Overview on national measures taken by governments to react to the economic consequences of the COVID-19 spread in Europe

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EU response

- **EU finance ministers** on 4th March issued a statement regarding their commitment to provide a co-ordinated response and to use all appropriate policy tools to achieve strong, sustainable growth and to safeguard against the further materialisation of downside risks.
- **Commission President von der Leyen** on 10th March, 'to use all the tools at our disposal to make sure the European economy weathers this storm'.
- **The ECB** on 12th March announcing in particular, plans to temporarily relax capital requirements for the financial sector to support lending to the real economy, as well as more accommodative monetary policy through increasing its asset purchases by €120 billion during 2020.
- At a press meeting on EU March 13, **EU leaders** including von der Leyen confirmed that the EU "general escape clause" would come into play (which grants Member States leeway to break with fiscal rules in the face of an emergency that is unusual and outside their control), and that there will be granted maximum flexibility under state aid rules in government efforts to support the economy, while also announcing a 37 billion euro Coronavirus Response Investment Initiative to support the healthcare sector and labour markets generally (drawing from unused structural funds).
- The **Eurogroup** met on March 15 and confirmed the applicability of the "general escape clause" in light of the virus outbreak, while noting that member states had already commenced fiscal stimulus corresponding to 1% of GDP. The Eurogroup issued a statement promising to "do whatever it takes to effectively address the current challenges and to restore confidence and support a rapid recovery".
- On March 16 the **G-7 leaders** issued a statement committing to do "whatever is necessary to ensure a strong global response through closer cooperation and enhanced coordination of our efforts", noting that "while current challenges may require national emergency measures, we remain committed to the stability of the global economy".
  On March 17 Commission Vice-President Vestager circulated to member states a **draft Temporary Framework for state aid** designed to ensure full flexibility to use state aid to support companies/sectors
- On the night of March 18 the **ECB** announced additional quantitative easing of 750 bn euro in 2020, and made clear in its statements that if necessary it was prepared its raise the issuer limit (cap on how much of one member state's sovereign debt it can hold)
- On March 19 the Commission was able to **adopt an approved temporary framework for state aid**, that gave maximum flexibility, and notably allowing grants to businesses up to 800.000 euro.

External compilation of responses

While we have considered these and found them useful, as external sources we cannot guarantee the validity or take any responsibility for their content etc.

Danske Bank https://research.danskebank.com/research/#/Research/articlepreview/6bbaf621-3014-4bd4-87bd-3d2b75bbd479/EN

<u>Austria</u>

- **<u>CoVid-19 Crisis Management Fund</u>**
  Budget of **up to EUR 38 billion**, with the **main objective of improving liquidity**. Measures include:
  - EUR 9 billion state guarantees and state liabilities for loans,
  - EUR 15 billion emergency aid for industries most affected,
  - EUR 10 billion for tax moratoriums.
  - Hardship fund for SMEs (direct cash aid, not to be paid back)

- **<u>COVID-19-Short Time Work ("Kurzarbeit")</u>**
  - Financial means of EUR **400 Mio.**
  - **Short time work is planned for three months.**
  - **Key Points of COVID Short Time Work:**
  - **Before starting short time work, the employee has to consume all annual leave and overtime**.
  - **Wage guarantee**:
    - Up to EUR 1.700 of gross wage, 90% of the previous net wage.
    - Up to EUR 2.685 of gross wage, 85% of the previous net wage.
    - Beyond EUR 2.686 gross wage, 80% of the previous net wage.
  - **The employment contract must not be terminated during the short time work period, and in the first month after short time work**, barring exceptional circumstances that require special negotiations.
  - During short time work, working hours can be reduced by an average of up to 90%.
  - Normal working hours can be changed in agreement with the employee.

- **<u>COVID-19-Law on Special Care</u>**
  § 18b Labour contract law: In case of (partial) closure of institutions (e.g. schools) due to official measures, **employers can now grant special care leave even to those employees who would normally have no entitlement to stay at home** to take care of their children (up to 14 years old). This care leave is limited to three weeks. During this time, employees will receive a third of their gross wage, paid for by the government.

- **<u>Work Inspections & Working Hours</u>**
  During the occurrence of COVID-19, **deviations from the working time provisions are possible** (e.g. extensions to the normal working hours). This **applies to all industries with an extraordinary need for work** (e.g. healthcare).

- **<u>Measures of the Austrian National Health Insurance Fund:</u>**
  The Fund has put together a package of measures to relieve the pressure on affected companies, such as **deferral of contributions**, **payment by instalments**, **waiving of late-payment fee, suspension of notices of seizure and bankruptcy applications.**

- **<u>Corporate and Income tax</u>**
  Corporate and income tax advance payments for 2020 can be **reduced or set to zero**.

- **<u>Guarantees and Financing</u>**
  Exporting companies can be granted **credits up to 10%** (large companies) or **15%** (SMEs) of their export revenues by the OeKB (österreichische Kontrollbank). AWS (Austria Wirtschaftsservice) will provide **guarantees with special conditions** for companies who are affected by the COVID-crisis to facilitate financing credits.

Belgium

- Companies can follow a so-called ‘payment plan’: In this payment plan, companies can ‘spread’ payments of VAT, social contributions and fines. They can also delay payments of corporate income tax and regular income tax. The Belgian authorities have confirmed that they will allow companies to delay the filings by over two weeks and payments by two months.
- Fines to companies for late payments can be remitted.
- Increase in short-time work payments (65%--> 70%)
- Federal government will not charge companies with fines if they can’t fulfil a public contract in time.

These measures only apply to companies that can show that they have been directly hit by the coronavirus (e.g. a decrease in turnover, a significant decrease in orders and / or reservations, consequences of a “chain reaction” with partner companies,…). The deadline for getting this `payment plan’ is June 30.

Croatia

The Croatian Bank for Reconstruction and Development will:

- Impose a moratorium on credit obligations for existing clients
- Introduce a grace period in repayments
- Provide liquidity loans to companies to cover wages, overhead and operating expenses in cooperation with commercial banks
- Guarantees to commercial banks supporting exporters under the Export Guarantee Fund
- Increase scope of the Export Guarantee Fund to include tourism

Support to commercial banks

- Introduction of “standstill” arrangements, i.e. three-month suspension of collection of debts
- Liquidity lines with three-year maturity
- Accelerated loan rescheduling process without clients being reclassified to being “default”

Government will:

- Increase the allocation of “ESIF Micro Loans” supporting micro- and small enterprises, and reduce interest rates whilst increasing maximum guarantee rates for “individual guarantee” scheme (the amount that the state will guarantee)
- 90 extension of repayment obligations for co-funded projects
- Allowing EU aid beneficiaries to suspend/delay project implementation, repayment of reimbursement
- Possibility of state intervention to purchase surpluses in livestock, crop and food and vegetable production
- Implement various loan schemes
- Delay the payment of tourism fee for companies and tourism charges for private renters
- State aid to provide capital and liquidity for endangered tourism businesses, for cultural and creative industries,
- Suspension of universal service obligation for postal services
- Suspension of collection fees for extraordinary transports on public roads and temporary suspension of 10-% increase in tolls for vehicles of certain types during the summer

Cyprus

- Temporary suspension for two months of the obligation to pay VAT, without the imposition of any penalties.

This only applies to businesses, whose turnover was not more than € 1m in 2019 or to businesses whose turnover was cut down by more than 25%.
- Cyprus will temporarily cuts its VAT rate from 19% to 17% until May 2020. The (already reduced) VAT-rate on tourism activities (9.5% related to restaurant, hotel services, etc) will be reduced to 7.5% until July 2020.

Denmark

Labour market initiatives

- Government has suspended rules on sick leave until January 1, 2021. Thus the government pays sick leave from day 1 (instead of the usual 30 days) when employees are quarantined or sick with Covid-19. Self-employed receive sick leave payment from first day of absence instead of after 2 weeks.
- Greater flexibility awarded to scheme which allows companies to endorse employees to temporarily work part-time, with employees receiving supplementary unemployment benefits during the period.
- Tri-partite agreement on temporary wage compensation to companies in the private sector for employees in danger of being laid off. The agreement will be in force for a period of 3 months (9 March – 9 June 2020) and applies to companies forced to lay off at least 30% of staff or more than 50 employees.
- Similar scheme of compensation paid for by the state for self-employed that suffer large loss of income
- Law under way to ensure economic compensation for companies that will face shortage of labour as a consequence of corona (6-months' period), if the companies keep the employees with pay. The aim is to avoid redundancies and risk of losing valuable part of the companies' work-force.
- Work-share can be used directly after an agreement with the employee instead of a waiting period of one week after the initial registration at the job center. Plus enhanced flexibility in use of scheme. The measure will be applicable for a period of 13 weeks with possibility to apply for an extension.

Other initiatives

- Suspension of company payments of VAT and other taxes.
- Contracyclical capital requirements set to zero which allows banks to provide more liquidity to companies.
- 1 bn DKK set aside to provide guarantees for companies.
- Additional loans targeting SMEs for 1.25 bn DKK specifically for export purposes through the state-run Export Credit Agency
- A number of regulations of the transport sector to be suspended temporarily in order to secure distribution of goods in the country.
- Public authorities are allowed to prolong deadlines for bids for tenders (e.g. if companies are likely not currently in a position to commence work on projects).
- For three months government to compensate 25-80% of fixed costs for companies severely affected by the crisis (across size and industry)
- 1.5 bn SEK guarantees for SAS (along with similar 1.5 bn SEK guarantee from the Swedish state)
- 1.5 bn DKK to additional guarantees for to cover customers' losses from travel operators filing for bankruptcy
- Public procurement: public procurer allowed to pay contractor in advance of up to 1 mil DKK, and refrain from filing lawsuits if companies are delayed or fail to meet their contractual obligations if this inability is due to Covid-19
- Expanded student loans scheme to help students that lose their part-time student jobs

Estonia

State resources are directed to support companies through KredEx Foundation and the Estonian Rural Development Foundation. The package also includes labour market support of the Estonian Unemployment Insurance Fund, sickness benefits, tax incentives. The package allows for deferral of tax debt for 18 months, temporary suspension of second pillar pension scheme payments, as well as partial compensation for direct costs of cancelled events.

KredEx Foundation measures:

- 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), under the following conditions:
    - if the bank relaxes the repayment schedule of the existing bank loan which has not been secured by KredEx Foundation, then KredEx foundation will secure the loan;
    - he maximum guaranteed amount is EUR 5 Million per company,
    - if possible, fixed guarantee will be restored or the guarantee rate will be increased to cover more than 80% of the guaranteed liability.
- KredEx Foundation business loan – amounting to EUR 500 Million, subject to the following conditions:
    - KredEx Foundation issues a revolving business loan to a company in order to overcome liquidity problems caused by the coronavirus, including, where necessary, the payment of bank loans,
    - the maximum loan amount is EUR 5 million per company,
    - the interest rate is approximately 4% per year.
- KredEx Foundation investment loan – amounting to EUR 50 million, under the following conditions:
    - KredEx Foundation grants an investment loan to the company so it would be possible to take advantages of the business opportunities created by the coronavirus, and other new business opportunities.
    - the maximum loan amount is EUR 5 Million per company,
    - the interest rate is approximately 4% per year.
- The labour market service provided by the Estonian Unemployment Insurance Fund to cover for wage reduction – amounting to EUR 250 Million, under the following conditions:
    - the benefit can be used by a compliant employer to cover the period of two months from March to May 2020;
    - the benefit of no more than EUR 1000 per month per employee in need of the support is paid as gross amount.
    - the benefit is calculated based on the gross wages of the employee over the period of the previous 12 months, plus remuneration payable by the employer to the employee which is no less than EUR 150 in gross amount. The Unemployment Insurance Fund and the employer will pay all labour taxes on wages and benefits.
- For the period of March to May, the state will compensate the first three days of sick leave for all incapacity leave applications.
- Rural companies can apply to the Rural Development Foundation for guarantees (up to EUR 50 million), business loans (up to EUR 100 million) or land capital financing (up to EUR 50 million).
- Self-employed workers are subject to an advance social tax support measure.
- Payments into the II pillar of the pension fund are temporarily suspended.
- The State compensates for the direct costs of cultural and sporting events cancelled due to coronavirus in March-April, up to EUR 3 million.
- The Members of the Government supported the proposal of the Minister of Finance to suspend the tax interest calculation for a period of two months and to allow tax debt to be rescheduled at lower interest rates than are currently in force.

Finland

Financial measures announced by Finnish government on 17th March:

- 5 bln euro further support to economy.
- The State Pension Fund will buy 1 billion euros worth of commercial papers.

- The government will increase Finnvera Oyj's (Export Credit Agency) capacity to guarantee working capital loans to small and medium-sized companies by 2 billion euros.
- 1 billion euro fund to invest in corporate bonds. E.g. also about 73 million euros to stave off acute corporate funding pressures.
- Companies having difficulties paying taxes due to the coronavirus situation can request a payment arrangement with eased terms starting 25 March 2020. According to the new terms, the first instalment of the payment arrangement will fall due in three months after the arrangement has become active, as opposed to just one month. The Tax Administration will automatically include in the arrangement any new tax debts that form after the payment arrangement has been taken into use until 31 May 2020. In addition, the rate of late-payment interest on taxes included in a payment arrangement will be lowered from 7% to 4%. The lowered interest rate would only apply to taxes that are included in a payment arrangement and that fall due after 1 March 2020. The arrangement is available for businesses/entrepreneurs that do not have taxes in recovery by enforcement and have filed all the required tax returns and reports to the National Incomes Register (earnings payment reports and employer's separate reports).
- Businesses and private individuals can request more time for filing your tax return, if necessary, if you have a justified reason, such as illness, that prevents from filing the tax return by its original deadline. However, the Finnish tax administration does not grant more time for filing VAT returns. However, a request can be made for a fine for late payment to be removed. If you have a justified reason for filing late, such as illness, you may not have to pay a fine.
- Postponement option for pension insurance payments (Tyel and Yel) as well as easing the pension insurance company capital requirements.
- To review further measures based on the negotiations with the social parties (enclosed proposal made by parties 19th March).
- Other measures o Financial Supervisory Authority (FIN-FSA) decided to lower Finnish credit institutions' capital requirements. The reduction is implemented by removing the systemic risk buffer and by adjusting credit institution-specific requirements so that the structural buffer requirements of all credit institutions will fall by 1 percentage point, all in all. The decision will increase the lending capacity of theFinnish banks by around EUR 52 billion.
- The Bank of Finland has decided to restart its activities in the domestic corporate paper markets. The size of the programme is initially EUR 500 million. The decision was announced on 15th March

<u>New package of measures on 20 March:</u>

The first supplementary budget will safeguard the resources of the authorities and increase the appropriations allocated to companies. The scope of the supplementary budget will be around EUR 400 million. Further supplementary budgets will be introduced over the coming weeks.

- The guarantee mandate of the state-owned special financing company Finnvera will be increased by EUR 10 billion to a total of EUR 12 billion. The increase in the mandate will allow additional financing of € 10 billion for businesses.
- Employers' earnings-related pension contribution shall be reduced by 2,6% of salaries. It will be implemented as soon as possible and will be valid until the end of 2020. It will ease the companies' payments by EUR 910 million. Pension companies refrain from paying customer bonuses for a period when employers' pension contributions are reduced.
- An increase of EUR 150 million in Business Finland's mandate to be used for fast-start business support activities. An increase of EUR 50 million is proposed to support business development projects.
- Own-risk days in unemployment benefits are cancelled in the event of lay-offs and redundancies. Unemployment insurance is immediately accessible. Working conditions to be eligible for income-related unemployment benefits are shortened. These measures will cost the state more than EUR 100 million.
- Notice period for layoffs is reduced from the current (from 14 days to 6 weeks) to five days. The right to lay-offs is also extended to fixed-term workers.

- Unemployment protection for entrepreneurs and freelancers is ensured. In order to be eligible for unemployment insurance, you don't have to close your business.
- The Government promises max. EUR 600 million guarantees to airline company Finnair.
- An increase of EUR 26 million is proposed for the control of infectious diseases. An additional budget of EUR 12,8 million is proposed for the operating costs of the Institute for Health and Welfare for coronavirus expenditure.
- An increase of EUR 5,6 million is proposed to the police for additional expenditure due to the coronavirus epidemic.
- An amount of EUR 200 million is proposed for non-specific expenditure linked to exceptional circumstances.

France + see document in extranet

- It is possible to apply for a later payment of tax due if the companies can prove that they are financially affected by Coronavirus. However, only the deferral of direct taxes (including corporate income tax) is currently possible. VAT has not been included in the measures taken.
- In difficult cases tax rebates can be decided on an individual examination of requests
- Support from the State and the Banque de France (credit mediation) to negotiate with its bank a rescheduling of bank credits;
- The State will guarantee €300 billion of bank loans to companies
- A €1 billion 'solidarity fund' will get created for the microbusinesses, SMEs and independent workers whose turnover is less than €1 million and who suffered a 70% decline of their turnover between March 2019 and March 2020 (cumulative criteria) : these eligible entities will then get a monthly €1 500 grant. Practical details will be clarified in the upcoming days.
- Suspension of rent and utility bills owed by small companies. Practical details regarding especially the size of eligible companies will be clarified in the upcoming days.
- The mobilization of Bpifrance to guarantee bank cash lines which companies may need because of the epidemic;
- Maintaining employment in companies through the simplified and reinforced partial unemployment system;
- Support for the treatment of a conflict with customers or suppliers by the Business Mediator;
- Recognition by the State of Coronavirus as a case of force majeure for its public contracts. Consequently, for all State public contracts, the delay penalties will not be applied.
- The State will cover 100% of the wages paid under the short time scheme.

Germany

Making reduced hours compensation benefit (Kurzarbeitergeld) more flexible

- Facilitation for short-time work - the threshold of employees that need to be affected by it was lowered from 1/3 to 10%
- Already in January the possible period for short-time work was extended from 12 to 24 months
- The Federal Employment Agency will cover 60% of the net salary in case of short term working and will reimburse the social contributions for the lost working hours to the employer
- Partial or complete waiver of the need to build up a negative balance in working hours
- Short-time working allowance will also be available to temporary workers

Tax-related liquidity assistance for businesses

- options for deferring tax payments and reducing prepayments will be enhanced, and enforcement rules will be adapted.

- It will be easier to grant tax deferrals. Revenue authorities will be able to defer taxes if their collection would lead to significant hardship. The revenue authorities will be instructed to not impose strict conditions in this respect.
- It will be easier to adapt 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 swift and straightforward manner.
- Enforcement measures (e.g. attachment of 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.

A protective shield with unlimited volume

In a first step, existing liquidity assistance programmes 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, our 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 programme 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.
- For companies with a turnover of more than €5 billion, support will continue to be provided on a case-by-case basis.
- 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 programme (parallel guarantees from the Federation and the Länder), which was previously limited to companies in structurally weak regions, will be opened up to companies in other regions, as well. In this programme, the Federation covers operating loans and investments with a surety requirement upwards of €50 million and a guarantee rate of up to 80%.

These measures are covered by existing state aid rules. These special programmes are now being submitted to the European Commission for approval. The Commission President has already indicated that, in light of the coronavirus crisis, she will ensure that state aid rules are applied in a flexible way. The EU and Eurogroup finance ministers will advocate the necessary flexibility on the Strengthening European cohesion.

Greece

- Suspension of payment of VAT, payable at the end of March, for 4 months, in sectors and areas where the business is suspended by government order for more than 10 days. In addition, no interest or surcharge shall be payable on the amounts due when the deadline for payment and suspension of payment is extended.

- Suspension of payment of certified debts to the tax authorities, as well as installments of partial payment arrangements of certified debt, payable at the end of March, for 4 months in sectors and areas where business is suspended by government order for more than 10 months days.
- Establishing a mechanism, based on the available data from the Independent Public Revenue Authority, e-banking transaction and figures from the Ministry of Labour, that will monitor developments in the labour market and social security contributions, so that timely, targeted and effective intervention in the economy and in the regions where there is a significant decline in economic activity.
- Administrative requirements, such as the obligation to report overtime, are suspended in order to facilitate the gradual access of workers to avoid overcrowding in the workplace and public transport. Existing provisions on overtime and minimum rest time are not affected. A facility is provided for teleworking where possible.
- Support measures for businesses and workers affected by the pandemic, amounting to € 2 billion in the first phase. They will include, inter alia, a compensation of 400-500 euros to approximately 600,000 workers in businesses closed by government decision.

Iceland

- Businesses experiencing temporary difficulties due to a fall in revenue will be given flexibility, e.g. extended deadlines for taxes and other public charges.
- Efforts will be made to provide temporary relief to the tourism industry, including temporarily reducing industry-specific tax payments.
- Once the situation returns to normal, a marketing campaign will be launched to promote Iceland as a tourist destination and Icelanders will be encouraged to travel domestically.
- Measures to stimulate private consumption and demand will be enacted, e.g. tax reduction or increased benefits.
- Ongoing and planned infrastructure projects will be accelerated.
- The Government will cooperate with the Icelandic Financial Services Association on their response to foreseeable liquidity and payment difficulties of tourism companies.
- The HF-Fund (former HFF-Fund) will transfer funds from the Central Bank to increase the ability of banks and creditors to provide credit to both companies and individuals.

Ireland

- A €200m Strategic Banking Corporation of Ireland (SBCI) Working Capital scheme for eligible businesses impacted by COVID-19. Loans of up to €1.5m will be available at reduced rates, with up to the first €500,000 unsecured. Applications can be made through the SBCI website.
- Application of interest to late payments of VAT suspended for January/February
- Application of interest to late payments of employer PAYE(income tax)liabilities suspended for February/March
- A €200m Package for Enterprise Supports including a Rescue and Restructuring Scheme available through Enterprise Ireland for vulnerable but viable firms that need to restructure or transform their business.
- The maximum loan available from MicroFinance Ireland will be increased from €25,000 to €50,000 as an immediate measure to specifically deal with exceptional circumstances that micro-enterprises – (sole traders and firms with up to 9 employees) - are facing. Applications can be made through the MFI website or through your local LEO.
- The Credit Guarantee Scheme will be available to COVID-19 impacted firms through the Pillar Banks. Loans of up to €1m will be available at terms of up to 7 years.
- the Department of Employment Affairs and Social Protection and the Department of Business, Enterprise and Innovation will provide a joint First Responder support service through the Intreo Offices and development agencies, Enterprise Ireland and IDA Ireland in each region to provide tailored supports for

impacted firms, with objective of avoiding mass lay-offs and buying time for firms to work through the short-term disruptions.
- Firms that need to reduce hours or days worked can avail of the Department of Employment Affairs and Social Protection Short Term Work Support by contacting their local Intreo Office, see gov.ie/en/service/c20e1b-short-time-work-support.
- The full range of Enterprise Ireland, IDA Ireland, Local Enterprise Office and Údarás na Gaeltachta grant supports will be available to firms to help with strategies to innovate, diversify markets and supply chains and to improve competitiveness.

Italy

Legislative Decree n. 18 of 17 March 2020 The main measures related to enterprises focus on 4 main axes:

1) Support for workers and enterprises,

- **redundancy fund -** extended to all national territory, to all employees of all productive sectors, even to companies that already benefit from extraordinary layoffs, for a maximum of 9 weeks;
- compensation of 600 euro, monthly non-taxable, for self-employed workers and those subject to VAT;
- equivalence between disease and quarantine;
- **parental leave** for additional 15 days at 50% of remuneration for working parents or otherwise babysitter bonus 600 euro worth;
- for **air transportation**, enhance of the special fund for sustaining of income and the establishment of a new society fully controlled by Ministry of Finance.

2) Measures to support the liquidity of households and businesses

- **moratorium on loans** to micro, small and medium-sized enterprises (mortgages, leasing, credit openings and short-term expiring loans)
- strengthening of the **SME guarantee fund**:
  - eligibility for the guarantee of debt renegotiation operations;
  - automatic extension of the guarantee in the event of a moratorium or loans suspension;
  - for transactions up to € 100,000, the evaluation procedure is restricted to the economic and financial profiles only;
  - the chance to combine the guarantee of the fund with other forms of guarantee for the tourism sector;
  - possibility to set up special sections of the fund in order to support access to credit for certain economic sectors or business chains, on the initiative of the sectorial Administrations, associations and reference bodies.
  - suspension of the fund's operating terms;
  - extension of the limit for the granting of the guarantee from 2.5 million to 5 million;
- strengthening of the **Confidi** for micro-enterprises;
- establishment of an Integrated Promotion Fund at MAECI;
- instantaneous entry into force of the volatility adjustment for insurance companies;
- introduction of a counter-guarantee mechanism for banks, by CDP, with which to allow the expansion of credit also to medium-large companies affected by the crisis;
- incentive to sell impaired loans by converting deferred tax assets into tax credits for financial and industrial companies;
- establishment of a show, cinema and audio-visual emergency fund and provisions for the cultural sector;
- rules on the reimbursement of residence contracts and on the termination of contracts for the purchase of tickets for shows, museums;
- Increase in advances from the 2014-2020 Development and Cohesion Fund within the Operational Plans of Central Administrations and Development Pacts.

3) Fiscal measures

- **Suspension of withholding tax, social security and social security contributions and compulsory insurance premiums** during March and April, together with payment of VAT in March. The sectors concerned are tourist-hotel, spa, passenger transport, restaurants and bars, culture (cinema, theatres), sport, education, amusement parks, events (fairs/conferences), games rooms and betting centres;
- **suspension of payment periods and tax and contribution payments** for taxpayers with a turnover of up to EUR 2 million (VAT payments, deductions and contributions for March);
- **deferral of the deadline** for payments due to public authorities from 16 to 20 March for economic operators not subject to suspension;
- **disapplication of withholding tax** for professionals without employees, with revenues not exceeding 400,000 euros, on the invoices of March and April;
- **suspension until 31 May 2020** of time limits for winding-up, control, establishment, collection and litigation activities by the offices of the Revenue Agency;
- **suspension of time limits** for collection of tax records, payment and removal, suspension of new files and suspension of executive acts;
- incentives and contributions for **sanitation and safety at work**;
- **for commercial rentals**, tax credit equal to 60% of the March rent;
- provisions on road transport and public passenger transport;
- the suspension until 31 May 2020 of fees for the award of public sports facilities to sports associations and societies;
- urgent extraordinary measures in support of the press chain.

4) Enhancement of the health System and of civil protection

- appropriations for the recruitment of 20000 health workers for the national health system.
- increase of **national emergency Fund** of 1.65 billion;
- the funding for **increase the hospital beds**;
- requirement for **private facilities** to provide for health workers, buildings and their equipment:
- authorization to Invitalia to provide concessional financing or straight grants **for producers of medical devices** and PPE (personal protective equipment);
- possibility for civil protection of **requisition** of health centres, medical surgical and essential goods. Prefects will have at their disposal the requisition of hotels or other buildings;
- preview of price in public contracts, to expedite the purchase procedures and the payment of materials and health tools.

<u>**Lithuania**</u>

On 16 March 2020 the Lithuanian Government adopted the Economic and Financial Action Plan to address the impacts of the COVID-19 virus on the economy, people and businesses. 10% of the country's gross domestic product (GDP), accounting for 5 billion euros, will be allocated to support the measures.

The action plan focuses on ensuring the health of the population, helping small and medium-sized businesses, boosting employment and economy:

- **Provision of necessary resources for the efficient operation of health and public security systems - 500 million euros**
- **Jobs and income protection - 500 million euros**
  The Economic and Financial Action Plan provides 500 million euros for measures aimed at maintaining jobs and income. The state will jointly support businesses with job retention for up to three months, by also covering partial downtime or part of downtime allowance for employees. In the case of quarantine in educational institutions or social care and employment centers, a provision foresees sickness benefits for the specialists who take care of children and the disabled. It also provides for self-employed workers who have paid social security contributions: to receive 257 euros / month for up to 3 months when they are

unable to carry out their activities due to quarantine, and to extend the credit payment period (excluding interest) for those who became unemployed – from 3 to 6 months with the state guarantee. Also, to allow the possibility of postponement or settlement of payments for electricity and natural gas to the national energy holding company Ignitis UAB, to recommend municipalities to postpone or arrange schedule for utilities and heat energy payments.

- **Maintaining business liquidity - 500 million euros**
  The plan provides for immediate tax loans, with postponed or deferred payment schedule, without interest payment; stopping recovery actions on the basis of reasonableness criteria; exemption of taxpayers from fines and penalties; possibility to defer payment of personal income tax; increase the Guarantee Limit for the Agricultural Loans and INVEGA Guarantee Fund by 500 million euros as well as extend the terms for the guarantees; enable businesses to defer or postpone payments for the electricity and natural gas consumed to the national energy holding Ignitis UAB. It is also recommended that municipalities exempt businesses from commercial real estate and land taxes, and allow to defer or arrange utility bills and payments for heat energy.
- **Boosting the economy - 1 billion euros**
  The Economic and Financial Action Plan provides for accelerating investment programs, speeding up payments and increasing the intensity of funding. It also allows reallocation of EU investment funds to health, employment and business fields, accelerates the use of state budget for current expenditure, use all funds from the Climate Change, Road Maintenance and Development programs and accelerate the renovation of apartment buildings. In addition, it is planned to recommend the Bank of Lithuania to take measures to increase the lending potential of banks by 2.5 billion euros: (1) reduction of capital requirements for credit institutions; (2) Reduction of liquidity reserves; (3) Reduction of other supervisory measures.
  Moreover, an additional 500 million euros state guarantee ceiling is foreseen to create or supplement the existing financial instruments. Also, to establish a COVID-19 Impacts Reduction Fund open to contributions from legal and natural persons.
  A 1 billion euros stimulus package for the economy will encompass 500 million euros additional investments and 500 million euros additional guarantees.
- **Ensuring liquidity of the state treasury**

The Economic and Financial Action Plan provides for the Government to borrow additional 5 billion euros.

- **Task force on business emergency coordination**

A state-level task force on business emergency coordination was formed. LPK is represented by its President Robertas Dargis.

<u>Luxembourg</u>

- Companies directly affected by government orders eligible for a short-time working scheme
- Reimbursements for unemployment caused by government closures at 80% of normal salary
- Commuter certificates for cross-border workers to allow them to cross borders that are otherwise closed
- Companies can apply for cancellation of tax advances for the first 2 quarters of 2020, and can apply for a four-month payment deadline for taxes due after February 29
- All VAT credit balances below 10.000 euros will be reimbursed

<u>Malta</u>

- €1.6 billion in liquidity for companies: €700 million in tax deferrals and €900 million in guarantees. The €900 million in government guarantees to companies are expected to open up the availability of credit and loans to the tune of €4.5 billion that would give companies additional liquidity
- Quarantine leave: Government to pay companies €350 per employee on quarantine leave
- Government will cover additional two months leave for parent who has to stay at home to take care of the children as a result of school closures with an €800 per month benefit.
- A company registering 25% less sales will benefit from 1 day per week per employee. This amounts to around €37 per week, equivalent to around €147 per month per employee. Measure is capped at €800 per month.

- A business that was asked to close as part of the Covid-19 measures will get 2 days of assistance per week per employee. This is equivalent to €300 per month per employee.
- A self-employed person will get the same amount
- A self-employed person who also employs others will get 3 days per week of assistance for himself and 2 days per week for every employee
- A Maltese or EU citizen who becomes redundant will get €800 per month as unemployment benefit
- A third country national who becomes unemployed will get no financial assistance but JobsPlus will help to find alternative work
- People in rental property and who lose their job and did not qualify for rent subsidy, will now benefit from the scheme
- Foreign workers: A company that makes anybody redundant cannot apply for a work permit for a third country national. Malta will stop accepting new third country national work permit applications
- Taxes due in March and April, including provisional tax, VAT and social security contributions, have been postponed to a future date. VAT credit refunds will also be accelerated.
- Incentives/grants for companies to invest in teleworking equipment

<u>Netherlands</u>

On March 17 the Dutch government further announced:

1. A guarantee facility for SME loans (BMKB) is already in place and working – EUR 665 million of an available budget of EUR 765 million, 0.08% of GDP. The Ministry of Economic Affairs and Climate Policy has expanded guarantees to a higher guarantee percentage, up to 90% of the credit risk of banks for SMEs that want to take out a loan of EUR 1.5 mln maximum but that do not have the required collateral. This measure was recently expanded for SMEs coping with risks associated with the nitrogen ruling (adopted) and is further expanded to apply to SMEs affected by COVID-19.

2. The social assistance decree, aimed at self-employed persons, (Bbz, Besluit bijstandverlening zelfstandigen 2004) will be expanded, meaning that the self-employed and entrepreneurs will be able to receive social assistance if they meet certain standards, which will be relaxed. This social assistance will include additional benefits to meet livelihood standards and/or a loan for working capital.

3. A new temporary measure will be introduced to help entrepreneurs paying wages, in order to prevent unemployment. This measure replaces the current working time reduction scheme, which was not designed for handling a pandemic. In the new scheme, employers will be supported more quickly than before. Employers using the scheme must commit to not firing their employees on economic grounds. Employers who expect a decline of at least 20% in revenue can request an allowance for a period of 3 months of maximally 90% of the total wage sum. The Employee Insurance Agency (UWV) will pay a deposit beforehand, and it will be determined afterwards whether a firm has received too much or too little support. The Dutch government will work on the details of the proposal in the coming period and will send a request to the European Commission regarding stateaid rules. The costs will strongly depend on the number of applications. If 25% of all employers apply for an average of 45% of their wage bill, the costs will be around 10 billion euros in the first 3 months. These costs will increase when the number of applications rise.

4. Businesses can request for a special deferral of payment in income tax, corporate tax, VAT, energy tax and wage tax. Temporarily, no penalties for failure to pay taxes (on time) will be imposed. Businesses that already forecast lower profits due to the epidemic can request a reduction of the provisional tax assessment and will be able to pay less initial tax in order to avoid liquidity problems. To avoid immediate liquidity problems, the requirement for a "third expert" will not have to be included in the request immediately (but after two weeks). Moreover, the tax authorities will temporarily decrease the recovery interest rate from 4% to 0.01%.

5. The so-called GO-regulation, through which SMEs can secure a 50% guarantee from the government on their bank loans and bank guarantees, will be expanded. The maximum ceiling guaranteed will be increased from EUR 400 million tot EUR 1.5 billion and the maximum GO-facility per firm will be increased from EUR 50 million to EUR 150 million. This will enable both small and large firms to benefit from this policy.

6. In order to support small firms and start-ups with little financial reserves, we will expand the Qredits-programme. Through this program, we expect to support approximately 3000 to 6000 firms by a deferment of payment for a period of a maximum of six months and by giving those firms a discount on their rent payments for the same period.

7. Agricultural and horticultural SMEs will be supported by temporarily relaxing the guarantee for working capital, which is part of the existing decree Borgstelling MKB-Landbouwkredieten (BL). The decree will ease acute liquidity problems for agricultural and horticultural business who experience those problems due to the COVID-situation. The credit is for a maximum of 2 years.

8. The central government will discuss with local governments on how they can support local entrepreneurs within the current regulatory frameworks. In order to support the liquidity of local firms, the central government will discuss whether it is possible to postpone the collection of local taxes, including tourist taxes.

9. To support firms that are affected by our government's health measures - for example by the closure of restaurants - an emergency desk will be introduced, through which those firms can receive a one-off lump sum allowance of EUR 4000. The conditions for this allowance are currently being drafted.

Norway

The Norwegian government has taken strong measures to fight the Covid-19;

- "closed" the borders and banned foreigners from entering the country/to be put in quarantine for 14 days, goods will still be allowed to enter
- closed all schools and universities,
- closed bars, restaurants etc. but shops are still allowed to be open
- banned sectors treating people form operating (hairdressers, phycists, opticians, dentists etc)
- closed down non essential public offices for public availability.

On March 16 a settlement was presented that includes, among others, the following measures:

- The employer's period of layoff is reduced from 15 to 2 days.
- The employer period for sick pay and care allowance is reduced to 3 days. This will mean a lot to businesses in a very demanding situation. Employers do not receive an extra bill when the workforce disappears. This applies to sick pay related to the coronary pandemic.
- Self-employed and freelancers receive sickness benefits from day 3, and care money from day 4.
- The period of care money (for parents staying home with children home from school) is doubled.
- Deferred VAT payment. Payment of the employer's contribution on May 15 and VAT on April 15 this year is postponed. The 12 percent VAT rate is reduced to 8 percent. Along with deferred payment of other taxes, these are crucial measures in a period when companies have limited revenues. We also have to gradually clarify whether companies can be exempted from any taxes and fees.
- Apprentices now receive an income hedge on par with apprenticeship pay.
- Self-employed persons also receive an income hedge equivalent to 80 per cent of average income for the past three years, limited up to 600.000 NOK/60.000 EUR.
- Employees receive a "full salary" for 20 days upon termination. The cost is distributed with two days to the employer, and then 18 days from the state with pay, but limited up to 600.000 NOK/ 60.000 EUR. This will ease the burden on many jobs.

- The income limit for receiving unemployment benefit is set at 0.75 G (7.500 EUR). This group also ensures at least 80 per cent of its income up to 3G during the layoff period.

In addition there will be more credit available;

- Loan and guarantee schemes for business on a total of NOK 100 billion (EUR 10 billion)(more if needed) to help ensure that the companies get the credit they need. The credit will be handled through the ordinary banks.
- The Norwegian central bank has lowered its interest rate to 1% and reduced the capital demands for banks to free capital for businesses

<u>Poland</u>

Polish Prime Minister Mateusz Morawiecki announced 18th of March package, which will help Polish economy to counteract the consequences of coronavirus epidemic. In addition, our borders stay closed for non-Polish citizens or inhabitants till 3rd of April (with possibility of prolongation).

<u>Value: 221 billion PLN</u>

- **Pillar I: Defence of employees against job losses - protective measures for the labour market.**
    - For entrepreneurs who meet certain criteria: 40% state and at least 40% covered by employer.
    - For self-employed, contract agreement and work contract employed: covering up to 80% minimum remuneration.
    - Extended care allowance: 3-4 billion PLN from the social insurance fund.
    - Credit installment prolongata.
    - Anti-Usury Act - the fight against unjustified price increases

- **Pilar II: pillar for entrepreneurs:**
    - up to 5,000 PLN micro-loans, guarantee and liquidity solutions; loans and credits on preferential terms, among others for industries most affected by the crisis (transport). Increased guarantee from Bank Gospodarstwa Krajowego[1] (up to 80% loan) - postponement of loan repayments by banks.
    - Deferring payments to ZUS, spreading repayments into instalments etc.

- **Pillar III: support for health care: 7.5 billion PLN for infectious hospitals, medical equipment, modernization of the hospital base etc.**
-
- **Pillar IV: ensuring stability of financial system: capital - liquidity package. Deposit protection.**
- **Pillar V: public investments:**
    - 30 billion PLN: local government roads, digitization, modernization of schools, environmental protection, reconstruction of infrastructure. Resources independent of European funds. The flexibility proposed by the EU in the use of cohesion funds is a good option.
    - [1] A state development bank whose mission is to support the social and economic development of Poland and the public sector in the fulfilment of its tasks.

<u>Portugal</u>

- Credit line, with state guarantee, to support companies' cash flow (200 M €).
- 12-month moratorium on repayment of reimbursable grants (incentive systems) for the most impacted companies.
- Postponement of tax payments. No penalties will be imposed by the Portuguese tax authorities if affected companies notify the authorities of this. Additionally, the deadline for the first advance payment of corporate income tax has been extended from 30 March to 30 June.

- Simplified regime of temporary lay off for companies having their activity suspended for reasons related to the epidemic. Workers receive 2/3 of their wage, of which 30% is paid by the employer and 70% by social security. During lay off (and one more month), companies are exempt from social security contributions.

<u>Spain</u>

Measures from 12 March Supporting business activity:

- flexibilization allowed for tax payments during a period of six months, which would inject 14 billion euro of liquidity; For all Spanish VAT returns due in the period 13.03.2020 until 30.05.2020, an extension of the deadline for submission may be requested from the Spanish tax authorities using a special form. However, this extension cannot be requested by large companies (annual turnover exceeding EUR 6 million) or if the VAT due on the return exceeds EUR 30,000.
- opening of a specific credit line through the Official Credit Institute for 400 million Euro to cope with liquidity needs of companies and self-employed people in the tourism sector;
- extension of Social Security subsidies for permanent seasonal contracts in tourism, retail and restaurants linked to touristic activity; and
- a request has been sent to the European Commission to introduce an exemption from the slot-use obligations for the next seasons.

Additional measures:

- prohibition of interruption of supply during the alarm state and the suspension of the automatic update of energy prices
- Suspension of the term to apply for insolvency. Courts will not accept the insolvency applications submitted by creditors during the state of alarm or during the two months following its termination.
- The Royal Decree suspends the deadline for tax debt payments assessed by the tax authorities, including deferred or suspended tax debts as well as tax debts within the enforcement period (periodo ejecutivo), until 30 April. In addition, a general delay in the deadline of tax administrative procedures has been approved until 30 April.
- Employment guarantee: The Royal Decree includes in its final provisions an employment guarantee whereby all extraordinary employment measures carried out by companies in application of the measures approved by the Royal Decree are conditioned to the companies keeping employment within the six months following the restart of business activity
- Working time adaptation or reduction Employees may request an alteration of working hours (including changes in shifts) or the reduction of working hours (up to 100%) to take care of a spouse or partner, or dependent family members up to the second degree of kindship, for COVID-19-related reasons
- Suspension of mortgage payments for businesses, self-employed and persons having lost their job during the epidemic
- Reduction in Social Security contributions: (i) Companies with less than 50 employees will be exempted from paying Social Security contributions (employer quota only) during the term of the measures, and (ii) companies with more than 50 employees will have a 75% discount on the employer quotas.
- Unemployment allowance: All employees affected by the suspension/reduction measures will be entitled to the unemployment allowance irrespective of whether they personally fulfil or not the requirements set by law to access such allowance
- If cases where the business activity needs to be suspended or reduced, the Royal Decree establishes new provisions in relation to the process to follow for the collective suspension of employment relationships or the collective reduction in working hours, which are basically aimed at making such processes more flexible

Spanish Social Partners are asking to:

- Introduce flexibility and easing the legal procedure in relation to temporary lay-offs, due to force majeure reasons.
- Social security coverage must be assured for permanent seasonal employees who may be affected at work;
- With respect to those employees isolated or in risk of contagion, they shall receive a supplement of up to 100% of their salaries. However, the Government must draw up a proceeding to process withdrawals and registrations, in order to provide with legal certainty.
- Precise legal provisions should be considered foreseeing childcare and elderly care, including contributions to social security.
- Teleworking should be allowed in case of extraordinary public health reasons, even in the bosom of companies or sectors where teleworking has not been implemented yet.

Sweden

- The Government intends to submit the proposals to Parliament in the extra amending budget decided by the Government on 19 March.
- Depending on how the situation develops, the crisis package that the government is presenting can include over SEK 300 billion if the entire liquidity enhancement through the tax account is utilized.
- Short term leave is introduced today
- The proposal means that the employer's salary costs can be reduced by half by the state accounting for a larger cost. The construction is similar to short-term work, but the degree of subsidy is greatly increased. The employee receives more than 90 percent of the salary. The purpose is to save Swedish jobs.
- It is proposed that the proposal for short-term permits come into force on 7 April and will apply in 2020, but it will apply from today 16 March.
- The state takes over the sick pay responsibility for two months
- The state is proposed to temporarily take the full cost of all sick pay costs in April and May. Self-employed persons are also compensated by receiving a standardized sickness benefit for days 1-14.

- Liquidity boost through the tax account
- The proposal means that companies can be deferred with payment of employer contributions, preliminary tax on salary and value added tax, which are reported monthly or quarterly.
- Corporate deferral includes three months' tax payments and is submitted for a maximum of 12 months. This replaces the previously presented proposal.
- The new rules are proposed to apply on April 7, 2020, but can be applied retroactively from January 1, 2020. This means that companies that have paid tax in their tax account for January to March can receive tax refund from the Swedish Tax Agency. Deferrals will only be granted to companies that do not neglect their finances or are otherwise rogue. Nor can deferrals be granted to companies that have larger tax liabilities.
- The proposals on deferment and short-term now go to the Law Council for quick handling.
- Overall financial measures in Sweden so far
- The state will compensate municipalities and regions for extraordinary measures and additional costs in health care and care linked to the corona virus.
- In order to reduce the spread of infection in the community, the deduction is cancelled between March 11 and May 31 by paying the sickness benefit for the first day of the illness.
- The public health authority, the National Board of Health and the Swedish Medicines Agency receive additional resources.
- Resources are increased for the so-called infectious carrier allowance as the number of individuals entitled to this allowance is assumed to increase.
- The state temporarily takes over the sick pay responsibility for two months.
- Liquidity enhancement is provided through the tax account for VAT, employer contributions and employees' provisional tax from 1 January.
- Short-term leave is introduced from 16 March.

- In addition to the government's measures, the Swedish Central Bank has announced that they lend up to SEK 500 billion to companies through the banks to secure the credit supply.
- Finansinspektionen (Sweden's financial supervisory authority) has announced that it will reduce the countercyclical capital buffer to zero in order to safeguard a well-functioning credit supply.

Switzerland

- Border controls reimposed
- Schools closed, all public and private events are prohibited in Switzerland. All shops, markets, restaurants, bars and entertainment and leisure facilities, such as museums, libraries, cinemas, concert halls and theatres, sports centres, swimming pools and ski areas are closed. Also affected are businesses at which the recommended distance of 2 m. cannot be maintained, such as hairdressers and cosmetics studios.
- Extend the instrument of compensation for short time work for companies in difficulties.
- economiesuisse urges the Federal Council to rapidly activate the loan guarantee cooperatives, which are supported by the federal government and facilitate SMEs access to bank credits because these organisations can provide the banks with guarantees. These cooperatives guarantee loans of up to 1 million CHF. The Confederation insures up to 65% of the associated risk of loss. The authorities also pay a proportion of their administrative costs. This scheme shall be made available to SMEs who are particularly hit by the effects of the Corona virus. In addition to this, companies should be given the possibility to delay payments to the authorities in order to avoid bankruptcy of otherwise solvent enterprises.
- Goods transports must continue to cross the borders without further hinderance. economiesuisse welcomes the decision of the Swiss government not to foresee any restrictions in this area and to coordinate cross border exchange of goods closely with the EU.

UK

- The government on March 17 announced a 330 bn pounds loan guarantee scheme to support businesses, as well as 20 bn pounds in other aid, including cash grants for retailers and pubs
- 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.

- 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.

- 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.

- A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will launch in a matter of weeks to support businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £1.2 million in value. This new guarantee will initially support up to £1 billion of lending on top of current support offered through the British Business Bank.

- 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 (the UK government will increase activity on this 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.

Economic measures in third countries

South Korea

11,7 trillion won supplementary budget plan, among others for measures such as,

- Expand the emergency loans for business operation, and provide facilities investment support for SMEs in the disease-hit areas of Daegu City and North Kyeongsang Province
- Provide loan guarantees through the Korea Credit Guarantee Fund and Korea Technology Finance Corporation
- Invest in accounts receivable insurance funds
- Invest in export financing
- Provide wage support for small merchants
- Promote a rent cut in traditional markets by offering 100 percent support for fire prevention in the entire market in the case of at least 20 percent of shops getting rent cuts
- Support the resuming of business after shut-down due to a visit by the virus-infected
- Promote expanding to online markets
- Provide retailers in traditional markets with vouchers designed to support their marketing activities, such as joint promotion
- Issue vouchers for local products
- Give a 20 percent raise in wages to seniors in government's elderly job programs if they agree to receive 30 percent of their pay in local gift certificates
- Redeem 10 percent of the prices paid for home appliances with a high-energy efficiency rating
- Increase the budget for homecare allowance in the case of childcare shifting from daycare institutions to homecare
- Increase job seekers' allowance for young adults, and reintroduce job seekers' allowance for those from low income households
- Expand the employment support designed to promote employment retention and job training

<u>United States</u>

On March 17 the US government proposed an aid package (to be ratified in the Senate) of a magnitude estimated to be around 1 trillion USD, which will include:

- 500 bn USD "Helicopter money", in the form of a check of 1.000 dollars to every American in April, possibly followed by another check later if the situation requires it
- 3-months tax deferral for businesses as well as individuals (up to 10 million / 1 million max)
- 50 bn USD support for airlines
- Loans for businesses

On Sunday March 15 the US Federal Reserve announced

- Its second rate cut during the coronavirus outbreak, the Fed lowered its interest rate by own 1 percentage point, down to zero (0.25% for some rates).
- It also announced it will purchase 700 billion dollar worth of Treasury bonds and mortgage-backed securities (quantitative easing)
- The existing dollar liquidity swap lines with European countries and Japan will also be strengthened

The US Chamber of Commerce requests government to:

- **enact legislation cancelling the payment of all payroll taxes typically paid by employers for the months of March, April, and May**. Each month, employers remit more than $100 billion to the federal government in the form of Social Security, Medicare, and unemployment taxes. Collectively, these taxes add just over 15% to the cost of employing the average employee. Temporarily cancelling the collection of these taxes will reduce the cost for employers for continuing to pay employees regardless of whether they are working or on sick leave and increase liquidity for employers to help them respond to losses in revenue. Further, for employers with fewer than 500 employees, cancellation of the taxes combined with the refundability for paid sick and family leave included as part of the Families First Coronavirus Response Act will provide meaningful additional financial support.

- **enact legislation expanding and streamlining loan programs for small businesses with fewer than 500 employees experiencing revenue loss as a result of the Coronavirus.** The Small Business Administration (SBA) disaster loan program for those impacted by the Coronavirus should be immediately made available nation-wide, eliminating the state-by-state and county-by-county certification process. Additionally, we recommend giving SBA the authority to streamline its disaster loan approval process for amounts below $350,000 in order to provide emergency capital more quickly to small businesses in need. This should include removing the requirement that small businesses demonstrate that they cannot access credit elsewhere before receiving a SBA-disaster loan.

- **enact legislation enabling the creation of credit facilities to provide loans and loan guarantees to employers with more than 500 employees experiencing significant revenue loss as a result of the Coronavirus.** Specifically, legislation should expand the use of the Federal Reserve Discount Window through the liberalization of the restrictions of Section 13-3 of the Federal Reserve Act. Then the U.S. Treasury, Federal Reserve, Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) should work in combination with banks to establish a system of credit facilities, to provide loans and loan guarantees that can be accessed by businesses with more than 500 employees to address disruptions created by the Coronavirus emergency. Banking regulators should temporarily suspend and review requirements such as the Liquidity Coverage Ratio and provide flexibility in their supervisory expectations for banks extending credit to businesses. These actions should allow for an orderly operation of a program of loans and loan guarantees.

Japan

Expanding special measures on the Employment Adjustment Subsidies

- Due to the impacts of COVID-19, some businesses are forced to curtail their operations in response to the slow-down of the flow of people and goods. The government will significantly expand special measures on the Employment Adjustment Subsidies so as to protect employment and secure the stability of the people's lives even in such a situation. Expand the scope of the special measures to all business owners, clarify eligibility criteria (such as simultaneous closure), and apply retroactively back to January, 2020.
- Increase the subsidy rate for certain areas (SMEs: increase from 2/3 to 4/5; large enterprises: from 1/2 to 2/3)

Robust liquidity supports

- In order to overcome the impacts on local economies, including those from self-restraint from holding events, and bring businesses back on a growth track after the disease is under control, the government will implement financial measures totaling 1.6 trillion yen from the Japan Finance Corporation and other institutions, primarily focusing on micro, small and medium-sized business operators.
- Establish a COVID-19 special loan program (on the scale of 500 billion yen) and reduce the interest rate, as well as provide real interest-free, unsecured financing support to micro, small and medium-sized business operators and others
- Applying safety net guarantee system No. 4 (100%) and No. 5 (80%) of credit guarantee corporations, as well as crisis-related guarantees (100%)
- Support financing and reorganization of domestic supply chains through operations to facilitate crisis response by the Development Bank of Japan (DBJ), and the Shoko Chukin Bank (on the scale of 204 billion yen)
- Call for private financial institutions to actively provide new loans and change terms for existing debt

Responses for the damages to supply chains

- Taking into consideration the burdens on micro, small-, and medium-sized business operators, the government will enable expedited assistance, regarding priority supports on capital investments to respond to the damages, including those on supply chains, and for business owners who work to cultivate new sales channels
- Make use of the Growth Investment Facility and other measures of the Japan Bank for International Cooperation (JBIC) (on the scale of up to 500 billion yen)
- Support reorganization of domestic supply chains through the DBJ, etc (same measure as previous item)

Measures for the tourism industry

- The prevention of the spread of infections is the premise of the recovery of tourism demand. The government will strongly support the tourism industry through the Employment Adjustment Subsidy and liquidity supports for the time being. At the same time, regarding the period in which the government is working on prevention as a forward-looking "run-up" period, the government will develop a foundation to prepare for a turnaround in the future, identifying this infection control period.
- Provide supports in various fields such as diversification of attractions, including the development of attractive tourism content and multilingual signs.
- Consider a post-COVID-19 campaign through the collaboration of the public and private sectors

Strengthening comprehensive supports through promoting the use of the self-reliance support system for people in need

- The government encourages the local governments to provide comprehensive supports tailored to people in need, including those who had to leave their jobs or have decreased incomes due to the impacts of COVID-19.