

# Rödl & Partner

# Coronavirus (COVID-19)

Status update | Nordic-Baltic region  
26.03.2020



# Rödl & Partner

## Content

<b>1.</b>	<b>Denmark</b>	<b>4</b>
1.1	Regulatory response	4
1.2	Business support	4
1.3	Working	6
1.4	Contact in Denmark	7
<b>2.</b>	<b>Estonia</b>	<b>8</b>
2.1	Regulatory response	8
2.2	Business support	10
2.3	Working	12
2.4	Contact in Estonia	12
<b>3.</b>	<b>Finland</b>	<b>13</b>
3.1	Regulatory response	13
3.2	Business support	14
3.3	Working	15
3.4	Contact in Finland	16
<b>4.</b>	<b>Latvia</b>	<b>18</b>
4.1	Regulatory response	18
4.2	Business support:	19
4.3	Working	21
4.4	Contact in Latvia	22
<b>5.</b>	<b>Lithuania</b>	<b>23</b>
5.1	Regulatory response	23
5.2	Business support	25
5.3	Working	27

# Rödl & Partner

## Content

5.4	Contact in Lithuania	28
<b>6.</b>	<b>Sweden</b>	<b>29</b>
6.1	Regulatory response	29
6.2	Business support	29
6.3	Working	30
6.4	Contact in Sweden	31
<b>7.</b>	<b>Managing Partner for the Nordic-Baltic region</b>	<b>32</b>

## 1. DENMARK

### Country overview:

#### 1.1 Regulatory response

- travelling and movement
- conducting of business
- export

##### TRAVELING

The Danish Ministry of Foreign Affairs has advised against all unnecessary trips abroad. The Danish borders have been closed since Sunday 15.3. Citizens of countries other than Denmark can only enter if they have a valid reason. This includes people who live or work in Denmark as well as people who deliver goods to / from Denmark or provide services in Denmark. It will however, still be possible to transport food, medicine and necessary means for industry production and it is emphasized that closing the borders does not prevent import or export of goods. Normal business trips are not a valid reason.

##### BUSINESS CLOSURE

The latest measures were announced at a press conference by the Danish Prime Minister on March 17 in the evening. Restaurants and cafés are closed from March 18 and may only offer takeaway. Shopping malls, hairdressers, dentists and other shops that are in close contact with each other are closed. Supermarkets, pharmacies, post office and other everyday businesses remain open. Sports facilities and gym are closed. Meetings of more than 10 people are from March 13 prohibited - both in closed rooms and outdoors.

On March 24, 2020 it was decided that the measures mentioned will be extended until April 13, 2020.

#### 1.2 Business support

- government measures to support economy
- tax holidays
- incentives
- support programmes and funds

The Danish government has decided on several measures to provide financial support to Danish employers and to counter impending layoffs. Some measures have already entered into force, others are currently still in the legislative process:

##### **Continued payment of wages for sick leave due to COVID-19 infection or ordered quarantine:**

If employees are sick due to an infection with the Sars-CoV-2 virus the employer is entitled to reimbursement of daily sickness benefits from the first day of sickness. This is an exception to the current rules on continued payment of wages, according to which reimbursement is only possible after the 30th day of sickness.

# Rödl & Partner

The reimbursement of wages also takes place according to the special regulation only in the amount of the applicable state daily sickness benefit rate. This is currently approximately DKK 14,300 a month. Salary costs that exceed this amount are borne by the employer.

This special right to reimbursement applies to employees who are on sick leave due to an infection with the virus, as well as to employees who have been quarantined by the doctor. It does not apply in the event that an employee who has not been found to be infected with the virus has quarantined himself or for any other absence due to illness.

Similar rules apply to self-employed.

Refunds are made through the online portal [www.virk.dk](http://www.virk.dk).

A corresponding draft law was adopted on March 17, 2020 in the Danish parliament. The law applies retrospectively to cases that occurred after February 27, 2020. It is limited until January 1, 2021.

## **SALARY-COMPENSATION FOR COMPANIES THAT ARE FACING DISMISSAL OF EMPLOYEES**

The Danish government together with the Danish labour market parties (unions and employer associations) have agreed on a fixed-term compensation scheme to companies that suffer from lack of work to counter impending layoffs in the private sector. Employers who would have to lay off more than 30% of their workforce or more than 50 employees due to lack of work or other corona-related consequences can receive a state salary compensation for a maximum of three months if, in return, they commit to not terminating any employees and instead send the employees home during the period while continuing to pay full salary.

*The following state salary compensation is planned:*

- For full-time employees up to 75% of the salary, max. however, DKK 23,000 a month.
- For hourly-paid employees up to 90%, max. however, DKK 26,000 a month.

Employees are not allowed to work during the period for which compensation is requested. In addition, 5 days of vacation or time of in lieu for overtime work or 5 days without salary are deducted for each employee.

**The regulation is to apply for the period from March 9, 2020 to June 8, 2020. Starting the 25 March, 2020 it will be possible to apply for salary compensation via the online portal [www.virk.dk](http://www.virk.dk).**

## **COMPENSATION FOR SELF-EMPLOYED**

Self-employed who have had a turnover of min. DKK 15,000 a month in the preceding period and expect a revenue loss of min. 30% can receive financial compensation corresponding to 75% of the expected revenue loss. However, the compensation amounts to a maximum of DKK 23,000 per month. In order to receive compensation, it is a requirement that:

- the self-employed has min. 25% ownership of the company,
- there is a maximum of 10 employees,
- the company is registered in the Danish Business Register (CVR-register) and the Danish Civil Registration System, and
- the company must have been established by February 1, 2020.

A temporary compensation scheme has also been introduced for self-employed without a CVR-number who, as a result of COVID-19, expects a loss of income of at least 30%. The self-employed can receive 75% of the expected B-income loss, however a maximum of DKK 23,000 per person.

The regulation for both self-employed with and without a CVR-number have not yet been adopted but are expected to apply for the period from March 9, 2020 to June 9, 2020.

# Rödl & Partner

## **COMPENSATION FOR FIXED COSTS**

For several companies, such as restaurants, hotels and airlines, the business has temporarily disappeared or has been reduced. At the same time, companies still have to pay rent and other fixed expenses. The Danish government therefore introduced a fixed cost compensation where companies can be reimbursed for documentable fixed expenses, including, for example, rent, contract-related expenses (leasing), etc.

*The following fixed costs compensation is planned:*

- 80% if the revenue decline has been between 80-100%
- 50% if the revenue decline has been between 60-80%
- 25% if the revenue decline has been between 40-60%

In this period companies who are required to be fully closed will be compensated during this period, corresponding to 100% of the fixed costs.

However, no compensation can be applied for if the fixed expenses are less than DKK 25.000 during the period from 9 March - 9 June. A maximum compensation of DKK 60 million can be obtained per company during the period. The regulation has not yet been adopted but is expected to apply for the period from March 9, 2020 to June 9, 2020.

## **OTHER GOVERNMENT MEASURES TO SUPPORT THE ECONOMY INCLUDE**

- Temporary suspension of the wage tax period by 4 months.
- Temporary suspension of the VAT payment deadline.
- State guarantees for existing or new entrepreneur loans from Danish banks.
- Compensation for organizers with events of over 1,000 people that have to be cancelled.
- Extended access to export credits.
- Public purchases that support companies.
- State guarantee for the travel guarantee fund.
- Extended loan options for students.

The documentation requirements for the aid packages mentioned are extremely extensive and require, among other things, an independent declaration by the auditor. Various documents and information can be found on the online portal for Danish companies, but this is only in Danish.

**Rödl & Partner will be happy to support you - we will advise you to find the right measures for you, prepare the necessary documents and declarations and help you apply for the relevant state compensation.**

## 1.3 Working

- home office
- flexible working hours
- short-time work

### **REMOTE WORK FOR PUBLIC SECTOR**

The government has ordered all public employees to work from home, except when it is necessary to perform critical functions such as health care personnel, police, etc. Schools, kindergartens and public leisure facilities are closed.

# Rödl & Partner

## REMOTE WORK FOR PRIVATE SECTOR

Private employers were advised to enable working from home as much as possible. The final decision rests with the employer, who is however obliged to ensure health and safety at work, and in particular to ensure that the applicable hygiene regulations are observed.

## CHILDCARE

The employee must take care of his children himself and therefore ensure the best possible service from home. As far as the legal situation - in practice this will be difficult for a number of employees. In this case it is recommended to seek practical solutions.

## SHORT TIME WORK (KURZARBEIT)

Short time work is most often used for employees bound by a collective agreement. Short-time work can only be established with consent from both unions and employer organization as well as from both employees and employer but can come into force immediately after an agreement is reached. Short-time workers will then partly receive unemployment benefits from their unions (A-kasse).

## 1.4 Contact in Denmark



Alexandra Huber  
LEAD Advokatpartnerselskab  
[alexandra.Huber@lead-roedl.dk](mailto:alexandra.Huber@lead-roedl.dk)  
M +45 44 4550 00

## 2. ESTONIA

### Latest news:

- On 26 March 2020, the Government approved the amendment to the rules on temporary restriction on crossing of state border due to spread of COVID-19 disease.

### Country overview:

#### 2.1 Regulatory response

- travelling and movement
- conducting of business
- export

From 17 March 2020, the government introduced a temporary restriction on border crossing for foreign nationals, excluding:

- International cargo (transport of food and medical supplies), as well as persons providing essential services (such as fuel transport); in such cases there is no requirement to follow the restrictions;
- People who hold an Estonian residence permit or right of residence, or have family members in Estonia;
- Foreigners with diplomatic immunity and privileges, persons serving in military units of NATO countries, service personnel and their family members;

Foreigners are only allowed to travel through Estonia on their way home to their country of residence if they do not show symptoms of COVID-19.

On 26 March 2020, the Government approved the amendment to the rules on temporary restriction on crossing of state border due to spread of COVID-19 disease. By the order, the list of foreigners who are allowed to enter Estonia was supplemented, stating that foreigners who are directly involved in the transport of goods and raw materials, including the loading of goods or raw materials, may cross the state border.

In addition, the following foreigners who do not have any signs of illness are allowed to enter Estonia:

1. foreigners directly involved in the international carriage of goods or passengers, including crew members, and persons engaged in repair, warranty or maintenance work;
2. foreigners who serve travel groups and are directly involved in the provision of passenger transport services;
3. foreigners whose purpose of arrival in Estonia is related to ensuring the continuity of a vital service;
4. foreigners whose arrival in Estonia is related to the maintenance, repair, warranty work or information and communication technology work of a company operating in Estonia, if this is necessary for the operation of the entity;
5. foreigners whose purpose of border crossing is to move to or from work between the Republic of Estonia and the Republic of Latvia.

# Rödl & Partner

The movement restrictions with regard to commuting for work purposes between Latvia and Estonia were alleviated already on 20 March 2020. Before, only residents of the local governments of the Estonian-Latvian border area were permitted to work across the state border; the amendment allowed commuting for work purposes between Estonia and Latvia, regardless of the person's place of residence. However, only people who have no signs of illness can work across the national border.

Although Estonia had previously decided to allow commuting for work purposes between Finland and Estonia to people who permanently reside in Estonia but work in Finland, Finland has since 22 March 2020 prohibited such commuting.

This means that Estonians working in Finland under an employment contract who have not registered their place of residence in Finland cannot travel to Finland at the moment. Excepted are persons such as: healthcare professionals and rescue workers, care workers, freight transporters, transport workers, diplomats, and persons only for urgent family reasons.

**Estonian citizens and residents who hold an alien's passport, may however enter Estonia but need to self-isolate.**

**All persons returning from any foreign country are required to be isolated for 14 consecutive days.**

There are no restrictions on exiting the country.

There is no restriction on the movement of goods, including purchasing, selling, transporting inside the country, importing and exporting.

Cash payments are not prohibited (however, it is recommended to opt for other payment options if possible).

Restrictions on the movement of people in Estonia does only apply for movement between the mainland and the islands of Saaremaa, Hiiumaa, Vormsi, Ruhnu, Kihnu, Muhu and Manija.

Until 1 May, all museums and cinemas will remain closed. All concerts, conferences and sports competitions are prohibited. All sports halls, sports clubs, gyms, spas, swimming pools, water centres, day centres, and children's play rooms must remain closed. Hotels and other accommodation providers must close also their gyms, swimming pools, saunas and spas. The restriction does not apply to the provision of social and health care services such as food aid, social welfare services, medical and rehabilitation services.

From 18 March, in the interests of public order, the right to the retail sale of alcoholic beverages throughout the state from 10:00 p.m. to 10:00 a.m. is suspended until the cessation of the emergency situation.

On 24 March, the Government Emergency Committee decided to impose additional measures to prevent the spread of COVID-19. The new measures concern people-to-people distance in public spaces and the closure of shopping malls and additional entertainment facilities.

The new measures include that:

1) People are obligated to keep at least 2 meters distance from other people in public places, such as outdoor playgrounds, sports grounds, beaches, promenades, health and hiking trails and indoors, except in private homes and when this cannot be ensured. In public places, only up to two people are allowed to be together. This restriction does not apply to families living and moving around together, or to people performing their public duties.

Failure to properly comply with the abovementioned measures may result in a fine of EUR 2000.

2) Shopping centres shall remain closed from 27 March, except grocery stores, pharmacies, telecommunication outlets, bank offices, parcel stations, and stores selling or renting assistant and medical devices on the basis of an assistant card or medical device card.

Restaurants, cafés, etc. located in shopping centres are only allowed to sell food as take away.

All shops that remain open must provide disinfectants at the entrances and exits.

3) Restaurants and bars shall be closed at 10 pm in the evening, only take-away and home delivery will be allowed after that time.

4) Entertainment venues, such as bowling and billiard halls, hookah cafés, adult clubs, shall be closed.

In addition, the Government is has requested the Statistical Office to analyze the movement of people through mobile positioning. The plan is to start processing non-personalized or anonymous data in cooperation with telecommunications companies and in accordance with the Data Protection Act. Data processing based on anonymous data is legitimate and considered necessary until the end of the emergency situation to combat COVID-19.

## 2.2 Business support

- government measures to support economy
- tax holidays
- incentives
- support programmes and funds

In order to alleviate the financial situation of companies, the Estonian Tax and Customs Board has decided to suspend the calculation of interest on corporate tax debts during the emergency situation; interest relief is applied retroactively from 1 March to 1 May. Businesses must continue filing timely and correct tax returns; a company in difficulty must reschedule the payment of tax arrears in the e-environment of the Tax and Customs Board (ETCB).

**From 1 May interest rate will be reduced from the current 0.06 per cent to 0.03 per cent for an indefinite period. Also, interest rates on tax arrears paid in instalments will be reduced by up to 100 per cent in the future. At present, the maximum possible interest reduction is 50 per cent.**

The state will pay advance social tax to sole proprietors in the first quarter to help them cope with the economic difficulties of the crisis. The state will transfer the amount of the first quarter's advance social tax into sole proprietors' pre-payment accounts held at the ETCB. If the sole proprietor has already paid the advance social tax, he or she can use the amount to cover any tax liability, either immediately or in the future, or may ask for the transference of this amount into his or her bank account.

Due to the emergency situation, the employer is exempted from paying the minimum foreseen monthly social tax rate, including if the employee is taking unpaid leave and works part-time. The exemption is established for a limited period and the minimum social tax liability shall not be paid on the wages paid in March, April and May 2020, i.e. on tax return TSD filed for those months.

Additionally, the sole proprietor shall be exempt from the obligation to pay social tax for his or her spouse who is engaged in the sole proprietor's business. Therefore, the social security contributions of the spouse must be declared and paid on the tax filing form ESD on 10 July this year.

Thus, on the tax filing form TSD for March, April and May, there is an obligation to declare and pay social tax on the remuneration actually paid to the employee. From the special cases provided for in § 6 of the Social Tax Act, the state, a legal person in public law and a local government shall retain the obligation to pay social tax on a monthly basis.

# Rödl & Partner

The government has decided to support the Estonian working people and economy in the emergency situation with two (2) billion euros. The package of measures, which accounts for almost 7% of the GDP, includes the following:

- Labour market services provided by the Estonian Unemployment Insurance Fund to support employees in case of reduced earnings and help employers avoid redundancies or closing of businesses, under the following conditions:
  1. The benefit is available to any qualifying employer for a period of two months from 1 March to 31 May 2020, payments will be made up to 30 June 2020.
  2. The allowance is paid to employees whose scope of work or remuneration has been reduced with 30% or more. The allowance is paid on a monthly basis up to a maximum of EUR 1 000 (gross amount) per employee in need.
  3. The allowance shall be paid, as a general rule, at 70% of the gross salary of the employee during the previous 12 months, plus a gross amount of at least EUR 150 paid by the employer to the employee. The Estonian Unemployment Insurance Fund shall pay from the benefit and the employer shall pay from the employee's remuneration all taxes i.e. social tax, unemployment insurance, funded pension premiums and income tax.
  4. The benefit shall be paid, if at least two of the following conditions are applicable:
    - the turnover or income of the employer for the month in respect of which the benefit is applied for has fallen by at least 30% compared to the turnover or income for the same month in the previous year;
    - the employer cannot provide work to at least 30% of his employees in the agreed scope;
    - the employer has reduced the salaries of at least 30% of his employees by at least 30% or down to the minimum wage;
  5. Applications for the benefit can be submitted in the e-environment of the Unemployment Insurance Fund starting from April 2020.
- From March to May, the state shall compensate an employee's first three sickness days with regard to all sick leave certificates;
- Rural businesses can apply to the Rural Development Foundation for a guarantee (up to EUR 50 million), a working loan (up to EUR 100 million) or land capital (up to EUR 50 million);
- Contributions into the funded pension 2nd pillar will temporarily be suspended;
- Direct costs of cultural and sports events which were scheduled for March-April and cancelled due to COVID-19 shall be compensated in part.

## SUPPORT MEASURES TO BE PROVIDED BY STATE-OWNED FINANCIAL INSTITUTION KREDEX:

- Exceptional loan guarantee to relax the repayment schedules of existing bank loans and to issue new loans. If the bank relaxes the repayment schedule for an existing bank loan not backed by KredEx or is willing to issue a new loan to the undertaking, KredEx guarantees to the loan.
- Extraordinary loan. If banks are no longer financing undertakings, KredEx will, if necessary, provide the undertaking with an extraordinary working capital loan to overcome the liquidity problems caused by the coronavirus outbreak or an investment loan to take advantage of the new business opportunities created by the coronavirus outbreak as well as other new business opportunities.
- Additional guarantee fund for the provision of loan guarantees. While the maximum guarantee amount for KredEx normally is EUR 2-5 million, depending on the nature of the project, the maximum guarantee amount for all projects are now raised to EUR 5 million.

## 2.3 Working

- home office
- flexible working hours
- short-time work

Workplaces must use disinfectants, employees arriving from abroad are required to stay home for two weeks and monitor their health. The suggested solution is to enable the employee to work remotely from home. If this is not possible, both sides must reach an alternative agreement.

Employment law does not permit compulsory leave, but the employer and employee can agree that the employee will stay at home for two weeks. If the employee is unable to work because the employer does not arrange work, the employer is required to pay the employees average salary.

Both parties must reach a mutual agreement in regard to unpaid leave. If the employee does not agree to unpaid leave, while the employer does not permit the employee to enter the premises, the employer is required to pay the employees average salary.

Employer and employee can agree on a change of the conditions of the work contract. For example, they can agree that while the employee is at home and doesn't work, he will be paid a lower salary than agreed in the original work contract. However, the employer can't do it unilaterally, but only in agreement with the employee.

In addition to the above options it is possible to agree to use mandated annual leave.

The spread of Coronavirus is one of the circumstances that allow the employer to reduce the workload and salary costs of the employee for three months unilaterally according to § 37 of the Employment Act, if paying the agreed salary is an unreasonably heavy burden for the employer. As determined by the Government of Estonia it is permitted to reduce the salary to the minimum wage (584 Euros per month or 3.48 Euros per hour).

## 2.4 Contact in Estonia



Alice Salumets  
Rödl & Partner Advokaadibüroo OÜ  
[alice.salumets@roedl.com](mailto:alice.salumets@roedl.com)  
T + 372 6068 650

## 3. FINLAND

### Latest news:

- The government has proposed restrictions on movement between the Uusimaa region (Helsinki area and its surroundings) and the rest of Finland. Most people will not be allowed to move between Uusimaa and the rest of Finland for at least three weeks after the government announced wide-ranging and much-trailed restrictions designed to slow the spread of coronavirus. Trespassers may be issued fines, according to police.
- The government is proposing to use emergency legislation to enforce the rules, which will also mean restaurants, bars and pubs need to prevent customers from entering their premises.

### Country overview:

#### 3.1 Regulatory response

- travelling and movement
- conducting of business
- export

Restaurants, cafés and licensed premises will be closed to customers as soon as possible. On 24 March 2020, the Government submitted a government proposal on the matter to the Parliament, which will bring the matter into discussion immediately. The purpose of these actions is to protect the population and to safeguard the functioning of society. These restrictions will most likely enter into force on 28 March and will remain in force until 31 May 2020. Customers themselves or a food courier are allowed to pick up prepared meals from the restaurant, or the restaurant can deliver meals directly to customers. The order to close restaurants to customers does not apply to restaurants that are not open to the public, such as personnel canteens or student canteens in educational institutions.

At internal borders, meaning traffic between Finland and another Schengen state, the Finnish Border Guard officials allow the following:

- *Return to Finland:*
  1. Finnish nationals and their family members
  2. Nationals of other EU and Schengen countries, who are residing in Finland and their family members
  3. Third country nationals residing in Finland with residence permit
- *Returning transit traffic to other EU or Schengen country or via them:*
  1. Nationals of EU and Schengen countries and their family members
  2. Third country nationals residing in another EU or Schengen country with residence permit
- *Necessary cross-border work traffic and other necessary traffic, which is:*
  1. Healthcare and rescue service professionals/personnel, health researchers, and elderly care professionals

2. Transport personnel and other transport staff to the extent necessary
3. Employees who, based on a permanent employment contract, work in the intrinsic travel-to-work area on the border with Sweden or Norway. Employees living partly in Estonia are subject to 14-day quarantine when returning to Finland from Estonia.
4. Seasonal work is not currently defined as necessary travel for work, or other necessary traffic.
5. Diplomats, staff of international organisations, military personnel and humanitarian aid workers in the exercise of their functions
6. Necessary (return) transit and returns
7. Passengers travelling for imperative family reasons
8. Persons in need of international protection or for other humanitarian reasons
9. Other necessary and justified traffic. For example, other necessary traffic would be maintenance work, that requires maintenance team or a person arriving from another country and this work cannot be postponed

Same rules apply also at external borders, but in addition the Border Guard allow also the exit of third country nationals.

Finns and permanent residents in Finland returning from abroad will be placed in quarantine-like conditions for two weeks. Quarantine does not apply to persons who do not permanently live in Finland and whose entry into Finland is deemed necessary as described above.

#### Current restrictions to worker mobility:

- At the moment, Finnish missions do not accept visa and residence permit applications.
- Passports related to visa applications currently under consideration will be returned and the applications will not be processed.
- Applications for residence permits that have already been submitted will be forwarded to the Finnish Immigration Service for processing. Interviews related to residence permit applications have been suspended for the time being.
- Priority in permit processing conducted by the Finnish Immigration Service, TE Offices and ELY Centres will be given to work considered necessary for the security of supply, health care and the functioning of the labour market.

## 3.2 Business support

- government measures to support economy
- tax holidays
- incentives
- support programmes and funds

If the company has difficulties paying taxes due to the coronavirus situation, it can request a payment arrangement with eased terms in MyTax starting 25 March 2020. As of 25 March, taxes that are included in a payment arrangement request are not recovered by enforcement authorities and the company's tax debt is not published in the tax debt register or the protest list. The eased terms for payment arrangements also apply to the extensions for payment granted for car tax and excise duties.

The changes in the grounds and terms for payment arrangements will enter into force along with the legislative amendment. These changes will apply to payment arrangements that have been requested between 25 March and 31 August.

- 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.
- According to the legislative amendment, the rate of late-payment interest on taxes included in a payment arrangement would 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.

**NOTE:** With regards of VAT, extensions for filing deadline cannot be granted, but a relief for late-filing penalties can be applied. Tax Administration has also declared its' readiness to agree on payment schedules for taxes due, also requiring timely reaction of the tax payer.

Finland has announced a support package worth EUR 15 billion to try and support businesses and individuals as the economy enters a downturn. The government approved most of the temporary measures agreed by the labour market organisations on 18 March.

The measures include:

- The employment pension contribution shall be reduced by 2,6%. It will be implemented as soon as possible and will be valid until the end of 2020. Pension companies refrain from paying customer bonuses for a period when employers' pension contributions are reduced;
- 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 EUR 10 billion for businesses;
- An increase of EUR 150 million in Business Finland's assistance mandate to be used for rapid business support activities. An increase of EUR 50 million is proposed to support business development projects;
- The Government promises to support the airline Finnair with a state guarantee of EUR 600 million;
- An amount of EUR 200 million is proposed for non-specific expenditure relating to exceptional circumstances.

## 3.3 Working

- home office
- flexible working hours
- short-time work

**Remote work for public sector:** public-sector employers will instruct public-sector employees to work from home if their duties make it possible to do so.

**Remote work for private sector:** Organizing remote work is not obligatory, but highly recommended for every private-sector company.

The Government issued a decree under the Emergency Powers Act to allow employers to respond to personnel shortage caused by the virus epidemic in critical functions of society. The arrangements concern working hours and annual holidays as well as notice periods in case of employee resignation.

The Decree may be applied to personnel working in health care and social services, rescue services, emergency response centres and police services. However, extension of the notice period does not apply to employees of police services.

The arrangements mean in practice the following:

- The employer is allowed to suspend or postpone the employee's leave;

# Rödl & Partner

- The employer could deviate from the obligation to obtain the employee's consent to work overtime, and from the provisions on rest periods;
- The employer could extend the notice period that employees are required to comply with to four months if a shortage of labour due to the virus outbreak is imminent.

If the employer resorted to these derogations, they would be required to pay special attention to employee health and safety. The derogations are intended to be temporary.

The government has proposed changes in labor law and unemployment protection. At the moment, according to a very preliminary estimate, the sections below requiring changes to the law could come into force on April 1, 2020 and would be valid for about 3 months.

The proposed changes are as follows:

- In case of lay-offs, the minimum negotiation periods under the Act on Cooperation within Undertakings are shortened from the present 14 days and six weeks to five days.
- The right to lay off employees is extended to apply not only to indefinite-term employment contracts but also to fixed-term contracts.
- In case of lay-offs, the employee is entitled to unemployment security and has the right to terminate the employment contract, including a fixed-term contract.
- The notification period concerning lay-offs will be shortened to five days from the present 14 days.
- The personal liability period in unemployment security will be abolished. The duration of lay-offs will not be included in the maximum unemployment security period. Unemployment security legislation will be amended by a provision that the employee is entitled to unemployment allowance even when the lay-off is based on an agreement.
- Persons engaged in a secondary business activity are entitled to unemployment benefits. Entrepreneurs with full-time employment are not required to wind down their business activities in order to be eligible for unemployment benefits.

Workers' union PAM has negotiated temporary changes to collective agreements together with the employers' federations. The changes have come into force on 19 and 20 March 2020.

The changes affect these agreement sectors:

- Commercial sector,
- Hotel, restaurant and leisure services,
- Facility services sector,
- Amusement, theme and adventure parks collective agreement,
- Avekra train service staff collective agreement,
- Ski resorts and adventure services sector collective agreements.

The agreed changes vary a little between the sectors, but include the following:

- Shortening of layoff notice period,
- Extension of self-notification for sick leave,
- Right to absence by self-notification if a child under the age of 10 falls ill,
- Shortening of deadlines for co-operation negotiations.

## 3.4 Contact in Finland

# Rödl & Partner



Timo Huhtala  
Rödl & Partner Attorneys Ltd  
[timo.huhtala@roedl.com](mailto:timo.huhtala@roedl.com)  
T +358 40 5035312

## 4. LATVIA

### Latest news:

- In order to limit the COVID-19 spread several additional measures have been adopted:
  - Provision of healthcare services shall be limited except for those services that are lifesaving and ensure the continuity of therapy;
  - Medical staff shall be prohibited from providing services in more than one medical institution;
  - Ministry of Transport shall adopt measures in order to ensure 2m social distancing in public transport while simultaneously ensuring proper function of public transport.

### Country overview:

#### 4.1 Regulatory response

- travelling and movement
- conducting of business
- export

#### RESTRICTIONS ON TRAVELING/MOVEMENT:

- As of 17 March 2020, all international transit of passengers through airports and ports, by bus and rail, except for the travel of passengers by State aircraft and military transport, are suspended. The Minister of Transport may make exceptions concerning international travel of passengers upon receiving an appropriate request.
- As of 17 March 2020, the movement of passengers and vehicles through border crossing points at airports and ports, on road and railway lines at the external border of the European Union, as well as through the border crossing points intended for local border traffic, with the exception of the carriage of goods, are prohibited. The Minister of the Interior and the Minister of Transport can make exceptions concerning the movement of persons and vehicles.

#### THERE IS NO RESTRICTION ON THE MOVEMENT OF GOODS (IMPORT AND EXPORT).

- Latvian nationals and permanent residents can enter the country at all times and foreign nationals may leave any time by a personal car or a specially organised public transport.
- Foreign diplomats accredited to work in Latvia as well as individuals in Latvia for humanitarian reasons and for purposes in Latvia's national interests are permitted to enter and leave the Republic of Latvia at the designated border crossing points.

There are isolation requirements for all persons returning from foreign countries for 14 days.

On 19 March 2020 the Cabinet of ministers discussed a law "On measures to prevent the state emergency and its consequences regarding the spread of Covid-19" with the following content:

# Rödl & Partner

- the restrictions and requirements for persons returning from foreign countries are not applicable to employees of transport and passenger service providers who are returning from business trips and have not been identified with Covid-19;
- the citizens of the Republic of Latvia and foreigners having their permanent residence in the Republic of Latvia are allowed to enter the country once through designated border crossing points;
- Estonian and Lithuanian nationals as well as persons permanently residing in these countries are allowed to cross the territory of the Republic of Latvia once to return to their country of residence;
- before returning to the Republic of Latvia, the person confirms in writing that upon arrival in the Republic of Latvia special precautions will be taken regarding isolation requirements.

Rigas Satiksme informed that due to the COVID-19 outbreak, the public transportation services will be limited starting from 21 March 2020. Several routes will be closed while other will operate according to holiday schedule. **After being criticised for cutting the schedule too drastically, Rigas Satiksme stated that schedule cuts will be reviewed especially in rush hours.**

Repatriation flights for the Latvian national are planned and organised by the Ministry of Foreign Affairs in association with the Ministry of Transport and airlines. The last planned repatriation flight to Latvia is scheduled for the 30<sup>th</sup> of March from Frankfurt; however repatriation flight schedules may be changed and supplemented.

On March 24, 2020 the prime minister Krišjānis Kariņš stated that in order to limit the spread of COVID-19 virus, in the near future new limitations regarding the working hours of fitness studios, and shopping centers will take place, **as everything except for the grocery stores, drug stores (including vet stores), animal food, hygiene, household, construction and gardening stores will be closed during weekends and public holidays.** According to the publicly available sources the Minister of Health - Ilze Viņkele - is of the opinion that the State of Emergency in Latvia may be extended beyond April 14, 2020.

## 4.2 Business support:

- government measures to support economy
- tax holidays
- incentives
- support programmes and funds

On March 20, 2020, Latvian parliament (the Saeima) adopted the law "On measures for prevention of national threat and overcoming of consequences related to the spread of COVID-19". The law is aimed to support the companies that have been severely affected by the spread of Covid-19 (e.g., hotels, restaurants, event organizers, travel service providers, etc.), as well as generally – support all companies that have in any way been affected by the COVID-19 crisis. The regulations are applicable from the moment the State of Emergency was declared in Latvia (March 12, 2020).

On March 24, 2020 the Cabinet of Ministers adopted a list of the affected industries, which contains 40 entries, including: passenger transportation (air, ground and rail), camping, movie production, distribution, movie theatre services, car hire services, sound recording production, art related activities, recreation related activities, accommodation services, tourism and fitness industries, education, public catering, etc. An employer is considered as a company affected by the COVID-19 spread, if he represents one of the affected industries and he proves the fact that his income (from commercial activity) has diminished for at least 50% in comparison to March 2019.

**According to the law "On measures for prevention of national threat and overcoming of consequences related to the spread of COVID-19" there is a possibility that representatives of other industries, not included in the list of affected industries, will be entitled to receive state**

support in a form of tax payment postponement, lease payment reduction and downtime compensation. However, this matter must first be implemented by introducing special Cabinet of Ministers regulation, which is not adopted so far.

The main aspects included in the law are as follows:

- Taxpayers working in the industries most severely affected by the COVID-19 crisis will have the right to submit a motivated request to the SRS asking to either postpone the deadline for tax payments (maximum term – up to three years), or to split (divide) tax payments due in several instalments;
- With effect from April 1, 2020 enterprises may not wait until end of the year for VAT refund. The SRS shall refund the approved overpaid amount indicated in the VAT return within 30 days from deadline of submission of the VAT return, or the date of submission of the VAT return if it was submitted after the deadline or date of submission of amended VAT return. Before refunding the overpaid VAT, the SRS will cover the unpaid taxes of the taxpayer. The overpaid VAT for January and February 2020 will be refunded by 14 April 2020.
- In 2020, municipalities have the right to set other deadlines for payment of Immovable Property Tax, which differ from those specified in the Law “On Immovable Property Tax”, by transferring them to a later date during 2020;
- During 2020-2023 members of project of Due Diligence Cooperation Program may submit to the SRS evidence proving that COVID-19 crisis had affected their tax, financial (loss), solvency and compliance discipline in order to maintain the status in the program. The SRS is authorized not to exclude members of the program, and also not to issue other unfavourable decisions;
- The applicable conditions for credit guarantees to be provided by ALTUM will not exceed EUR 5 million, maximum term – 2 years (previously planned – 10), may cover no more than 50% of obligations;
- As for loans to be provided by ALTUM the following limitations apply: maximum amount – 1 year, maximum term – up to 3 years, possibility to postpone payment of principal amount for up to 12 (twelve) months. Loans issued with reduced collateral requirements and with a reduced interest rate;
- Credit guarantees and loans will be available to companies that have not been in financial difficulties prior to the crisis. Additionally, companies will have to prove that their difficulties result from COVID-19, that they are economically viable, and that credit guarantee/loan will help them to recover and successfully continue commercial activities;
- State and municipal institutions as well as derived public persons and state-owned enterprises will be able to release their tenants – companies most severely affected by COVID-19 – from lease payments entirely, or alternatively – to decide on reduction of lease payments;
- If an employer – company severely affected by the COVID-19 crisis – will be on downtime due to the employer not being able to provide work, the affected employees will be entitled to receive a monthly downtime compensation in an amount of 75%, with a maximum limit of EUR 700 per one employee. Downtime compensation will not be liable to personal income tax (PIT) and mandatory state social insurance contributions. Also, if a company will employ a new employee during the receipt of downtime compensations, then the compensation payments will be terminated;
- In order to apply for the downtime compensation, the employee shall contact his employer, who is required to request the necessary compensation by submitting an application to the State Revenue Service. The application for compensation for a time period from March 14, 2020 until March 31, 2020 must be submitted until April 25, 2020, while applications for other periods – until the 25th day of the coming month. The application shall be reviewed within 5 (five) business days. The downtime compensation will be transferred directly to the employee’s bank account, indicated in the application;

- Only employer that are unable to pay any salary to their employee may apply for downtime compensation. If the employee continues to receive his salary (even in a decreased amount) he is not entitled to receive downtime compensation;
- According to unofficial information from State Revenue Service, the online tools for submitting the application for downtime compensation should be going online on April 1, 2020;
- According to the Regulations about the downtime compensation for employees affected by the Covid-19 spread”, the downtime is limited to a time period from March 14, 2020 until May 14, 2020 and no longer than the State of Emergency is in effect;
- Until 01.09.2020, the board of a company, either at its own initiative, or on the basis of a request from company shareholders representing at least 20% of the company share capital (for associations – at least 20% of all members), will be able to convene a shareholder/member meeting remotely through electronic means. Both electronic and written voting will be possible. In case a shareholder will vote in writing, the company shall receive the votes at least 1 day prior to the shareholder meeting.

In addition to all above mentioned tools, the new law also provides for several additional amendments in relation to delayed fulfilment of civil law obligations, including:

- Until September 1, 2020, creditors will not have the right to submit applications for the insolvency of a legal entity on the basis of criteria set out in Article 57, Points 1 to 4 of Insolvency Law;
- The term for exercising commercial pledge rights will be extended from 30 to 60 days;
- From now on, the time period for voluntary enforcement of a court judgement will not be longer than 60 days from the entry into force of the decision (instead of 10 days as it was before);
- A minimum limit of 60 days has been set for undisputed enforcement of obligations meaning that before creditor can turn to the court with the respective application, a 60-day term shall be observed. If the creditor fails to comply with this term, the judge may decide to reject the application;
- A minimum limit of 60 days has been set for settlement of a debt. Debtor must be awarded 60 days for the fulfilment of the debt;
- From now on, prior to turning to a sworn notary in order to apply for a notarial deed for debt recovery, creditor will have to observe a 60-day term from the date the debtor’s payment obligation is due.
- The deadline for submitting 2019 annual reports is prolonged for three months.

## 4.3 Working

- home office
- flexible working hours
- short-time work

All persons returning from foreign countries must be in isolation for 14 days. This obligation applies to both the public and the private sector.

**Public sector:** State and municipal institutions are working remotely, e.g. State Revenue Service, The Register of Enterprises and Land register. After consulting chairpersons of regional courts, the chairperson of the Supreme court is entitled to take necessary actions in order to suspend or otherwise limit any in-person court hearings.

**Private sector:** Companies are not obliged to organise home offices, but companies that are able to do so, have their employees working remotely from home to the extent that is possible.

**Banks:** As of 19 March 2020 only customers with prior booking will be served in SEB branches.

# Rödl & Partner

As of 20 March 2020 Citadele Bank branches will service clients only with a prior booking. Other major banks continue to operate without similar restrictions, however they do encourage their clients to use services remotely.

**As of 23 March 2020 Rietumu Bank branches are also offering their service to clients only with a prior booking.**

**Sick-leave certificate:** As of 21 March 2020 in case an employee has been infected with the virus or must stay in quarantine due to being in close contact with another family member with the Covid-19 or a contact person, the doctor will issue a sick-leave certificate B, which will be paid for by the state in accordance with the applicable regulations.

This measure will lessen the financial burden of companies whose employees are currently on a sick-leave due to COVID-19, as up until now, the payment of salaries for the first 10 days of sick-leave for which sick-leave certificate A was issued, was the responsibility of the employer.

Employees who must comply with 14 days of self-isolation, including all of those arriving in the last days, will not be eligible for sick-leave certificate B, but will have the opportunity to negotiate with their employer to work remotely or to take vacation.

## 4.4 Contact in Latvia



Kristīne Zvejniece  
Rödl & Partner Latvia  
[kristine.zvejniece@roedl.com](mailto:kristine.zvejniece@roedl.com)  
M +371 2631 6133

## 5. LITHUANIA

### Country overview:

#### 5.1 Regulatory response

- travelling and movement
- conducting of business
- export

##### TRAVELLING AND MOVEMENT RESTRICTIONS:

Foreigners are not allowed to arrive in the country. Exceptions apply for

- drivers and crew members in commercial and/or international cargo operations;
- foreigners who have the right to reside in Lithuania (i.e. non-EU citizens with a temporary or permanent residence permit and EU citizens with a certificate confirming the right to reside in Lithuania temporarily or permanently). Please note that visa holders do not have the right to reside in Lithuania and may, therefore, be refused entry;
- foreigners with diplomatic immunity and privileges, persons serving in military units of NATO countries, service personnel and their family members;
- until 26 March 2020 00:00 AM transit through the territory of Lithuania of persons returning to their country of residence without the necessary stop was permitted; Citizens of Lithuania are prohibited from leaving Lithuania unless they return to their place of residence, place of work;
- Isolation of persons returning from foreign countries: all persons returning from any foreign country are required to be isolated for 14 days. The government announced that as of 24 March all returnees will be placed in 14-day isolation at special premises that will be made available by the municipalities. The order also stipulates that the same regime will apply to people diagnosed with coronavirus infection and displaying only "mild symptoms". The announced order received a huge backlash nationwide. On 25 March, the Minister of Health promised to make exceptions for pregnant women and families with small children. The order was not recalled, however there are plans to let amend the order to let infected people with mild symptoms remain in isolation at home.

There is no restriction on the movement of goods, including purchasing, selling, transporting inside the country, importing and exporting.

Cash payments are not prohibited (however, it is recommended to opt for other payment options).

The government is organising repatriation flights from the UK, Norway, Sweden, France, Ukraine, Spain, Germany, Vietnam, Thailand and Belarus.

Although Lithuanian citizens and residents have been prohibited from leaving the country, there are no restrictions for foreigners.

# Rödl & Partner

## PUBLIC GATHERING

All religious communities in Lithuania are recommended against holding religious rites to avoid public gatherings.

It is forbidden to gather in parks and other open public spaces for groups of more than 5 persons.

A safe contact in parks and other open public spaces (distance greater than 2 meters and less than 15 minutes) shall be maintained, direct physical contact shall be avoided, persons shall maintain personal hygiene (hand hygiene, cough etiquette).

It is not allowed for children from more than one family to play on children's playgrounds at the same time.

New recommendations regarding the use of face masks at public spaces were adopted by the Government and entered into force on the 24 March.

## BUSINESSES

The Government approved new rules related to shopping spaces, which shall apply starting from 24 March. Supermarkets, veterinary clinics, pharmacies, optics salons, specialized shops selling orthopedic equipment and food markets shall be obliged to apply the following safety measures:

1. to limit the number of customers;
2. to publish information at the entrance that draws attention to the personal hygiene of the visitors (hand hygiene, coughing, sneezing etiquette) and to enable the possibility of proper hand hygiene and / or disinfection;
3. to ensure that shopping trolleys and baskets are cleaned and disinfected after each use;
4. to ensure that customers stay within a safe distance of at least 1 meter from queues to checkouts or self-checkout;
5. to encourage customers not to pay in cash;
6. to ensure that only every second cashier is opened, if a distance of at least 2 m. between them cannot be maintained.
7. to ensure that sale personnel is able to wash their hands thoroughly with warm running water and liquid soap or disinfect with special hand disinfectants at regular intervals (at least every 2 hours) and more frequently if necessary.
8. to ensure adequate cleaning and disinfection of the point of sale in accordance with the established guidelines by the Ministry of Health.

Employers are recommended to ensure maximum safety conditions for their employees (to install glass walls, provide protective equipment etc.)

People are advised to shop online and to avoid close contact.

It is forbidden:

- to shop in groups of more than 2 persons, only 1 person per family is allowed to enter shopping premises;
- to work for employees in shopping spaces who are obliged to remain in isolation;
- to enter shopping premises if a person is obliged to remain in isolation.

## 5.2 Business support

- government measures to support economy
- tax holidays
- incentives
- support programmes and funds

### TAX NEWS FOR BUSINESSES. TAX DEFERMENTS

The State Tax Inspectorate (STI) and State Social Insurance Fund Board (Sodra) have announced several measures to ease the tax burden for businesses in light of COVID-19 crisis:

- taxpayers are allowed to switch the calculation method of corporate income tax (CIT) from the retrospective method (advance CIT for Q1 and Q2 of 2020 is calculated according to previous year results) to forecast method (CIT for Q1 and Q2 of 2020 is calculated according to the financial results estimation) until March 30th. If the businesses that had profit last year are not expecting positive financial results in 2020, we recommend to switch to forecast method and avoid unnecessary payment of CIT.
- deadline for advance CIT reporting and payment (advance CIT for Q1 and Q2 of 2020) extended to March 30th instead of March 16th.
- The STI announced the list of taxpayers that are expected to suffer from the COVID-19 restrictions. The list can be found [here](#). Such companies will be by default entitled to the following tax reliefs:
  1. STI, Sodra and Lithuanian Customs will not initiate the execution of declared taxes / social insurance contributions (except customs duties) in case on non-payment of tax;
  2. Unpaid tax or social insurance contributions amounts will not be subject to late payment interest.
- Moreover, all affected businesses will be eligible to defer the tax payments by concluding an interest free simplified tax loan agreement with the STI / Sodra and make the tax payments according to the agreed schedule. The application form for the tax loan agreement is available [here](#). One application form is applicable both for STI and Sodra related payments and will be submitted through STI online system.
- Entities that have outstanding tax liabilities may apply for tax loan agreement and can expect the same conditions: no late payment interest calculated from 16 March 2020 and the tax deferment will be available.

**IMPORTANT:** the above listed rules will be applicable until the state of emergency is cancelled.

FORMS TO APPLY FOR STATE SUPPORT VIA TAX DEFERMENTS ARE AVAILABLE FROM TODAY

THE FORM CONSISTS OF 3 PARTS:

✓ Request to conclude tax loan agreement for taxes payable to STI and contributions payable to SODRA

✓ Request not to calculate late payment interest

# Rödl & Partner

- ✓ Request not to charge the outstanding tax amounts.

## RÖDL & PARTNER WILL GLADLY SUPPORT YOU IN THE FOLLOWING WAY:

- Assistance in the application for the tax deferment:
  - Preparation of application form;
  - Review or preparation of the free form explanatory letter to the tax authorities;
  - Representation of the client.
- Input VAT deduction assistance in light of *force majeure*.

### TAX NEWS FOR INDIVIDUALS

The State Tax Inspectorate (STI) has announced that individual the Personal Income Tax (PIT) reporting and payment deadline is postponed to July 1, 2020 (instead of May 1, 2020).

Also, individuals have time until July 1, 2020 to decide on donating a part of the taxes (1,2 % of total payable PIT amount) to organizations (including HOSPITALS).

### SIMPLIFIED REQUIREMENTS FOR DONATIONS

As a general rule, a contract for donations of more than EUR 14 500, must be approved by notary (note that the notary's activities have been limited since 20 March 2020) in order to recognize it as deductible expenses twice.

However, given the current situation, the tax authorities refer to the principle of substance over the form when considering the donation relationship between the parties. Therefore, the donation will be twice deductible even if it has not been properly notarized due to the existing restrictions.

### REDUCED 9% VAT RATE FOR RESTAURANTS

Considering the coronavirus crisis, a draft law on VAT was submitted to the Lithuanian Parliament aiming to reduce the VAT rate applied to the supply of catering services (includes food and non-alcoholic beverages) to 9%.

### A NEW MODEL FOR STATE AID DURING DOWNTIME PROPOSED BY THE LITHUANIAN GOVERNMENT

On 25 March 2020, the Lithuanian Government decided to propose a slightly different mechanism to compensate the payroll costs to businesses that announced downtime due to the nationwide quarantine. The final version will be approved by the Lithuanian Parliament next week.

New amounts for state guaranteed subsidies were proposed:

- 70% of the salary costs, but not more than EUR 910,50 gross. The employer is obliged to keep the employee employed for at least 6 months.
- 90% of the salary costs, but not more than EUR 607,00 gross. The employer is obliged to keep the employee employed for at least 3 months.

Therefore, if the employer pays a higher salary during downtime than the statutory minimum salary, the state obliges to grant a higher subsidy amount –the ceiling of such state aid will be raised to 1,5 factor of the minimum monthly wage amount (910,50 EUR).

The Government decided that a list of affected sectors will not be announced, meaning that all businesses that announced downtime due to the quarantine regime, will be able to apply for this state aid.

It has been agreed, that state aid will not be granted to businesses, which dismissed employees and such dismissal was not due to circumstances attributable to the employee, or which sent their employees on unpaid leave.

Employers will have to notify the National Labour Inspectorate about announced downtime. If it turns out that the employee is working during downtime, the employer will have to repay granted subsidy amounts. Furthermore, the Government decided to increase fines for violations of health and safety as well as labour law regulations.

## 5.3 Working

- home office
- flexible working hours
- short-time work

### ADOPTED AMENDMENTS OF THE LITHUANIAN LABOUR CODE GUARANTEE MINIMUM WAGE DURING DOWNTIME AND ALLOW ADDITIONAL SAFETY MEASURES

The Lithuanian president approved the legislative package aimed to fight the negative consequences of the coronavirus. On 19 March 2020, new amendments of the Lithuanian labour code entered into force.

According to the new amendments, employers may declare downtime for an employee or a group of employees if a state of emergency or quarantine is declared by the Lithuanian Government and the employer cannot provide the employees with work according to the employment agreement.

Whenever downtime is announced during a declared state of emergency or quarantine:

- the employee cannot be required to come to the workplace;
- the employee is entitled to receive a salary that is not lower than the minimum monthly wage approved by the Lithuanian Government (currently 607 EUR gross), if full working time is established in the employment agreement. Furthermore, the employer is entitled to receive a compensation for a part of payroll costs incurred during the announced downtime.
- the employer may declare a partial downtime, reducing the number of weekly number days (reducing at least two working days) or the number of daily working hours (reducing at least three working hours). In case of partial downtime, normal salary is paid during working time and a reduced rate is paid proportionally during downtime, according to the procedure described above.

The newly introduced partial downtime regime allows a more flexible work organization.

If the workload is significantly reduced during the declared state of emergency or lock-down, employees who don't have the possibility to work remotely, may be instructed to work for less days per week or for less hours per day. A regular salary is paid during normal working time whereas a salary, that is not lower than the statutory minimum is paid during the remaining downtime. The Lithuanian Government announced, that the payroll subsidies will also be applicable for partial downtime periods.

Another amendment of the Labour Code allows in case of a declared state of emergency or quarantine to suspend an employee from work without having to pay a salary. This is only allowed if the health condition of such employee endangers the health of others and if this employee refuses to work from home. The decision of the employer to dismiss the employee has to meet strict form requirements.

Also, the registration for the state grants will be available as of 5 April 2020 at the Employment Services under the Ministry of Social Security and Labour of the Republic of Lithuania. Downtime can be announced retroactively, from the start of the quarantine, i.e. from 00:00 on 16 March 2020 (Monday).

**Remote work for public sector:** State and municipal institutions, offices, state and municipal enterprises must organize work and service clients remotely, except when it is necessary to perform relevant functions at the workplace.

**Remote work for private sector:** It is not obligatory for private sector companies to organise remote work; however, it is recommended to do so. Therefore, we recommend to evaluate the possibility of remote work immediately and, if possible, organise it.

Announcing quarantine does not automatically mean that employees in affected businesses may not come to their workplace. Companies have to resolve these matters themselves and inform their employees accordingly. In case there are no possibilities to work from home or there is no work due to objective reasons, the employer can announce a downtime/inactivity period at the workplace. In case an employee has to take care of a child going to a kindergarten, pre-school or primary school, the employee is entitled to a sickness benefit for up to 14 calendar days amounting to 65.94 percent of gross salary. The salary for the first 2 days of sickness is paid by the employer.

The quarantine regime has been officially prolonged until 13 April 2020 12:00 p.m.

## 5.4 Contact in Lithuania



Tobias Kohler  
Rödl & Partner Lithuania  
[tobias.kohler@roedl.com](mailto:tobias.kohler@roedl.com)  
T +370 6 8733 288

## 6. SWEDEN

### Latest news:

- On March 25 the government proposed a third support package in order to alleviate the consequences for in particular small and medium sized companies.

### Country overview:

#### 6.1 Regulatory response

- The Public Health Authority still urges people with symptoms, even mild ones, to avoid social contacts to avoid infecting others. This applies both in working life and in private life.
- Especially people over 70 years are encouraged to limit the contact with other people for as long as possible for some time to come.
- Public gatherings and public events with more than 500 people are prohibited.
- All Sweden's upper secondary schools, colleges and universities are urged to keep closed and switch to distance education.
- On March 19, the Parliament passed a new regulation that gives the government the possibility to close elementary schools and preschools and that secures care for children of guardians working in socially important activities. However, as of March 25 the government has not yet decided to close elementary and preschools.
- The Ministry of Foreign Affairs still advises Swedish citizens against unnecessary travel to all countries in the world. The recommendation is valid until April 14, after which a new assessment will be made.
- The government prohibits all travel to Sweden from countries outside the EU as from March 19 and 30 days onwards. For Swedish citizens and other persons residing in Sweden, but who are abroad, are however able to return home. The entry ban does not apply to people who have particularly important reasons for traveling to Sweden, e.g. diplomats and persons in need of international protection.
- On March 19 it was announced by the Public Health Authority that also domestic travels shall be limited, especially to and from the major cities. On March 24 it was further announced that people that are ill shall not travel at all. Anyone traveling should not visit older relatives and friends, whether healthy or not. Those who belongs to a risk group should especially consider their travel.
- The Public Health Authority prohibits, as from March 25, everything except table service/take away at restaurants, cafes, bars and night clubs. Hence, it is no longer allowed to stand in the bar or in other areas of a pub or restaurant.

#### 6.2 Business support

Temporary deferral with payment of tax, which will enter into force on April 7. This deferral option concerns the payment of employer contributions, deducted tax and value added tax, which are reported monthly or quarterly. The opportunity is valid for 3 months for each tax during January - September 2020, and the deferral period may be set out for a maximum of 1 year.

# Rödl & Partner

On March 20 the government announced that Almi Företagspartner, a state-owned venture capital firm, will receive a capital injection of SEK 3 billion to increase their capacity to lend to small and medium-sized companies.

The Swedish Export Credit Agency's debt limit is extended from SEK 125 billion to SEK 200 billion for loans to export companies.

The Swedish Export Credit Agency ceiling for credit guarantees is increased from SEK 450 billion to SEK 500 billion.

**On March 25 the government proposed a third support package in order to alleviate the consequences for in particular small and medium sized companies, which include the following:**

- A government loan guarantee, which means that the state guarantees 70 percent of new loans from the banks to companies that have encountered financial difficulties. The guarantee is issued to the banks, which in turn issue guaranteed loans to the companies. The loan guarantee is primarily aimed at small and medium-sized companies, but there is no formal limit on the size of the company. Each company is proposed to loan a maximum of SEK 75 million, but exceptions can be made.
- A temporary reduction in employers' contributions have been proposed for the period 1 March - 30 June, so that only the retirement pension contribution is paid. The reduction is proposed to apply to up to 30 employees and to the part of the salary that does not exceed SEK 25,000 per month. This entails a tax relief of up to SEK 5,300 per employee per month. In order to provide a corresponding relief to sole traders, a reduction of the self-employed contributions is also proposed.
- In order to reduce the costs for companies in sectors such as durables, hotels, restaurants and some other activities, the government proposes a support to facilitate and accelerate the renegotiation of rents. The focus is that the state bears 50 percent of the rent reduction up to 50 percent of the fixed rent. The support can be applied for retroactively and applies for the period 1 April - 30 June.
- The rules on accrual funds are temporarily changed so that self-employed persons receive reduced tax. The new rules mean that 100 percent of the taxable profit for 2019 may be set aside for accrual funds, up to a ceiling of SEK 1 million, which can then be offset against possible future losses. The proposal concerns individual traders and natural persons who are partners in trading partnership.
- The previously presented temporary deferral with payment of tax that are reported monthly or quarterly, is now proposed to be expanded. It is a matter of including VAT that is reported annually from December 27, 2019 to January 17, 2021.
- Companies that are dormant due to unemployment are exempted in 2020 from the rule that companies may only be dormant once for five years.

## 6.3 Working

Employers who have the opportunity to let employees work from home should consider recommending this. On March 19, this recommendation was expanded from applying only to the greater Stockholm area and other major cities, to all of Sweden.

As of March 16, employers can order a short-time leave where employees' working hours are reduced by up to 60 percent while they retain 90 percent of their salary.

As from March 16, and for at least two months, sick pay (day 2-14 of sickness) is not to be paid by the employer. This is instead to be paid by the government.

# Rödl & Partner

The qualifying day for sick pay will be discontinued between 11 March and 31 May. Thus, the employee is entitled to sick pay from the first day of sickness.

The requirement for medical certificate from the eighth day of the sick period shall be repealed. Hence, the employee can stay away from work without a medical certificate issued by a doctor.

## 6.4 Contact in Sweden



Klas Erviken  
Rödl & Partner  
[klas.erviken@roedl.com](mailto:klas.erviken@roedl.com)  
T +46 8 5793 0909

## 7. MANAGING PARTNER FOR THE NORDIC-BALTIC REGION



Jens-Christian Pastille  
Rödl & Partner  
[jens.pastille@roedl.com](mailto:jens.pastille@roedl.com)  
T +371 6733 8125

As an integrated professional services firm, Rödl & Partner is active at 111 wholly-owned locations in 50 countries. We owe our dynamic success in the service lines audit, legal, management and IT consulting, tax consulting as well as tax declaration and BPO to our approx. 4,900 entrepreneurial minded partners and colleagues.

Rödl & Partner is not a collection of accountants, auditors, lawyers, management and tax consultants working in parallel. We work together, closely interlinked across all service lines. We think from a market perspective, from a client's perspective, where a project team possesses all the capabilities to be successful and to realize the client's goals.

Our interdisciplinary approach is not unique, nor is our global reach or particularly strong presence among family businesses. What truly distinguishes us is devotion to comprehensively supporting German businesses, wherever in the world they might be.

Rödl & Partner has been present in the Baltic States for more than 25 years. As the leading consulting company of German origin, Rödl & Partner supports via its offices in Riga, Tallinn and Vilnius some of the most important investment and major transaction projects by foreign companies in the region.

More than 130 employees in the Baltics offer legal, tax and economic advice from a single source and thus provide local know-how, worldwide experience in international matters.

### Imprint

Publisher:  
Rödl & Partner Lithuania  
Tilto g. 1, LT-01101 Vilnius  
Lithuania  
T +370 5 212 3590  
[vilnius@roedl.com](mailto:vilnius@roedl.com)  
[www.roedl.com/lt](http://www.roedl.com/lt)

This Newsletter offers non-binding information and is intended for general information purposes only. It is not intended as legal, tax or business administration advice and cannot be relied upon as individual advice. When compiling this Newsletter and the information included herein, Rödl & Partner used every endeavour to observe due diligence as best as possible, nevertheless Rödl & Partner cannot be held liable for the correctness, up-to-date content or completeness of the presented information.

The information included herein does not relate to any specific case of an individual or a legal entity, therefore, it is advised that professional advice on individual cases is always sought. Rödl & Partner assumes no responsibility for decisions made by the reader based on this Newsletter. Should you have further questions please contact Rödl & Partner contact persons.