to the private sector. The measures include: 1. Exemption from expat levy for those whose Iqama (residency permit) has expired from now until 30 June 2020, by extending their Iqama for a period of three months without charge. 2. Enabling employers to refund the fees of issued work visas that were not used during the ban on entry and exit, even if they were stamped in the passport, or extend them for a period of three months without charge. 3. Enabling employers to extend exit and re-entry visas that were not used during the ban on entry and exit from the Kingdom for a period of three months without charge. 4. Postponing the payment of some government services fees and municipal fees due on private sector, for a period of three months, and setting the necessary criteria to extend the postponement period for the most affected activities as needed. 5. Authorising the Minister of Finance to approve lending and other forms of financing as well as exemption from payment of fees and returns on loans granted until the end of 2020, under the Corporate Sustainability Program initiative.

Saudi Arabia

last update: 01 April 2020

Taxation	Enabling business owners, for a period of three months, to postpone the payment of value-added tax, excise tax, income tax, and the submission of Zakat declarations and the payment of obligations due therefrom. The decision allows for grant zakat certificates without restrictions for the period of fiscal year 2019, and to accept instalment requests to the General Authority of Zakat and Income Tax without applying the condition of advance payment. In addition, postponing the execution of services suspension procedures and financial seizure by the General Authority of Zakat and Income, and setting the necessary criteria to extend the postponement period for the most affected activities as needed.

Spain

last update: 03 April 2020

EU State Aid Approvals	A first measure consisting of three guarantee schemes (total budget up to EUR 20 billion) for new loans and refinancing for companies and self-employed workers. The schemes limit State exposure to 80% for self-employed workers and SMEs and 70% for larger enterprises, 60% for refinancing (24 March) A second measure consisting of an “umbrella” scheme, which allows the Spanish authorities to provide liquidity support to self-employed, SMEs and large companies, in the form of: ▪ direct grants, repayable advances, tax and payment advantages (all with a maximum aid amount of EUR 800,000) ▪ guarantees on loans and subsidised interest rates for loans in line with the conditions of the Temporary Framework (2 April)
Foreign Investment Restrictions	The Spanish government has responded to the health crisis and highly volatile financial markets by introducing a new temporary requirement that ex-ante approval will be required for foreign (non-EU) direct investments in strategic sectors in Spain . This measure is designed to protect Spanish companies economically affected by COVID-19 from foreign investors and will remain in place until the Spanish government decides to withdraw it. The measure amends the existing foreign investment regime and affects investments in Spanish companies by non-EU/EFTA entities where the foreign investor would (i) hold a stake of 10% or more in the share capital of (ii) acquire the right to participate in the management of or (iii) acquire control of a Spanish company. Such investments will be subject to ex-ante authorization in a broad range of sectors, namely: ▪ Energy, transport, water, health, communications, media, data processing or storage, aerospace, defence, electoral or financial infrastructure and sensitive facilities; ▪ Critical technologies and dual-use items, including artificial intelligence, robotics, semiconductors, cyber-security, aerospace, defence, energy storage, quantum and nuclear technologies, as well as nanotechnologies and biotechnologies; ▪ Supply of key inputs, in particular energy, raw materials and food security; and ▪ Sectors with access to sensitive information, in particular personal data, or with the ability to control such information.

Spain

last update: 03 April 2020

Foreign Investment Restrictions	Additionally, an ex-ante authorization will also be required for foreign direct investments where: ▪ The foreign investor is directly or indirectly controlled by the government, including public bodies or the armed forces, of a third country; ▪ The foreign investor has already made investments or participated in business sectors affecting security, public order and public health in another EU Member State; and ▪ Proceedings, either administrative or judicial, have been opened against the foreign investor in another EU Member State or in its home State or in a third State for criminal or illegal activities. Failure to comply with the ex-ante authorization regime will mean that the foreign direct investment will not be legally valid and could be subject to administrative penalties.
Debt	The Spanish government has implemented urgent financial measures (Royal Decree Law 7/2020 and 8/2020) to support affected businesses, particularly in the tourism sector and in respect of SMEs and to guarantee the liquidity and stability of companies. The Laws contemplate, among other things: ▪ a credit line of EUR 400 million to help companies and self-employed workers in the tourism sector and a credit line for financing by financial institutions to companies and the self-employed; and ▪ the creation of a line of insurance coverage of up to EUR 2 billion from the Risk Reserve Fund for Internationalisation for companies, especially SMEs and self-employed workers. **Exclusions** ▪ Credit line for companies and self-employed: Conditions established by Council of Ministers. ▪ Insurance coverage: Will last six months from the entry into force of Royal Decree Law 8/2020, to cover revolving loans to Spanish exporters considered as SMEs, as well as other non-listed companies, provided that they operate internationally or are in the process of becoming international and face a liquidity problem or lack of access to finance as a result of the impact of the COVID-19 crisis on their economic activity.

Spain

last update: 03 April 2020

Taxation	The Spanish government has opted for a system of public guarantees for private loans granted by financial institutions to SMEs, the self-employed and large enterprises that, as part of the State's risk coverage, should facilitate financing of working capital and liquidity for enterprises and the self-employed at this exceptional time so that they can cover their needs. The mechanism is based on a bilateral or multilateral negotiation scheme between eligible companies and financial institutions that, according to their risk policies and commercial arrangements, must reach an agreement on the feasibility and exact conditions (interest rates, covenants, other obligations, etc.) of the financing that may be granted. To expedite customs clearance and suspend time limits, up to 30 April, for tax proceedings underway or settlements already made by the tax authorities. For those to be communicated as from the entry into force of this measure, the deadline to handle them is extended until 20 May. Deadlines for the submittal and payment of tax returns-settlements and self-assessments have not been extended or suspended, but only SMEs (i.e. individuals or entities with a volume of business not exceeding €6,010,121.04 in 2019) will be allowed to opt for a 6-month deferral of payment of tax debts arising from assessments and self-assessments with filing and payment deadlines falling between 13 March and 30 May 2020 (such as VAT, tax withholdings and corporate income tax) with a cap of €30,000 that may be deferred on these special terms. No late-payment interest will accrue for the first 3 months, but it will for the remaining 3 months.

Sweden

last update: 03 April 2020

EU State Aid Approvals	A guarantee scheme with a total budget of EUR 9.1 billion to provide State guarantees on new loans granted by commercial banks to support companies, mainly small and medium-sized enterprises (SMEs), affected by the coronavirus outbreak. (2 April). The guarantee conditions are in line with that of the Temporary Framework
Foreign Investment Restrictions	No specific changes yet. However, the Swedish Minister of Economy has stated that the Swedish Government is ready to protect important Swedish companies by recapitalising them, buying shares or even overtaking them.
Debt	The Swedish Government has released several crisis packages to mitigate the economic consequences for companies: ▪ A range of measures have been presented to make it easier for Swedish businesses, particularly small- and medium-sized businesses, to access finances. Almi Företagspartner received a capital contribution of SEK 3 billion to increase its lending to small- and medium-sized businesses throughout the country. The Swedish Export Credit Corporation’s credit facility will be increased from SEK 125 billion to SEK 200 billion and can be used to provide both state-supported and commercial credit to Swedish export companies. Furthermore, the Swedish Export Credit Agency will decide on credit guarantees that entail new and improved credit opportunities for businesses. With an increased credit guarantee ceiling of SEK 500 billion, companies will have improved opportunities to borrow. ▪ The state will guarantee 70 per cent of new loans from banks, which in turn issue guaranteed loans to companies. It is proposed that each company is allowed to borrow a maximum of SEK 75 million. ▪ On March 19, 2020, the Parliament voted in favor of the Government's proposal that the Government will have the right to issue credit guarantees of up to SEK 5 billion for loans to airlines. ▪ The Government has proposed to support companies in certain sectors (retail, hotels, restaurant etc.) by covering 50 percent of rent reductions up to 50 percent of the fixed rent. Landlords can apply for the support retroactively for the period April 1–June 30. ▪ The Central Bank has announced that it is loaning up to SEK 500 billion to companies via the banks to safeguard credit supply. The Swedish financial supervisory authority (Sw. Finansinspektionen) has announced that it is lowering the countercyclical capital buffer to zero to safeguard a well-functioning credit supply.

Sweden

last update: 03 April 2020

Taxation

Tax allocation reserves: The rules for tax allocation reserves will be temporarily changed. The new rules will mean that 100 per cent of the taxable profits for 2019, up to SEK 1 million, can be set aside in the tax allocation reserve, which can then be set off against possible future losses. Furthermore, value added tax reported annually from 27 December 2019 until 17 January 2021 will also be covered by the proposal.

Liquidity reinforcement via tax accounts: Companies that are financially affected by the COVID-19 outbreak can apply for a deferred tax payment. This means that companies can postpone payment of their taxes. There are two kinds of delays:

a) Temporary postponement with payment of social security contributions, deducted tax and VAT. Payment can be postponed for one year from the date of the decision. The deferral applies for up to three accounting periods between January and September 2020

b) Deferral of payment for other types of taxes. The postponement concerns temporary payment problems. Companies must be able to show that they will be able to pay the tax after the deferral period has expired and that the payment problems are temporary. The Swedish Tax Agency makes an overall assessment in each case.

Reduction of social security contributions: The Government has proposed a temporary reduction of two thirds of the social security contributions. The measure will apply retroactively from March 1 to June 20 2020. The reduction is proposed to apply for up to 30 employees, and for up to SEK 25 000 of the salary per month for each employee. The tax will thus be reduced by SEK 5,300 per employee per month. The rules are proposed to enter into force on April 6, 2020. Employers wishing to have a reduction should therefore wait to submit an employer declaration until the rules have come into force.

Sweden

last update: 03 April 2020

Taxation	Short-term layoffs with state aid: The Swedish Government introduced a proposal regarding short-term layoffs. According to the proposal, the employers' salary costs could be reduced if an agreement is reached whereby employees reduce their working time with 20, 40 or 60 percent. The cost for the layoffs will be shared between the employer, employee and government. This means that employers' wage costs can be halved, since the Government will cover the other half of the costs. The employees receives 92.5 percent or more of their wage. In relation to employers bound by a collective bargaining agreement ("CBA"), such an agreement should be reached with the applicable union. For other employers, not bound by a CBA, written agreements should be entered into with at least 70 percent of the employees. It is proposed that the proposal on short-term layoffs enter into force on April 7, 2020 and be in effect throughout 2020, but be applied from March 16, 2020.

Switzerland

last update: 03 April 2020

Foreign Investment Restrictions	Before Switzerland went into partial, then (since Monday 16) quasi-full lockdown, Swiss Parliament endorsed a motion requesting the Swiss Government to propose a bill introducing FIR.
Debt	The Federal Council of Switzerland has put in place a package of measures including, rapid access to bridging facilities for SMEs suffering liquidity shortfalls as a result of COVID-19 via application to their main banks with the facilities being secured by the Confederation. The limits set are that the bridging credit facilities shall represent a maximum of 10% of an applicant's annual turnover and no more than CHF 20 million; and the company must declare that it is suffering substantial reductions in turnover because of the COVID-19 pandemic. Credits of up to CHF 500,000 will be fully secured by the Confederation and credits that exceed CHF 500,000 will be secured by the Confederation to 85% of their value with the lending bank will secure the remaining 15%. Companies with a turnover of more than CHF 500 million are not covered by this programme. The credit application form is available on the websitehttps://covid19.easygov.swiss/ Further support is provided for specific sectors that are particularly affected by the measures of the Federal Council to combat COVID-19. In particular, the Confederation may, under certain conditions, grant interest-free loans and non-repayable cash contributions to organizations in the sports and in the cultural sector. Loans are also granted to affected companies in the tourism sector to bridge liquidity shortages.

Switzerland

last update: 03 April 2020

Taxation	The Federal Government and most cantons have now set out temporary measures relating to Swiss tax with the main target to stabilize the liquidity situation of Swiss companies and individuals during the period of disruption caused by COVID-19. This is achieved primarily by uncomplicated granting of short-term aid loans and by tax measures that result in interest-free bridge loans and facilitated tax procedures. As part of these measures, the Federal Government has de facto suspended interest on arrears for direct federal tax (profit tax) for the period from 1 March 2020 to 31 December 2020. In practice, this means that federal tax bills due during this period will be actually deferred without interest despite a formal arrear situation. In order to strengthen the liquidity situation, those affected should check their federal tax bills and suspend payments if necessary. In essence, this results in an interest-free bridge loan. In addition, a tax deferral or payment by instalments can be applied for, not only for final tax bills, but also for provisional tax bills. At the cantonal level (profit and capital tax), a number of cantons have so far decided to temporarily waive interest on arrears (e.g. Basel Country, Berne, Geneva, Jura, Lucerne, Obwalden, Schaffhausen, Solothurn, Ticino, Valais, Zug). In addition, some cantons will temporarily suspend collection of tax debts (e.g. Berne, Lucerne, Zurich). In some cases, it is possible to reduce provisional tax bills. In each canton, a tax deferral or payment by instalments can be requested regardless of the specific regulations.

Switzerland

last update: 03 April 2020

Taxation	The income and wealth tax of natural persons is subject to the same rules as the profit and capital tax of companies. Most cantons generally deferred the deadline for filing the 2019 tax return (which would regularly become due on March 31, 2020) by several months, i.e. there is no need to request a formal application for extension for the time being. Moreover, some cantons have increased the payment terms for tax bills from 30 to 120 days (e.g. Aargau, Basel City, Nidwalden, Zug). The suspension of dunning runs is also part of the measures taken by some cantons (e.g. Aargau, Berne, Basel County, Lucerne, Nidwalden, Schaffhausen, Thurgau, Uri, Valais). The Federal Government has also suspended interest on arrears for the purposes of value added tax, special consumption taxes, steering and customs duties for receivables due from 20 March 2020 to 31 December 2020. If those affected, do not pay the corresponding tax invoices or do not pay them in full, this will have no financial consequences. The measure thus creates an interest-free bridge loan. No specific COVID-19 measures have been taken in the area of withholding tax and stamp duties. Amounts due should therefore continue to be paid in order to avoid the high default interest rate of 5% in this area. Furthermore, the individual federal and cantonal tax laws contain general hardship provisions, which are currently of great importance despite the special COVID-19 measures described above. Businesses and individuals should consider practical steps in order to take advantage of the existing measures.

Turkey

last update: 03 April 2020

Foreign Investment Restrictions	Turkish government has been taking measures to reduce disruption in the economy due to the outbreak, and yesterday [18 March] the president has announced a set of economic actions in that regard. Actions announced include (i) tax postponing, (ii) tax reduction and (iii) not accelerating the repayments of loans, but do not include any restriction on foreign investment. That being said, existing sector-specific ownership thresholds for transportation, energy and others indicated in the questionnaire remain the same and still apply. Besides, we may experience delays in cases where approval from government authorities is required.
Debt	The measures taken in the banking sector aim to soften expected disruptions by providing flexibility in credit defaults and credit postponements. The measures majorly concern the extension of credit default periods and more sensible classification of credits in default. The most significant measure is that firms that default in April, May and June will have a “force majeure” note on their credit registry. The measures also include technical precautions like sales of government debt securities; inclusion of asset backed securities and mortgage backed securities in the cover pool; and issuance of foreign currency provisioned TRY swaps. All borrowers with depreciating cash flows will be given an additional extension to repay of up to 12 months, and up to a six-month grace period.

Turkey

last update: 27 March 2020

Taxation	The April, May and June payments of withholding tax, reverse-charge VAT and social security premiums for the retail, shopping centre, iron-steel, automotive, logistics-transportation, cinema-theatre, accommodation, food-beverages, textile-confection and events-organization sectors will be postponed for six months. Furthermore, annual income tax returns, accommodation tax and withholding tax returns deadlines are postponed.

UK

last update: 03 April 2020

EU State Aid Approvals

Two schemes to support SMEs both under the "Coronavirus Business Interruption Loan Scheme" (CBILS) providing up to GBP 600 million (approximately EUR 654 million) in:

- guarantees that cover 80% of loan facilities for SMEs with a turnover of up to GBP 45 million (approx. EUR 49 million) to cover working and investment capital needs (up to six years maturity) implemented through the British Business Bank, a national promotional bank
- direct grants to support SMEs up to GBP 600 million in total (approx. EUR 654 million) and EUR 800,000 per company

The schemes will run to 30 September with the possibility to extend them to 31 December 2020 (25 March)

Foreign Investment Restrictions

The UK does not have a dedicated foreign investment screening regime, but the government has the ability to review and intervene in transactions on public interest grounds under the Enterprise Act 2002, provided that certain jurisdictional thresholds are met (including, in many cases, merely that the target has UK turnover greater than £1 million). Currently public interest grounds are limited to national security, media plurality and financial stability. The government can also intervene where the transaction concerns a government contractor or subcontractor which holds or receives confidential defence-related information.

The acquisition of a significant national or regional business or key supplier to branches of government in any of these sectors would be liable to be reviewed. While intervention under the regime is limited to these areas, each could be interpreted broadly (for example, national security is not limited to the defence sector and it has previously been interpreted to include businesses that supply key government bodies such as the emergency services). Therefore the government could potentially seek to use the existing rules to intervene in transactions concerning companies in related and strategically important sectors such as engineering, infrastructure, technology/telecoms, or the wider financial, insurance and investment sector.

UK

last update: 03 April 2020

Foreign Investment Restrictions	It is also possible that the government could seek Parliamentary approval to introduce additional public interest grounds - the financial stability criteria was added in the wake of the 2007/2008 financial crisis to enable the government to intervene in the Lloyds TSB/HBOS merger. In regulated industries, such as utilities and media, additional sectoral regulators and rules may come into play. As a practical step, if a target is active in a field that relates to security, media or finance, or in a regulated sector, or if there are broader concerns about the importance of a target company to the government or to the UK economy, then we would recommend careful assessment of the scope for intervention and in some cases early engagement with government and regulatory stakeholders would be advisable. Worth mentioning the Industry Act 1975? Wouldn't rule anything out with the current government or situation
Debt	The UK government has introduced two main financial support measures: ▪ the COVID Corporate Financing Facility (CCFF) to provide bridge financing to larger UK incorporated companies provided they meet certain eligibility criteria relating to the nature and extent of their business activities in the UK and their financial health prior to COVID-19; and ▪ the Coronavirus Business Interruption Loan Scheme (CBILS) designed to assist smaller businesses by providing lenders with a government-backed guarantee at up to 80% of an outstanding facility to encourage and support lending to those smaller businesses that might be experiencing lost or deferred revenues leading to disruptions in their cashflow, subject to eligibility criteria.

UK

last update: 03 April 2020

Debt	

Debt

Exclusions

The CCFF scheme is not available to:

- banks, building societies, insurance companies and other financial sector entities regulated by the Bank of England or the Financial Conduct Authority;
- leveraged investment vehicle; or
- companies within groups that are predominantly active in businesses that are subject to financial sector regulation.

Process to get support

For the CCFF, liaise with your own bank or another bank that issues commercial paper. If you have existing commercial paper that is eligible for the scheme, banks will assist with issuing it to the CCFF.

For the CBILS, companies should visit the website of the British Business Bank (www.british-business-bank.co.uk) and approach one of the listed accredited lenders with their borrowing proposal. The decision as to whether a company is eligible for CBILS rests with the individual lender.

Additional notes

More information on the application process (including application forms and a pricing schedule) is available on the Bank of England website (www.bankofengland.co.uk)
The website of the British Business Bank is www.british-business-bank.co.uk

UK

last update: 03 April 2020

Taxation

The Chancellor has set out a package of temporary measures relating to UK tax to support people and businesses during the period of disruption caused by COVID-19.

As part of these measures, UK taxpayers that have outstanding UK tax liabilities may be eligible to receive support with their tax obligations from HMRC by calling the dedicated COVID-19 helpline on 0800 0159 559. Larger businesses should contact their Customer Compliance Manager. In addition, the Government announced that VAT payments between 20 March and 30 June 2020 will be deferred and, for self-employed individuals, income tax payments due in July 2020 under the self-assessment system will be deferred to January 2021. The VAT and income tax measures will be automatic and no application from taxpayers will be required.

The Government also introduced a business rates holiday for businesses in retail, hospitality and leisure sectors in England, Scotland and Wales for the tax year 2020-21. This would cover, amongst other things, shops, restaurants, cafes, bars, cinemas, music venues and hotels. All businesses in Northern Ireland will pay zero business rates for the next 3 months. Again, these measures are automatic.

Cash grants will be made available to businesses in the retail, hospitality and leisure sectors. The amount of grant will be up to £25,000 per property for businesses in these sectors with a rateable value of between £15,001 and £51,000, or up to £10,000 for businesses with a lower rateable value. In addition, a one-off grant of £10,000 will be provided to eligible small businesses that already pay little or no business rates (because of small business rate relief, rural rate relief and tapered relief) to help meet their ongoing business costs.

The UK measures do not currently go as far as those implemented by some other countries, although it is possible that further measures might be announced. Businesses should consider practical steps in order to take advantage of the existing package, such as, for example, cancelling direct debit payments in respect of VAT for the current quarter if they are unable to pay.

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