

Rödl & Partner

Coronavirus (COVID-19)

Status update | Nordic-Baltic region
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1. DENMARK

Latest news:

The Danish Parliament has passed a law that allows small and medium-sized businesses to obtain interest-free VAT loan and payroll tax loans for certain professions. The law comes into force on 5 May 2020, and companies can apply for loans from 5 May 2020 to 15 June 2020.

Country overview:

1.1 Direct business support

- Sick leave due to COVID-19
- Salary-compensation
- Compensation for self employed
- Compensation for fixed costs
- Other government measures

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

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.

The reimbursement of wages is applicable to the state daily sickness benefit rate. This is currently approximately 14.300 DKK a month. Salary that exceed this amount are borne by the employer.

This 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.

The law applies retrospectively from 27 February 2020 and until 1 January 2021. Refunds are made through the online portal www.virk.dk.

POSTPONE HOLIDAY

The government has introduced a new Act, which gives companies the ability to postpone holidays for the current holiday year as well as the shortened holiday year based on individual agreements or its own decision, to be taken in the following holiday year. The temporary changes to the Holiday Act will provide better flexibility for companies currently experiencing critical demand for staff.

According to these temporary rules, the right to postpone holidays is as follows:

- Holidays to be held in the 2019/2020 may be postponed to the shortened holiday year from 1 May 2020 to 31 August 2020.

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- Holidays to be held in the shortened holiday year may be postponed to the subsequent period from 1 September 2020 to 31 December 2021.

The right to postpone holidays requires the existence of unpredictable circumstances beyond the control of the company, e.g. where the company is affected by several cases of sickness or quarantine among its employees because of COVID-19.

SALARY-COMPENSATION FOR COMPANIES THAT ARE FACING DISMISSAL OF EMPLOYEES

The Danish government together with the Danish labour market parties (unions and employer associations) 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 percent 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 four 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 can be applied for:

- For full-time employees up to 75 percent of the salary, max. however, 30.000 DKK a month.
- For hourly-paid employees up to 90 percent of the salary, max. however, 30.000 DKK 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 who compensation is applied for.

The regulation applies for the period from 9 March 2020 to 8 July 2020. Compensation is applied for via the online portal www.virk.dk.

COMPENSATION FOR SELF-EMPLOYED

Self-employed who started their business no later than 9 March 2020 and have had a turnover of min. 10.000 DKK a month in a preceding period of minimum 3 months and expect a revenue loss of minimum 30 percent, can receive financial compensation corresponding to 90 percent of the expected revenue loss.

However, the compensation amounts to a maximum of 23.000 DKK per month. In order to receive compensation, it is a requirement that:

- The self-employed has minimum 25 percent ownership of the company,
- There is a maximum of 25 employees employed in the Company,
- The company is registered in the Danish Business Register (CVR-register)
- The company must have been established by 9 March 2020.

A 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 percent and who have had a turnover of min. 10.000 DKK a month in a preceding period of minimum 3 months. The self-employed can receive 75 percent of the expected B-income loss, however a maximum of 20.000 DKK per month.

It should be noted that the self-employed person's personal income must not exceed 800.000 DKK in 2020.

The regulation applies for the period from 9 March 2020 to 8 July 2020. Compensation is applied for via the online portal www.virk.dk.

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By 8 December 2020, you must submit a statement of your actual revenue or B income loss.

COMPENSATION FOR FIXED COSTS

The Danish government introduced a fixed cost compensation scheme where companies expecting a revenue decline of minimum 35 percent during the period from 9 March – 8 July 2020 can be reimbursed for documentable fixed expenses, including, for example, rent, contract-related expenses (leasing), etc.

The following fixed costs compensation is planned:

- 80 percent if the revenue decline has been between 80-100 percent
- 50 percent if the revenue decline has been between 60-80 percent
- 25 percent if the revenue decline has been between 35-60 percent

Companies who are required to be fully closed due to a ban will be compensated during this period, corresponding to 100 percent of the fixed costs.

Maximum compensation with regard to the fixed cost compensation scheme is 110 million DKK per company. It should be noted, however, that with the payment of compensation of more than 60 million DKK, no dividends may be paid or share purchases concluded in the financial years 2020 and 2021.

However, no compensation can be applied for if the fixed expenses are less than 12.500 DKK during the period from 9 March 2020 - 9 June 2020. The regulation applies for the period from 9 March 2020 to 8 July 2020. The application for compensation for fixed expenses will be made through a separate application for the period 9 June – 8 July 2020.

COMPENSATION FOR ORGANIZERS

Organizers who have suffered loss of income due to the state ban on events can receive compensation that covers the loss of income from various sources, e.g. ticket sales, fees for artists, sales of food and beverages and merchandise.

The regulation applies to events that should have taken place between 6 March and 31 March 2020 and either:

- should have more than 1000 participants or
- should have more than 500 participants, if the event is aimed at the special risk groups (older people over 80 years, pregnant women or chronically ill).

However, the compensation must not lead to a profit.

Compensation is applied for via the online portal www.virk.dk.

The Danish Parliament has passed a law that allows small and medium-sized businesses to obtain interest-free VAT loan and payroll tax loans for certain professions. The law comes into force on 5 May 2020, and companies can apply for loans from 5 May 2020 to 15 June 2020.

1.2 Contracts, debts and civil law

GOVERNMENT MEASURES TO SUPPORT THE ECONOMY

- 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 are cancelled

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- Extended access to export credits
- Public purchases that support companies
- State guarantee for the travel guarantee fund
- Extended loan options for students

Documentation requirements for the above-mentioned aid packages are extensive and some require, among other things, an independent declaration by an auditor. Various documents and information can be found on the online portal for Danish companies, however, in Danish only.

VAT PAYMENTS

For companies with an annual turnover of over 50 million DKK / 6.71 million euros and who report and pay VAT monthly, the payment deadline is postponed by one month.

The following applies to companies with an annual turnover of less than 50 million DKK / 6.71 million euros:

- Quarterly reports (annual turnover over 5 million DKK / over 671,000 euros):
The payment period for the first quarter of 2020 was 2 June 2020. This deadline will be postponed to 1 September 2020;
- Half-yearly reports (annual turnover less than 5 million DKK / less than 671,000 euros):
The payment deadline for the first half of 2020 was 1 September 2020. This deadline is postponed to 1 March 2021 and thus coincides with the deadline for the second half of 2020.

The registration deadlines for VAT is unchanged.

INCOME TAX AND LABOR MARKET CONTRIBUTION

The payment period for income tax and labor market contribution was postponed by four months each for April, May and June. The reporting deadlines for the electronic income tax system are unchanged.

For employees who report their income tax themselves or are self-employed (so-called B tax), payment deadlines have been postponed as follows:

The rate of 20 April 2020 has been moved to 22 June 2020. The rate of 20 May 2020 has been postponed to 21 December 2020.

If it is already clear that the income will change significantly, the expected income in the electronic advance tax return can be reduced accordingly, so that the future tax rates will be lower.

POSTPONEMENT OF THE DEADLINE FOR TAX RETURN

The deadline for submitting all tax returns for the 2019 income year has been postponed to 1 September 2020.

The postponement applies to all those who are obliged to declare, i.e. for

- Salaried workers who receive an annual tax return with the normal deadline being 1st of May,
- Self-employed and people with foreign income who normally have to submit a declaration by 1 July, and
- Companies and other legal entities that normally have to submit their declaration for the 2019 financial year on 31 March 2020 or later.

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The postponement of the deadline is therefore of importance for companies and other legal entities whose financial year ends in the period from late September 2019 to February 2020.

POSTPONEMENT OF THE DEADLINE FOR ANNUAL REPORTS

According to the previous legal situation, annual reports must be submitted no later than the end of the fifth month after the end of the financial year. Failure to meet the deadline can result in administrative fines and ultimately the forced liquidation of the company.

The submission of the annual report has now been postponed by 3 months for all companies whose financial year ends in the period from 31 October 2019 to 30 April 2020.

For the majority of companies, this means that the annual report must be reported to the Danish Business Authority no later than 8 months after the end of the financial year.

The companies are also given the opportunity to derogate from the statutory requirements for holding an ordinary general meeting at a specific time, as well as the possibility of holding a full electronic general meeting, even if the company does not have a specific provision in the articles of association allowing this.

As part of the governments' efforts against COVID-19, test facilities have been opened in all regions of the country, where referred citizens can be tested for COVID-19. The overall goal is to be able to test of up to 20.000 people per day.

LEAD | 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 Regulatory response

- Traveling
- Business closure

TRAVELING

The Danish Ministry of Foreign Affairs has advised against all unnecessary trips abroad. The Danish borders are temporary closed and will remain closed until at least 10 May 2020. 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. Normal business trips are not a valid reason.

It is emphasized that closing the boarders does not prevent import or export of goods.

BUSINESS CLOSURE

The following restrictions apply:

- Restaurants and cafés are closed and may only offer takeaway.
- Shopping malls are closed.
- Supermarkets, pharmacies, post office and other everyday businesses remain open.
- Sports facilities and gyms are closed.

Meetings of more than 10 people are prohibited - both in closed rooms and outdoors.

The government announced on 6 April 2020, that the said measures will continue to apply until 10 May 2020. Furthermore, larger events, e.g. festivals are prohibited until 31 August 2020.

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Based on advice from the health authorities, the government has found it sound health-wise to extend the first phase of a controlled reopening of Denmark.

The following measures have been taken:

- Hairdressers, dentists and other businesses where people come in close contact with each other have been reopened since 20 April 2020.
- A partial reopening of the courts will take place from 27 April 2020.
- Childcare institutions re-open partially on 15 April 2020. The same applies to elementary school classes from 0 - 5th grade.

Larger stores such as for example IKEA has now re-opened. Shopping malls, on the other hand, continue to be closed.

1.4 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.

REMOTE WORK FOR PRIVATE SECTOR

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

SHORT-TIME WORK (KURZARBEIT)

Short time work is most often used for employees bound by a collective agreement and can only be established with the consent from both unions and employer organization. Employees not bound by a collective agreement may enter into an agreement with the employer in order to establish short-time work. However, please note that employees not bound by a collective agreement must agree to short-time work. Should only 1 employee not agree hereto, short-time work cannot be established for any employees of the company.

Following short-time work is possible:

- Working hours can be reduced by at least 2 full days per week
- Working hours can be 1 week of full-time work followed by 1 week of unemployment
- Working hours can be 2 weeks of full-time work followed by 1 week of unemployment
- Working hours can be 2 weeks of full-time work followed by 2 weeks of unemployment

In general, short-time workers partially receive unemployment benefits from their unions (A-kasse) on those days they are unemployed.

1.5 Contact in Denmark



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2. ESTONIA

Latest news:

- As of 25 May, the ETCB will again begin to disclose information concerning tax debts publicly and perform recovery procedures. Consequently, companies should pay their debts on time or apply for the payment of tax arrears in instalments in case of temporary payment difficulties.
- Commuting for work purposes is allowed between Estonia and Latvia. However, only people who show no signs of illness can work across the national border. On 6 May, the Baltic Prime Ministers Jüri Ratas, Krišjānis Kariņš and Saulius Skvernelis agreed to work towards the opening of the Estonian-Latvian and Latvian-Lithuanian borders on 15 May.
- On 5 May, the government approved the decision to reopen contact learning, open-air museums, and exhibition facilities under special conditions, as well as allow for more training opportunities for professional athletes. Religious services can also be conducted again. All cases of easing the restrictions may only be implemented if the risk of infection is managed with special conditions.
- As of 11 May, shopping centres may reopen sales and service areas and catering facilities if they guarantee the availability of disinfectants and continue to follow the 2 + 2 rule.

Country overview:

2.1 Direct business support

TAX-SUPPORT

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 2020 **up to the end of the emergency situation**. 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 the end date of the emergency situation up to 31 December 2021, the interest rate will be reduced from the current 0.06 per cent per day to 0.03 per cent per day. Also, a tax authority may reduce the interest rates on tax arrears paid in instalments by up to 100 per cent. At present, the maximum possible interest reduction is 50 per cent.

As of 25 May, the ETCB will again begin to disclose information concerning on tax debts publicly and perform recovery procedures. Consequently, companies should pay their debts on time or apply for the payment of tax arrears in instalments in case of temporary payment difficulties.

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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 ETGB. 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 on unpaid leave and works part-time. Despite the temporary waiver of the minimum social tax obligation, the health insurance, which is connected with the payment of social tax, will remain effective also for members of the management board, persons providing services under a contract on the basis of the law of obligations, and business account holders. 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 have to be declared and paid on 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 monthly rate.

TEMPORARY SUBSIDY PROGRAM OF THE UNEMPLOYMENT INSURANCE FUND

Temporary subsidies will be paid by the Estonian Unemployment Insurance Fund to those employees whose employers are significantly impacted by the current extraordinary circumstances. The purpose of the subsidy is granting an income to the employees and helping employers in surpassing temporary difficulties without having to lay off their staff or declare bankruptcy. Principles of paying the subsidy:

- 1) The temporary subsidy 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 amount of the subsidy will be 70 percent of the average monthly wage of the employee. The maximum amount of the subsidy is 1,000 euros (gross amount). In addition to that, the employer must pay a wage of at least 150 euros to the employee.
- 3) The Estonian Unemployment Insurance Fund shall pay from the subsidy 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 subsidy 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 percent compared to the turnover or income for the same month in the previous year;
 - The employer cannot provide work to at least 30 percent of his employees in the agreed scope;
 - The employer has reduced the salaries of at least 30 percent of his employees by at least 30 percent or down to the minimum wage.
- 5) Applications for the subsidy can be submitted by the employer in the e-environment of the Unemployment Insurance Fund (e-töötukassa) starting from 6 April. On the application, the employer must indicate the criteria for applying for the subsidy and append the relevant verifying documents. The Unemployment Insurance Fund shall pay the subsidy directly to the employee.

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The employer is required to repay the subsidy in full if the employer lays off the employee for whom the subsidy was applied for. This prohibition applies to the month for which the subsidy was applied and to the following month.

The Estonian Accounting Standards Board has published clarifications with regard to the recognition of the temporary subsidy paid by the Unemployment Insurance Fund in the accounting of a company. The subsidy (gross salary and employer's tax contributions paid by the Unemployment Insurance Fund) shall be treated as a government grant and reported in accordance with clauses 9-11 of the guideline ASBG 12 "Government grants".

OTHER GOVERNMENT MEASURES

The government measures established to support the Estonian working people and economy in the emergency situation, in total of two (2) billion euros which accounts for almost 7% of GDP, include, in addition to the subsidy of the Unemployment Insurance Fund, the following:

- 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 50 million euros), a working loan (up to 100 million euros) or land capital (up to 50 million euros);
- Contributions to the mandatory pension fund of the 2nd pension pillar by the state (4 percent) will be suspended from 01.07.2020 to 31.08.2021. The payment of contributions by the obligated persons/employees (2 percent) shall continue. As an exception, the payment of the pension scheme 2 percent + 4 percent will continue in case of persons born between 1942 and 1960. In October 2020, the obligated persons can submit an application to waive also the payment of their share of funded pension payments (2 percent) for the period from 01.12.2020 to 31.08.2021.
- 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 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 will give its guarantee to that 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 thus far was 2-5 million euros, depending on the nature of the project, the maximum guarantee amount for all projects will now be raised to 5 million euros.

SUPPORT MEASURES PROVIDED THROUGH ENTERPRISE ESTONIA

- Capital support for micro and small enterprises and sole proprietors: the state of Estonia has allocated 10 million euros to support micro and small enterprises and sole proprietors who are negatively impacted by the COVID-19 outbreak.

The amount of support is 3,000 and 5,000 euros per company, depending on the size of the company's turnover and the loss of turnover during the crisis compared to the same period last year. The purpose of the support is to provide one-off non-repayable aid to partially compensate for the crisis damages caused by the COVID-19 outbreak, which would help micro

and small enterprises to ensure their sustainability in providing products and services even after the end of the COVID-19 pandemic.

- Support for companies in the tourism sector: the state has allocated 25 million euros to support the tourism sector, aimed at tourism companies (accommodation, catering and travel companies and tourist attractions) and tourism service providers.

The amount of support per company ranges from 2,000 to 60,000 euros, depending on the company's field of activity, size, loss of turnover and labor taxes paid to the state. The aim is to support struggling tourism businesses to cope with and survive the crisis and emerge from the crisis as soon as demand for services begins to recover.

EXCISE DUTIES TO BE REDUCED TEMPORARILY

According to the legislation adopted by the Riigikogu on 15 April, the excise duties paid on specific fuels and electricity will be reduced to alleviate the consequences arising from the state of emergency due to coronavirus outbreak. The temporary reduction of excise duty rates shall apply for the period from 01.05.2020 to 30.04.2022.

2.2 Contracts, debts and civil law

SPECIAL MEASURES TO SUPPORT ENTREPRENEURS IN TALLINN

The government of Tallinn has approved aid measures for the city's business sector to manage the negative effects of COVID-19. The aid measures are primarily targeted at businesses that have a contractual relationship with the city of Tallinn or have a big impact on the city's activities:

- The bills of services provided, and goods received will be paid within 10 calendar days, instead of the current 21 or 30 calendar days, in order to improve the cash flows of the companies. The city shall also waive contractual sanctions in the event of difficulties that occur due to the ongoing situation when fulfilling the order or delivery, the deadlines shall be extended by a reasonable time. If possible and necessary, payments in long-term contracts can be spread on a wider period of time;
- The government of Tallinn has also decided to reduce advertising tax by 50 percent, as the market of outdoor advertising has come to a standstill. Advertisements on the contracts for the use of the building spaces put out for the purpose of advertising and information display are exempted from paying rent;
- The city reduces the rental and usage fees of the contractual partners depending on the field of activity of the contractual partner and the extent to which the emergency situation affects the activity of the contractual partner. All tenants of the city, including catering, commercial, service, educational, sports, hobby, arts and cultural institutions and outdoor media companies, are exempted from paying rent 100 percent;
- Tenants belonging under the Tallinn Market's administration are exempted from paying rent. Tenants who use the city space as office space, will have their rental price reduced by 20 percent. The benefits do not extend to the payment of utility costs;
- Tallinn will continue to pay subsidies meant for supporting sports activities and will not collect rent from the various sports venues belonging to the city;
- The costs of cancelled conferences, cultural and sporting events will be reimbursed to the extent that the company has already paid for them. The decision affects companies that have applied to the city for partial support for the event, have received

the support, but have been forced to either cancel or postpone the event due to an emergency situation.

The measures are planned to last for three months or until the end of the year depending on the specific measure. The impact of the business support package on the city budget can reach up to 4 million euros.

GOVERNMENTAL MEASURES WITH REGARD TO THE SUPPLEMENTARY BUDGET FOR 2020

On 15 April, the Riigikogu approved the draft supplementary budget for 2020. This is the largest aid package to the Estonian economy ever, providing support to the people and businesses most affected by the crisis. The measures are aimed at mitigating damage, stimulating the economy and accelerating the way out of the crisis. The aid package includes among other measures the following:

- Support for rural entrepreneurship through the Rural Development Foundation – 200 million euros;
- Capital support for micro and small enterprises through Enterprise Estonia – 10 million euros;
- Support for companies in the tourism sector through Enterprise Estonia – 25 million euros;
- 25 million euros has been allocated to support culture and sport;
- Support for intervention buying of shares in strategic companies or for increasing the capital of state-owned companies – 300 million euros.

The Riigikogu also approved the amendment of the Income Tax Act and establishing an exception whereby the gifts and donations made by legal persons for charitable purposes to an Estonian state or local government agency or welfare institution or an operator of a hospital located in Estonia during the period from 12 March to 1 July 2020 will not be subject to income tax.

On 27 April, the Government approved the regulations necessary for the implementation of the COVID-19 supplementary budget. State support will only be granted if the applicant has no national tax arrears before 12 March 2020 or they have been deferred. Also, the applicant may not have un-submitted tax returns or annual reports which have not been submitted by the due date.

PARLIAMENT OF ESTONIA PASSES LAW TO AMEND 33 LAWS

On 4 May, the President of Estonia promulgated the law amending 33 laws which was passed by the Riigikogu on 20 April.

The law establishes the following amendments:

1) Temporary exceptions during the emergency situation:

- Exceptions concerning the duration of authorizations and permits in various areas, the duration and terms of procedure, for example renewal of medical and training certificates, qualification requirements for operating licenses.
- Exceptions to extend the competences and tasks of various authorities and persons, for example to facilitate the resolving of the emergency situation, assistant police officers and members of the Defence League districts are allowed to help maintain order alongside the police and their authorities have been extended.

2) Changes of a permanent nature:

In particular, changes to allow judicial proceedings to be conducted remotely.

AMENDMENT OF BANKRUPTCY ACT

The law passed on 20 April also includes a previously planned amendment to the Bankruptcy Act. According to the amendment, the obligation to submit bankruptcy applications for members of the Management Board is suspended during the state of emergency and the following two-month period. Under previous legislation, the management board of a legal person was required to submit a bankruptcy petition to the court within 20 days of the occurrence of the insolvency.

This amendment gives companies that are facing difficulties due to the crisis an opportunity to adapt their economic activity to the situation and to benefit from state aid measures. The amendment will apply to all legal entities, but companies that do not have any prospect of resuming their economic activities after the end of the state of emergency should still file for bankruptcy immediately.

2.3 Regulatory response

- Travelling and movement
- Conducting of business
- Export

RESTRICTIONS ON BORDER CROSSING

The following temporary restrictions on border crossing for foreign nationals have been introduced, however, excluding:

- Transport of food and medical supplies as well as persons providing essential services such as fuel transport;
- 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 who are directly involved in the transport of goods and raw materials, including the loading of goods or raw materials;
- Foreigners directly involved in the international carriage of goods or passengers, including crew members, and persons engaged in repair, warranty or maintenance work;
- Foreigners who serve travel groups and are directly involved in the provision of passenger transport services;
- Foreigners whose purpose of arrival in Estonia is related to ensuring the continuity of a vital service;
- 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;
- Foreigners whose purpose of border crossing is to move to or from work between the Republic of Estonia and the Republic of Latvia.

Other 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.

Commuting for work purposes is allowed between Estonia and Latvia. However, only people who have no signs of illness can work across the national border. **On 6 May, the Baltic Prime**

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Ministers Jüri Ratas, Krišjānis Kariņš and Saulius Skvernelis agreed to work towards the opening of the Estonian-Latvian and Latvian-Lithuanian borders on 15 May.

On 22 March, Finland closed its borders for labour migration and commuting for work purposes between Estonia and Finland to people who permanently reside in Estonia but work in Finland

As a temporary measure, Finland closed incoming ferry passenger traffic from 11 April. This means that ferries between Finland and Estonia no longer take on passengers in the direction of Finland, only truck drivers are allowed on board the ships sailing between Tallinn and Helsinki. On Monday, 4 April, the Finnish government announced that Finland will be opening up its borders for labour migration from 14 May. This means that Estonian citizens working in Finland will be able to commute between the two countries again. However, self-quarantining for 14 days is still a requirement in Finland; Estonian citizens returning from Finland will not need to self-quarantine upon arrival in Estonia.

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

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

MEASURES TO BE APPLIED IF DIAGNOSED WITH COVID-19

A person infected with coronavirus must remain at home from the moment he or she is diagnosed until recovery. The infected person may leave home or place of stay only on the order of a health care professional or the police or in an emergency that endangers the life or health of the person.

A family member of a person diagnosed with COVID-19 who does not have any symptoms of coronavirus may leave his or her place of residence or stay, carrying an identification document, only in the following cases:

- For performance of their duties, in the case of health professionals or other person providing public services or other emergency services;
- For the purchase of essential supplies for daily living, provided that they are procured in the vicinity of the place of residence or stay, and if not otherwise possible;
- Leaving the place of residence or place of stay is permitted for a person who has no contact whatsoever with the person infected with COVID-19;
- For staying outdoors.

In the event of non-compliance with the movement restrictions, the police shall issue a precept and if that measure proves to be unsuccessful, a penalty of up to 2.000 euros shall be applied.

BUSINESS CLOSURE

Until 1 May 2020, 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 2020, 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.

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PEOPLE-TO-PEOPLE DISTANCE

On 24 March 2020, 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:

- 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 2.000 euros.
- Shopping centres shall remain closed, 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.
- Restaurants and bars shall be closed at 10 p.m. in the evening, only take-away and home delivery will be allowed after that time.
- Entertainment venues, such as bowling and billiard halls, hookah cafés, adult clubs, shall be closed.

The emergency situation declared by the government of the Republic of Estonia on 12 March was initially planned to last until 1 May 2020. On 24 April, the Government of Estonia decided to extend the emergency situation until 17 May.

THE COVID-19 CRISIS EXIT STRATEGY PLAN

On April 22, the Government Committee published the COVID-19 crisis exit strategy plan, which was approved on 27 April. The exit strategy aims to define the principles and stages of easing of restrictions and the following steps. Upon the easing of restrictions, the compliance with the rules of conduct and hygiene, such as compliance with the 2+2 rule which allows a maximum of 2 people together in public places and requires to keep 2 meters distance from others and use of masks and disinfectants will continue to be a prerequisite. The Government Committee will review the mitigation of restrictions in cooperation with scientists and experts once a week.

The first step is the opening of open-air museums and open-air sports activities from 2 May. The next step is the limited opening of shops and certain types of services in shopping centres.

Gradual restoration of scheduled medical treatments already started on 21 April. If the indicators of the exit strategy allow, then schools will be opened to certain extent from 15 May.

In order to specify the exit strategy, three sectoral sub-action plans will be drawn up with partners to agree on activities related to the economy, health and border opening:

- The Ministry of Economic Affairs and Communications will prepare an economic recovery action plan for the implementation of the strategy in May 2020, involving stakeholders, and will specify economic indicators;

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- In May, the Ministry of Social Affairs will draw up a health care system preparedness plan to deal with new outbreaks of COVID-19, including the development of early detection and contact monitoring system;
- The Ministry of Foreign Affairs will prepare in co-operation with partner countries and stakeholders an action plan for the free movement of goods and people.

EASE OF RESTRICTIONS IN THE FIELDS OF CULTURE, EDUCATION AND SPORTS

On 5 May, the government approved the decision to reopen contact learning, open-air museums, and exhibition facilities under special conditions, and allow for more training opportunities for professional athletes. Religious services can also be conducted again. All cases of easing the restrictions may only be implemented if the risk of infection is managed with special conditions.

- **Culture:** From 11 May, museums and exhibition halls may reopen their indoor premises and exhibitions in open-air museums and outside premises for visitors if they guarantee compliance with the special requirements. Indoor premises of museums and exhibition areas may be open if they only allow visitors in groups of up to 10 people. Interactive exhibits require either implementing special measures or remain closed.
- **Education:** As of 15 May, regular educational activities may be continued in educational institutions and hobby and recreational activity schools under special conditions. During the time when emergency restrictions are being eased, educational activities may be organised on school premises for groups of up to 10 people. The restriction does not apply to examinations if they are organised in large rooms, such as in assembly halls, gyms, or larger auditoriums.
- **Professional athletes:** As of 5 May, teams of professional adult athletes may begin training again, indoors and outdoors. The availability of disinfectants must be ensured.

RESTRICTIONS TO BE EASED IN SHOPPING CENTRES

As of 11 May, shopping centres may reopen sales and service areas and catering facilities if they guarantee the availability of disinfectants and continue to follow the 2 + 2 rule.

Catering facilities in shopping centres that until now were only allowed to sell takeout can start serving food on the spot from 11 May as well. The restriction on serving food on the spot after 10 p.m. remains in force to prevent evening gatherings in restaurants, cafés, and bars.

Sports, entertainment and amusement facilities which are located in shopping centres will remain closed. The restriction on organising public gatherings, film screenings, nightclub events, theatre performances, concerts, and conferences remains in force in shopping centres as well as elsewhere.

EASE OF MOVEMENT RESTRICTIONS IN SAAREMAA AND MUHU ISLAND

In March, restrictions were established on the movement of people in Estonia for movement between the mainland and the islands of Saaremaa, Hiiumaa, Vormsi, Ruhnu, Kihnu, Muhu and Manija. From 30 March, notably stricter restrictions on movement were imposed in municipalities of Saaremaa and Muhu.

Restrictions of the emergency situation are eased in Saaremaa and Muhu island from 28 April 2020. Special permits will be issued for travel between the islands and the mainland. From 4 May, persons who have a permanent residence on the island or an additional address or permanent residence address registered on the island according to the population register can travel freely between the islands of Saaremaa, Muhumaa, Hiiumaa, Vormsi, Kihnu, Ruhnu and Manija and the mainland. Closer family members can also travel with them. From 18 May, the movement restrictions between the islands and the mainland will be abolished.

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Relaxing restrictions means that shops, markets, catering establishments (including restaurants, bars and cafés) and libraries can once again be open, similar to the mainland. Also, restrictions are removed on close contact services such as cosmetic surgery, beauty and personal services (such as hairdresser, manicure, pedicure, cosmetics, tattoo and solarium services), massage, and other rehabilitation services as a wellbeing service.

The restriction of movement is also lifted, according to which the islanders had to stay at home and were allowed to go outside only to the grocery store, pharmacy and doctor, or to work if they could not work remotely. However, the general 2+2 rule is maintained.

BAN ON PUBLIC EVENTS AND MASS EVENTS

The Government decided that no public events would take place in Estonia in May and June and no mass events until 31 August.

BROADER RIGHTS FOR HEALTH BOARD AND GOVERNMENT IN EMERGENCY SITUATIONS

Currently, a draft legislation is under discussion which would give the Health Board and the Government more extensive rights in the future to take special measures quickly in an emergency situation, without having to priorly declare a state of emergency.

The changes are planned to be adopted by the end of the emergency situation on 17 May, considering the possibility that the lifting of the restrictions could cause the virus to spread again, and therefore the establishment of the rights to impose some restrictions quickly is necessary. The draft legislation will amend the Emergency Act, the Communicable Diseases Control and Prevention Act, the Health Services Organization Act and the Health Insurance Act Amendment Act.

2.4 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. In addition, it is possible to agree to use mandated annual leave.

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.

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).

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RESTRICTIONS ON FOREIGN WORKERS

On 4 May, the President of Estonia promulgated the law amending 33 laws which was passed by the Riigikogu on 20 April.

As a part of the law, the Aliens Act was amended. According to the amendment, foreigners' visas may now be revoked and their stay in the country terminated prematurely if the employment contract or activity for which proprietary benefits can be expected is terminated or has expired.

As an exception, foreign workers who have been legally staying in Estonia as of March 17 and whose short-term work permit has expired or is about to expire will be able to continue working in agriculture until 31 July. After July 31, foreign workers will have until August 31 to organize their departure from Estonia.

The amendment does not apply to those foreigners who have a long-term resident's residence permit or permanent right of residence.

2.5 Contact in Estonia



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3. FINLAND

Latest news:

- The Parliament of Finland has enacted a temporary law under which companies can, under certain conditions, postpone the meeting where the financial statements are approved until the end of September 2020.
- The Finnish government decided on the gradual dismantling of the restrictive measures.
- The recommendation on working from home is continued until further notice. The recommendation will be reassessed after summer.

Country overview:

3.1 Direct business support

TAX-SUPPORT

The Parliament of Finland has enacted a temporary law under which companies can, under certain conditions, postpone the meeting where the financial statements are approved until the end of September 2020.

The Tax Administration is granting corporate taxpayers one month of extra time for filing tax returns. This extra month does not need to be separately requested, and no late-filing penalties are imposed for tax returns filed during the month.

This decision applies to corporate entities and benefits under joint administration whose accounting period ended between December 2019 and February 2020. These corporate taxpayers are now allowed to file their tax return within five months from the end of their accounting period, as opposed to the normal time limit of four months. The new filing deadline will be displayed in MyTax in April.

In the current situation, the Trade Register gives an additional time of one month to submit financial statements. For example, a company may submit its financial statements from 1 January to 31 December 2019 to the Trade Register until 30 September 2020 without sanction.

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 2020, 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 2020 and 31 August 2020.

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- 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 percent to 4 percent. 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.

The employer's earnings-related pension contributions will be temporarily reduced by 2,6 percent in 2020. The contribution reduction is valid from 1 May to 31 December 2020.

The government supports businesses by introducing and expanding various forms of support for businesses in response to the coronavirus situation.

OTHER GOVERNMENTAL MEASURES

The measures include:

- The guarantee mandate of the state-owned special financing company Finnvera will be increased by 10 billion euros to a total of 12 billion euros. The increase in the mandate will allow additional financing of 10 billion euros for businesses;
- An increase of 150 million euros in Business Finland's assistance mandate to be used for rapid business support activities. An increase of 50 million euros is proposed to support business development projects;
- An amount of 200 million euros is proposed for non-specific expenditure relating to exceptional circumstances.

3.2 Contracts, debts and civil law

The Ministry of Justice has begun to prepare a government proposal to limit the creditor's right to file for bankruptcy. This will help companies overcome the financial difficulties caused by the coronavirus situation. Bankruptcy requires insolvency. Bankruptcy law assumes a company is insolvent if it has not paid its debt within one week of receiving the call for payment. The law will temporarily remove this assumption. The insolvency must be of longer duration in order for the creditor to file for bankruptcy.

3.3 Regulatory response

- Travelling and movement
- Conducting of business
- Export

TRAVELING AND MOVEMENT

The Finnish government decided on the gradual dismantling of the following restrictive measures:

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- As of 14 May 2020, the statutory restrictions on border traffic will be lifted in cross-border traffic across the Schengen internal borders by allowing employment or commission-related commuting and other essential traffic.
- For the time being, recreational travel abroad is not recommended and the travel advice issued by the Ministry for Foreign Affairs will be extended accordingly. The Ministry of the Interior will draft more specific guidelines on the gradual opening of border traffic.
- The gradual opening of restaurants will begin on 1 June 2020, provided that this is supported by the effects of lifting the current restrictions and by the subsequent general epidemiological assessment.
- Outdoor recreational facilities will be opened as of 14 May, subject to the restrictions on gatherings.
- Sports competitions and series can be resumed with special arrangements on 1 June.
- The borrowing of books and other material from libraries will be immediately permitted.
- Large public events with more than 500 people are prohibited until 31 July 2020 in line with the Government's decision.
- Restrictions on gatherings are still necessary. Based on an epidemiological assessment, it will be possible to ease the restrictions on the number of persons from the current 10 to a maximum of 50 from 1 June until further notice. The situation will be reviewed again by the end of June.
- The 50-person limit applies not only to public gatherings (the recommendation-based guideline) but also to events organised by private and third-sector operators, to cultural, recreational, exercise and sports events and to religious events.

At its plenary session on 15 April at 13.00, the Government adopted a decree repealing the restrictions on movement to and from the Uusimaa Region. The decree entered into force immediately. Other measures and restrictions to limit the epidemic and protect the population remain in force.

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

Return to Finland:

- Finnish nationals and their family members
- Nationals of other EU and Schengen countries, who are residing in Finland and their family members
- Third country nationals residing in Finland with residence permit

Returning transit traffic to other EU or Schengen country or via them:

- Nationals of EU and Schengen countries and their family members
- Third country nationals residing in another EU or Schengen country with residence permit

Necessary cross-border work traffic and other necessary traffic, which is:

- Healthcare and rescue service professionals/personnel, health researchers, and elderly care professionals
- Transport personnel and other transport staff to the extent necessary
- Finns working in Sweden and Norway in the areas along the Finnish border must stay under quarantine-like conditions when they are in the territory of Finland. As an exception to the rule, employees may continue to travel to work if they comply with this condition and follow the quarantine guidelines
- Seasonal work is not currently defined as necessary travel for work, or other necessary traffic

- Diplomats, staff of international organisations, military personnel and humanitarian aid workers in the exercise of their functions
- Necessary (return) transit and returns
- Passengers travelling for imperative family reasons
- Persons in need of international protection or for other humanitarian reasons
- 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.

All persons arriving across internal borders to Finland are obliged, during their stay in Finland, to follow the instructions of the Finnish health authorities and to remain under quarantine-like conditions for 14 days from their last entry to Finland.

The requirement to remain under quarantine-like conditions for 14 days will not apply to essential emergency medical service and rescue service personnel or to freight transport personnel.

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.

3.4 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 recommendation on working from home is continued until further notice. The recommendation will be reassessed after the summer period.

A foreign employee can apply for a tax number without visiting the tax office in person. Tax number can be applied by calling the tax administration's telephone service. In this case, the

person receives an artificial identity number, which is only valid for obtaining a tax number, not for any other transaction with the Finnish authorities.

In its negotiations on 29 April, the Government decided to lift the restrictions on early childhood education and care and those on primary and lower secondary education on the basis of an assessment by the health authorities. Contact teaching in early childhood education and care as well as primary and lower secondary education will resume on 14 May.

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;
- 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 labour law and unemployment protection. The amendments entered into force on 1 April and remain in force until 30 June 2020. The 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 notification period concerning lay-offs will be shortened to five days from the present 14 days.
- The right to lay off employees is extended to apply not only to indefinite-term employment contracts but also to fixed-term contracts.
- Probation periods may also be cancelled because of production and financial reasons.
- 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,

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- Facility services sector,
- Amusement, theme and adventure parks collective agreement,
- AVECRA 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.

The government has proposed a temporary amendment to the Aliens Act and the Seasonal Workers Act that would allow all third-country nationals residing legally in Finland to work in sectors and tasks that are essential for the security of supply and the functioning of the labour market (e.g. horticultural, agricultural, natural products industries, construction, shipbuilding, energy, technology, logistics and transport sectors).

3.5 Contact in Finland



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4. LATVIA

Latest news:

- According to submitted amendments to the Covid-19 downtime regulation, in the future it will be possible to apply for downtime compensation only for the current month. However, these amendments are yet to be approved.
- According to prime minister Krišjānis Kariņš, starting from 15 May 2020 all three Baltic States (Latvia, Lithuania and Estonia) will open internal borders for the free travel of their residents within the Baltics.

Country overview:

4.1 Direct business support

On 20 March 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", aimed to support all enterprises affected by the COVID-19 crisis.

On 26 March 2020, the Cabinet of Ministers introduced regulations that will allow any employer affected by the COVID-19 crisis to apply for downtime compensation and due tax split in several instalments (or postponement for a maximum term of 3 years). Following criteria shall be met in order for a company to qualify for support:

- Due to COVID-19 spread, company's income in March and/or April 2020 diminished for at least 30 percent in comparison to the respective months of 2019;
- Due to COVID-19 spread, company's income in March and/or April 2020 diminished for 20 percent in comparison to the respective months of 2019, and the company meets at least one of the following additional criteria:
 - 1) Company's export (outside of the EU) in 2019 made 10 percent of the total company's turnover in 2019 or is not less than 500 000,00 euros;
 - 2) Company's average month gross salary for 2019 was not less than 800,00 euros;
 - 3) On 31 December 2019, company's long-term investments in company's fixed assets were at least 500 000,00 euros.

The main aspects included in the law "On measures for prevention of national threat and overcoming of consequences related to the spread of COVID-19" are as follows:

- **Deadline for tax payments:** Taxpayers affected by the COVID-19 crisis are entitled 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;
- **VAT refund:** With effect from 1 April 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

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cover the unpaid taxes of the taxpayer. The overpaid VAT for January and February 2020 will be refunded by 14 April 2020;

- Immovable Property Tax: 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. Riga municipality decided to push the Immovable Property Tax payment deadline (for the first quarter of 2020) from 31 March 2020 to 15 May 2020;
- Project of DD Corporation Program: 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;
- According to recently initiated amendments to the law, the members of the project of Due Diligence Cooperation Program, affected by the COVID-19 crisis, will be able to cut the amount of downtime compensation for their employees from the current 100 percent of the salary amount to 70 percent. In any case, the employee shall retain the minimum mandatory salary (430.00 euros) and mandatory juvenile benefits for every juvenile. The amendments will enter force only after their approval by the Parliament;
- Credit guarantee: The applicable conditions for credit guarantee to be provided by ALTUM will not exceed 5 million euros, maximum term – 2 years (previously planned – 10), may cover no more than 50 percent of obligations;
- Loans provided by ALTUM: As for loans to be provided by ALTUM, their limits are as follows: maximum amount – EUR 1 million, 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: 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;
- Lease: State and municipal institutions as well as derived public persons and state-owned enterprises will be able to release their tenants – companies (as of 30 April 2020, also including: businesses, societies and foundations acknowledged by the local municipality) most severely affected by COVID-19 – from lease payments entirely, or alternatively – to decide on reduction of lease payments (this does not refer to companies that have concluded lease agreements for extracting valuable resources). General requirements to qualify for this support are:
 - 1) due to COVID-19 spread, company’s income in March, April, May and **June 2020** diminished for at least 30 percent in comparison to average monthly income during 2019 (**income decrease of societies and foundations will be subjected to review**);
 - 2) the company’s total tax debts do not exceed 1000 euros;
 - 3) the company’s total tax debt exceeds 1000 euros, but the company has agreed to postpone the payment deadline or has another agreement with the State Revenue Service;
 - 4) the company is not insolvent;
 - 5) during the previous year the company did not have 3 (three) or more unpaid lease payments or other cases of not fulfilling his obligations. If the afore-mentioned cases of non-fulfillment were present, they must be settled until 29 February 2020.
- Downtime compensation: 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

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affected employees will be entitled to receive a monthly downtime compensation in an amount of 75 percent, with a maximum limit of 700 euros 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 increase the number of employees during the receipt of downtime compensations, then the compensation payments will be terminated. Upon applying for downtime compensation, the employer shall certify that he will not release the employee at least a month after submitting the application.

If the company applying for downtime compensation has a tax debt in an amount of more than 1000 euros, and hasn't received an official payment deadline extension, or hasn't reached a special agreement with State Revenue Service, such company does not qualify as a recipient of downtime compensation. 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 downtime compensation will be transferred directly to the employee's bank account, indicated in the application. The employer is allowed to partially compensate his employees the difference between the downtime compensation and their salary amount.

The downtime is limited to a time period from 14 March 2020 until 14 May 2020 and no longer than the State of Emergency is in effect.

- **According to submitted amendments to the Covid-19 downtime regulation, in the future it will be possible to apply for downtime compensation only for the current month. These amendments, however, are yet to be approved.**
- Electronic shareholder/member meeting: Until 1 September 2020, associations and cooperative societies will be able to convene a shareholder/member meeting remotely through electronic means.
- Annual reports deadline: The deadline for submitting 2019 annual reports is prolonged for three months.

Self-employed persons and micro-enterprises can apply for downtime compensation in cases where they have not received any income from their activity during the period from 14 March 2020 until 14 May 2020.

New regulation regarding issue of state guarantees for small and medium sized enterprises now also applies for working assets and credit lines until 31 December 2020.

On 14 April 2020 the Cabinet of Ministers adopted regulations for support of entrepreneurs who produce and remanufacture agricultural products and who are affected by the Covid-19 crisis. Maximum support amounts differ from 100 000 euros up to 800 000 euros depending on the entrepreneur's activity.

On 23 April 2020 the Cabinet of Ministers adopted regulations for support of who are not qualified for reception of downtime compensation. Such persons shall receive a downtime support payment in a maximum amount of 180 euros per month.

On 25 April 2020 the Cabinet of Ministers adopted regulations for establishment of an alternative investment fund, managed by ALTUM, in order to attract funding from private sources and to support persons affected by the COVID-19 crisis.

Employment: In case an employee has contracted the virus or must stay in quarantine due to being in close contact with another family member with the virus 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.

4.2 Contracts, debts and civil law

The law "On measures for prevention of national threat and overcoming of consequences related to the spread of COVID-19". also provides for several additional amendments in relation to delayed fulfilment of civil law obligations, including:

- Until 1 September 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 (the debtor must receive a 60-day prior notice). 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.

Starting from 1 April 2020 until 1 September 2020 the contractual interest may no longer exceed the mandatory interest set by law.

From 12 March 2020 until 1 July 2020 the normal flow of the statute of limitations in contractual matters. The afore mentioned time period shall be excluded from the calculated period of statute of limitations.

During the entirety of the emergency period and for 6 (six) months after its expiration, the court may – within the framework of the procedure for extinguishing obligations and upon receiving a motivated request from the debtor – to decide on deferring the payments to creditors as stipulated in the procedure for extinguishing obligations, at the same time also extending the total term of the procedure;

During the emergency period, meetings of creditors within the course of insolvency proceedings may also be convened remotely.

After amendments to the Law, it is now possible to extend the duration of the legal protection proceedings for a period of one year if, due to the spread and consequences of Covid-19, the debtor has been prevented from fulfilling the plan of legal protection proceedings.

4.3 Regulatory response

- Travelling and movement
- Conducting of business
- Export

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RESTRICTIONS ON TRAVELING/MOVEMENT

- 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 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.
- Exceptions regarding the movement and travelling restrictions are possible and depend on the decision of Minister of Transport and Minister of Interior.
- There is no restriction on the movement of goods (import and export).
- Latvian nationals and permanent residents can enter the country once (through designated crossing points and by using their own transport vehicle) in order to return to their place of residence.
- 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. Prior to their return they must issue a written statement, certifying that they will follow isolation requirements (except for transport service provider staff).

All nationals and residents of the European Union are allowed to cross the territory of Latvia once in order to return to the place of their residence.

Military personnel and related civil contractors from NATO and EU countries, residing in Latvia according to international cooperation programs, may enter and leave Latvian territory through specially designated crossing points. Epidemiological restrictions regarding such foreign military personnel shall be determined by the minister of defense and the minister of health.

In May several flights from Riga to Germany and the Netherlands will take place in order to transport nationals of those countries. Also flights from said countries to Riga will be organized. Please note that flight schedules may be changed and supplemented.

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.

OTHER RESTRICTIONS

- All public activities (except for funerals) are prohibited;
- Working time of all cultural and recreation facilities is limited between 8 a.m. and 10 p.m.;
- All religious activities that include public gathering are prohibited;
- Social distancing of 2 meters is mandatory within all public facilities and on the street (except for juveniles and their parents, people living in one household as well as cases when there are only two people in the premises);

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- People may gather in shopping centers and catering facilities as long as social distancing of 2 meters between persons is ensured;
- Grocery stores, press stores, drug stores (including vet stores), animal food, hygiene, household, construction and gardening stores, vaccination cabinets and dry-cleaners will be open during weekends and holidays;
- Supplying State orders for drugs, protection and decontamination equipment are a priority;
- Additional regulations regarding the circulation of ethanol and denatured alcohol have been imposed.

Riga City Council has taken further measures in order to diminish the number of passengers in public transport of the capital by partially suspending discounts for several resident groups. Regional transport operators are limiting the number of passengers in regional buses.

Starting from 31 March 2020 in order for children to attend pre-school learning facilities, once a week their parents will have to provide a certification that children and/or their family members have not travelled abroad during previous 14 days.

On 7 April 2020 the Cabinet of Ministers extended the State of Emergency in Latvia until 12 May 2020.

As of 9 April 2020, during public procurement procedures, it will be possible to acquire protective gear and medical equipment, whose certification and compliance has not been verified accordingly, and which has not received the CE marking.

According to prime minister Krišjānis Kariņš, starting from 15 May 2020 all three Baltic States (Latvia, Lithuania and Estonia) will open internal borders for the free travel of their residents within the Baltics.

4.4 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. Self-isolation requirements do not apply for Latvian citizens and/or residence returning to Latvia from work in Lithuania or Estonia; however, such persons must maintain self-isolation during their time off work.

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. Starting from 19 March 2020 until 1 April 2020 the majority of Latvian largest banks (SEB bank, Swedbank, Citadele Bank, Rietumu Bank) have begun servicing their clients in-person only based on the prior booking. Other banks, such as Luminor bank continue to operate as usual, although they do encourage their clients to use bank services remotely.

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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.

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.

On 26 March 2020, the Cabinet of Ministers softened regulations regarding the driver work and rest time, which includes following regulations:

1. Total daily driving time should not exceed 11 hours (instead of current 8 hours);
2. Total weekly driving time should not exceed 60 hours (instead of current 56 hours);
3. Total driving time accumulated for a period of two consecutive weeks should not exceed 96 hours (instead of current 90 hours);
4. After 5,5 hour driving period (instead of current 4,5 hours) a driver shall take at least a 45-minute time pause except for cases if he is taking a rest;
5. 45-hour regular weekly rest time can be reduced to 24-hour rest time without asking for compensation.

Based on employer's request employees will have to provide information about their personal health in case their health is essential in fulfilling their duties.

During the State of Emergency, the employer will be entitled to employ a person without mandatory health check, if provision of corresponding healthcare services will be suspended (except for cases related to dangerous work).

As of 2 April 2020, the employer is responsible for repatriating his employees, who are returning from a foreign business trip, without using public transportation.

As of 2 April 2020, the Investment and Development Agency of Latvia is tasked with supporting following entrepreneur categories:

- whose employees are required to return to Latvia;
- who are required to send their employees abroad in order to fulfil active contracts;
- who require foreign employees to travel to Latvia.

As of 9 April 2020, long distance truck drivers are required to certify the fact that after crossing Latvian borders they will self-isolate during their time off work in Latvia. Such certifications shall be re-issued after seven days.

The Minister of Economy in cooperation with the Minister of Health may issue criteria for non-application of self-isolation pertaining to foreign nationals entering the territory of Latvia in order to ensure the commercial obligations of Latvian enterprises in case when the said foreign national does not show signs of respiratory illness.

4.5 Contact in Latvia



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5. LITHUANIA

Latest news:

- As of 11 May, the citizens of the Republic of Poland arriving for the purpose of work, business or studies.
- As of 15 May, the citizens of the Republic of Estonia or of the Republic of Latvia.
- As of 11 May, persons holding a national visa and arriving for the purpose of work, business or studies.
- Persons who have returned from foreign countries shall be subject to 14 days' isolation, except for the citizens of the Republic of Poland returning or arriving for the purpose of work, business or studies, and the citizens of the Republic of Lithuania returning or arriving from the Republic of Poland, where they went for the purpose of work, business or studies.
- Persons who have returned or arrived from foreign countries shall fall subject to 14 days' isolation, except the cases stated in 5.2 section of this newsletter.
- The Lithuanian government has extended quarantine until 31 May but is moving ahead with the last stage of quarantine easing.
- The transportation of passengers and/or their private passenger cars to the Republic of Lithuania by passenger ships/ferries shall be prohibited, except for the ferries running on the routes between Kiel - Rostock - Travemünde and Klaipėda, where passengers are not picked up at intermediate ports and where the minimum contact with bystanders is ensured at the intermediate ports during the change of ferries.

Country overview:

5.1 Direct business support

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:

- The STI announced the list of taxpayers that are expected to suffer from the COVID-19 restrictions. 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

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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 two months after the state of emergency is cancelled.

TAX NEWS FOR ENTREPRENEURS

The State Tax Inspectorate (STI) has announced a list of activities of entrepreneurs, that will be by default entitled to the following tax deferral reliefs:

- STI and Sodra will not initiate the execution of declared taxes / social insurance contributions in case on non-payment of tax;
- Unpaid tax or social insurance contributions amounts will not be subject to late payment interest.

IMPORTANT: the taxes that are not paid by the individual will have to be paid two months after the state of emergency is cancelled.

Entrepreneurs that have a valid business permit and are not allowed to work will be entitled to refund the money spent on such business permit.

FORMS TO APPLY FOR STATE SUPPORT VIA TAX DEFERMENTS ARE AVAILABLE FROM 20 MARCH 2020

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
- ✓ 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 1 July 2020 (instead of 1 May 2020).

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

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SIMPLIFIED REQUIREMENTS FOR DONATIONS

As a general rule, a contract for donations of more than 14 500 euros, 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.

DONATIONS ARE FREE FROM VAT

In general, supply of goods or services free of charge is considered as supply for private use and shall be subject to VAT. However, when the goods or services are supplied as donations, they are now not subject to VAT irrespective of the value of the goods or services. Therefore, companies are encouraged to donate acquired goods or provide services and deduct the input VAT incurred. Previously there were thresholds for the value of goods / services that are now not applicable in light of national emergency.

These provisions are valid from 26 March 2020, so if your company has donated goods / services back in February, you may be entitled to get some VAT back.

REDUCED 9 PERCENT 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 percent.

REDUCED 5 PERCENT VAT RATE FOR ONLINE NEWS MEDIA

In light of coronavirus crisis, the draft Law on VAT was submitted to the Lithuanian Parliament aiming to reduce the VAT rate applied to the supply of online media publications (includes online newspapers and publications) to 5 percent. It is not yet clear if 5 percent VAT rate (if approved) may apply to online media subscription services.

VAT DEDUCTION OF UNUSED ITEMS

State Tax Authorities issued the guidance that the VAT deduction of goods lost / expired because of the quarantine shall not be limited. In order to have the right to VAT deduction entities are not required to apply for approval from the tax authorities, however they should keep substantiate prove of the amount and why it was utilized.

EUROPEAN COMMISSION GRANTS EXEMPTION OF IMPORT DUTIES AND VAT ON THE IMPORT OF GOODS

On 3 April 2020 the European Union published Decision (EU) 2020/491, granting relief from import duties and VAT exemption on importation granted for goods needed to combat the effects of COVID-19. This Decision resulted from the requests sent by the member states since on January 30 the outbreak was declared a public health emergency.

A NEW MODEL FOR STATE AID DURING DOWNTIME APPROVED BY THE LITHUANIAN PARLIAMENT

On 7 April 2020, the Lithuanian parliament decided to approve a slightly different mechanism to compensate wage costs of companies that announced downtime due to the nationwide quarantine.

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WHO CAN APPLY?

EMPLOYERS, WHICH:

- Announced downtime during a declared state of emergency and nationwide quarantine, and cannot provide their employees with work, in cases where work cannot be carried out remotely, or
 - the employee does not agree to carry out other work functions.
-
- Are not budgetary institutions;
 - Are not in liquidation or insolvency proceedings;
 - Have a clean offence record.

WHERE TO APPLY?

Applications may be submitted either by e-mail or by post to the responsible Employment Services Office, in the territory of which the company's office is registered.

WHAT DOCUMENTS TO SUBMIT?

FOR THE FIRST APPLICATION:

- Proposal to implement employment measures;
- Request for payment of subsidies;
- Documents proving that downtime was announced.

FOR SUBSEQUENT MONTHLY APPLICATIONS:

- Request for payment of subsidies;
- Documents proving that downtime was announced;
- Payment slips and bank records proving that salaries were paid.

WHEN WILL THE SUBSIDIES BE PAID OUT?

The state authorities will check the application documents within 5 working days. State subsidies will be paid out for the previous month until the end of the current month.

END OF PAYMENT

State subsidies will be paid until the state of emergency or quarantine regime is revoked by the Lithuanian Government or in cases of violation of the rules for the granting of subsidies.

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WHAT WILL BE THE AMOUNTS?

THE FOLLOWING AMOUNTS WERE APPROVED BY THE LITHUANIAN PARLIAMENT:

- 70% of the salary costs, but not more than EUR 910,50 gross; or
- 90% of the salary costs, but not more than EUR 607,00 gross.

The employer is obliged to keep at least 50% of the employees employed for at least 3 months after the last subsidy amount is paid.

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 euros).

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.

The Lithuanian government is planning to double the initially planned financial support to maintain business liquidity from 500 million euros to more than 1 billion euros.

The state enterprise aimed at promoting business growth “INVEGA” approved 3 key instruments:

- Loan holidays: if after the 16 March 2020 loan or leasing payments were postponed by banks up to 6 months, the state will compensate all interest during that period. 23 million euros will be made available from state funds. The application for this instrument started on 3 April 2020.
- Soft loans for businesses: INVEGA is planning to provide loans to cover the necessary costs of businesses, which were affected the most by quarantine (complete or at least 30 percent drop of turnover). 142 million euros will be made available from state funds starting 16 April 2020.
- Guarantees for financial institutions: the state will guarantee a sum of up to 826 million euros to financial institutions for business loans. This instrument is planned to be implemented on 10 April 2020.

The Lithuanian government proposed a post-quarantine package which offers state subsidies for employees returning to work from downtime. According to the plans presented on 29 April, the following amounts for state guaranteed subsidies were proposed:

- 100 percent of the salary costs during the first 2 months after the quarantine;
- 50 percent of the salary costs during the 3-4 months after the quarantine;
- 30 percent of the salary costs during the 5-6 months after the quarantine;

In all cases, state subsidies will be limited to 607,00 euros (gross). This compensation model still has to be approved by the Lithuanian parliament.

On 4 May a new state support instrument was approved in order to compensate rent costs for businesses that had to shut down their activities due to COVID-19.

Tenants will have the possibility to apply for state subsidies, compensating a maximum of 50 percent of the rent costs, if their main business activity was or still is prohibited due to the quarantine regime, their landlord has offered a discount on the rent payments of at least 30 percent and if other preconditions are met.

State subsidies will be paid during the quarantine period and for another 60 days after the quarantine regime is recalled. The applications will be administered by INVEGA. 100 million euros will be made available from state funds. Since the state funds are limited, it is recommended to submit the application as soon as all conditions for state aid are met.

5.2 Regulatory response

- Travelling and movement
- Conducting of business
- Export

TRAVELLING AND MOVEMENT RESTRICTIONS

Foreigners are as a main rule not allowed to arrive in the country, however, exceptions apply for:

- **As of 11 May, the citizens of the Republic of Poland arriving for the purpose of work, business or studies.**
- **As of 15 May, the citizens of the Republic of Estonia or of the Republic of Latvia.**
- Foreigners who are family members of Lithuanian citizens (parents (adoptive parents), children (adopted children), spouses, guardians);
- Crew members, who are employed in Lithuanian companies engaged in international commercial transportation, or who carry out international commercial transportation by all the means of transport.
- Persons entitled to reside in the Republic of Lithuania.
- **As of 11 May, persons holding a national visa and arriving for the purpose of work, business or studies.**
- Persons enjoying immunities and privileges under the Vienna Convention on Diplomatic Relations (1961) and the Vienna Convention on Consular Relations (1963) and persons serving in NATO and NATO military units and the personnel serving them and their family members as well as the exceptions referred below;
- Foreigners who, in exceptional cases, may be allowed entry to the Republic of Lithuania by special decision of the Government on the recommendation of the Minister holding the jurisdiction in the respective realm;
- Foreigners who, in exceptional cases, will be allowed entry to the Republic of Lithuania on the basis of an individual permission by a minister holding the jurisdiction in the respective realm, and whose entry has been approved by the Government;
- Healthcare professionals can enter the country for the provision of transplant services.

As of May 4, 2020, citizens of Lithuania are no longer restricted from leaving the country. Russia and Poland, however, are currently not allowing foreigners to cross their borders.

On 10 May flights will be allowed to resume to destinations approved by the government. The first destination, that was approved by the government, is Frankfurt-Vilnius-Frankfurt.

Persons who have returned from foreign countries shall fall subject to 14 days' isolation, except for **the citizens of the Republic of Poland returning or arriving for the purpose of work, business or studies, and the citizens of the Republic of Lithuania returning or arriving from the Republic of Poland, where they went for the purpose of work, business or studies**, the crew members, who are employed in Lithuanian companies engaged in international commercial transportation, or who carry out international commercial transportation by all the means of transport, healthcare professionals arriving in the country for the provision of transplant services, and members of official delegations, diplomats and special couriers working on transit trains, citizens of foreign countries transiting through the Republic of Lithuania with

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compulsory escort (convoy) to the country of their residence, and who have no COVID-19 (coronavirus infection) symptoms.

Persons who have returned or arrived from foreign countries shall fall subject to 14 days' isolation, except in the following cases:

- **As of 11 May, the citizens of the Republic of Poland returning or arriving for the purpose of work, business or studies, and the citizens of the Republic of Lithuania returning or arriving from the Republic of Poland, where they went for the purpose of work, business or studies.**
- **As of 15 May, the citizens of the Republic of Estonia and of the Republic of Latvia and the citizens of the Republic of Lithuania returning or arriving from the Republic of Estonia and from the Republic of Latvia.**
- **Crew members, who are employed in Lithuanian companies engaged in international commercial transportation, or who carry out international commercial transportation by all the means of transport.**
- **Health professionals arriving for the provision of transplant services.**
- **members of official delegations, diplomats and special couriers working on transit trains.**
- **Citizens of foreign countries transiting through the Republic of Lithuania with compulsory escort (convoy) to the country of their residence, who have no COVID-19 (coronavirus infection) symptoms.**

The Migration Department informs that foreigners, whose period of legal residence in Lithuania expired during the declared quarantine and who were unable to depart from the Republic of Lithuania in due time through no fault of their own, will not be subject to the return decisions, as well as administrative liability for illegal stay.

The abovementioned foreigners, as well as those with respect to whom the decision regarding the return has been adopted, but the period for the voluntary departure expired during the quarantine, may stay in Lithuania during the quarantine in the territory of the Republic of Lithuania. However, they will be required to depart after the end of the quarantine in the Republic of Lithuania within the established period of toleration.

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

There is no restriction of movement inside the country.

Restrictions shall be imposed on the flows of passengers using long-distance and suburban regular passenger transport services as they shall be required to travel seated maintaining the distance of at least one meter. Special safety precautions shall be taken by disinfecting the vehicles at the beginning and end of the trip for each route. This provision is recommended for urban passenger transport too.

Entry of cruise ships into Klaipėda State Seaport shall be prohibited.

Transportation of passengers and/or their private passenger cars to the Republic of Lithuania by passenger ships/ferries shall be prohibited, except for the ferries running on the routes between Kiel - Rostock - Travemünde and Klaipėda, where passengers are not picked up at intermediate ports and where the minimum contact with bystanders is ensured at the intermediate ports during the change of ferries. At the submission of the Minister of Foreign Affairs, in exceptional cases, a decision regarding permission shall be taken by the government of the Republic of Lithuania.

Foreigners staying in Lithuania and wishing to return to their country of residence may do so by means coordinated with the competent authorities of their country.

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PUBLIC GATHERING

- 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) and not gather in groups larger than two people.
- It is not allowed for children from more than one family to play on children's playgrounds at the same time.
- Persons are obliged to use face masks at public spaces from the 10 April 2020. Face masks have to be worn in public places by everyone above the age of six. Exceptions apply to eating and drinking in open-air cafes, **when swimming in surface water bodies or engaging in water sports and recreation**, also to the training of professional athletes, and in rural areas. Face masks will not be required in a car when the driver is accompanied by family members.

BUSINESS CLOSURE

The Government approved new rules related to shopping spaces, which shall apply starting from 24 March 2020. Supermarkets, veterinary clinics, pharmacies, optics salons, specialized shops selling orthopaedic equipment and food markets shall be obliged to apply the following safety measures:

- To limit the number of customers;
- 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;
- To ensure that shopping trolleys and baskets are cleaned and disinfected after each use;
- To ensure that customers stay within a safe distance of at least 1 meter from queues to checkouts or self-checkout;
- To encourage customers not to pay in cash;
- To ensure that only every second cashier is opened, if a distance of at least 2 m. between them cannot be maintained.
- 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.
- 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.

The Minister of Health issued recommendations regarding the sale of medical masks and disinfectants. Shops and retailers are recommended:

- To sell not more than 50 medical masks to one person;

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- To sell not more than 1 unit of disinfectant or, if the capacity of the disinfectant is less than 1 liter, not to sell units exceeding the total capacity of 1 liter to one person.

THE LITHUANIAN GOVERNMENT ANNOUNCED AN QUARANTINE EXIT PLAN

The Lithuanian government has extended quarantine until 31 May, but is moving ahead with the last stage of quarantine easing.

As of 18 May, kindergartens and other pre-school education establishments, beauty salons, including tattoo and piercing parlors, tanning salons, dental services shall be permitted to open. Private gym training in groups of no more than 10 people will be possible. Outdoor events of under 30 people will be allowed, ensuring 2-metre distances between people and 10-square-metre space per participant.

Starting on 15 May, citizens of Latvia and Estonia will be allowed to enter Lithuania freely and without the required 14-day self-isolation period. Citizens of other EU countries will be allowed to arrive from 11 May for work, business or education. European citizens, except for Baltic and Polish nationals, will be required to self-isolate for two weeks before being able to move freely.

Quarantine exit plan announced by the Lithuanian Government	
1 stage: starting from 15 April	<ul style="list-style-type: none">✓ Retailers that have direct access from the street✓ Shops selling household goods and repair service providers✓ Key makers✓ Accessory shops✓ Shoe repair services✓ Bike repair shops✓ Laundry shops and dry-cleaners✓ Rental shops✓ Repair shops✓ Pet stores
2 stage: starting from 23 April and 27 April	<p>As long as they can ensure 10 square meters per client, or serve only one person at a time:</p> <ul style="list-style-type: none">✓ Cultural establishments – libraries, museums✓ Hairdressers, beauticians and manicure services✓ Outdoor restaurants and cafes✓ Specialized trainings that cannot take place remotely✓ Outdoor activities, e.g. Tennis and golf courts, shooting ranges, wakeboarding parks, sightseeing paths, parks, zoos, outdoor botanical gardens, observational towers✓ All shops, including shopping centers
3 stage: starting from 30 April	<ul style="list-style-type: none">✓ Non-food markets✓ Group outdoor activities, as long space of 10 square meters per person maintained✓ Non-essential medical services✓ Facemasks not mandatory outside populated areas, for children under 6 and athletes during training✓ Individual training in indoor sporting facilities

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	✓ Leaving the country allowed from 4 May
4 stage: 7-31 May	✓ Boating ✓ Kindergartens and pre-school education ✓ Tattoo parlors, suntan salons and other beauty salons ✓ Gym training in small groups ✓ Outdoor and indoor events of under 30 people ✓ Dental services ✓ Hospital visits ✓ Unrestricted travels within Baltic countries

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

On 8 April 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 and quarantine is declared by the Lithuanian Government, and the employer cannot provide the employees with work according to the employment agreement, because due to the peculiarities of work organization it is not possible to work remotely or the employee does not agree to carry out other work functions offered by the employer.

Employers are obliged to inform the National Labour Inspectorate about announced downtime within 1 working day after the announcement.

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

- Employers are obliged to inform the National Labour Inspectorate about announced downtime within 1 working day after the announcement;
- 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 euros 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.

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.

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 evaluating the possibility of remote work immediately and, if possible, organise it.

The Minister of Health issued new recommendations to institutions and businesses, which are planning to resume their activities. If remote work is not possible, it is recommended to resume activities gradually in phases, ensuring that employees older than 60 years or those suffering from chronic illnesses continue to work from home. Managers have to ensure, that only healthy employees are coming back to the office, therefore, a working schedule should be arranged, and work should only be carried out at a distance of at least 2 meters between working stations or be separated by partitions. In order to ensure that as few employees as possible work in the same room, it is recommended to install workstations in meeting rooms, the canteen, and other previously unused premises of the institution.

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 must 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 31 May 24:00.

5.4 Contact in Lithuania



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6. SWEDEN

Latest news:

The government has proposed support for companies to speed up the process of changing and adapting their business. The amount of compensation shall depend on how large the loss of sales a company has had but shall vary between 22.5 and 75 percent of the company's fixed costs (excluding salary costs) during March and April 2020. In order to receive the support, it has been proposed that the company must have had a turnover of at least 250,000 SEK during the last financial year and a loss of turnover of at least 30 percent. The turnover loss is to be calculated during March and April 2020 compared to the same months last year. The support is to be granted to companies and organizations that have F-tax and is proposed to come into force 1 July.

Country overview:

6.1 Direct business support

TAX

Temporary deferral with payment of tax, which entered into force on 7 April 2020. 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 2020 - September 2020, and the deferral period may be set out for a maximum of 1 year.

The presented temporary deferral with payment of tax that are reported monthly or quarterly, is now expanded to include VAT that is reported annually from 27 December 2019 to 17 January 2021 (applicable for some smaller businesses).

The interest rate for the deferral is lowered from 6.6 percent to 1.25 percent for the first six months, after which a monthly fee is charged which gives a total fee of 3.1 percent.

A temporary reduction in employers' contributions for the period 1 March - 30 June was introduced, so that only the retirement pension contribution is paid (10.21 percent instead of 31.42 percent). The reduction can be applied to up to 30 employees and only to the part of the salary that does not exceed 25,000 SEK (monthly gross). This entails a tax relief of up to 5,300 SEK per employee per month. In order to provide a corresponding relief to sole traders, a reduction of the self-employed contributions can also be made.

The rules on the so-called periodization funds (a profit equalization fund, Sw: periodiseringsfond) 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 such funds, up to a ceiling of 1 million SEK, which can then be offset against possible future losses. This concerns individual traders and natural persons who are partners in trading partnership.

RENT

In order to reduce the costs for companies in sectors such as durables, hotels, restaurants and fairs as well as consumer services such as dentists, physiotherapy activities, hair and

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body care etc., the government has allocated 5 billion SEK for support of reduced fixed rents. The support is to be applied for by the landlord who has lowered the fixed rent for tenants during the period 1 April to 30 June. The compensation is given with a maximum of 50 percent of the reduced fixed rent, i.e. the discount itself, but a maximum of 25 percent of the original fixed rent. The rent reduction agreement between the landlord and the tenant must be concluded before 30 June. The application must be sent no later than 31 August 2020 online through the county administrative boards (Sw: länsstyrelserna).

ADAPTATION SUPPORT

The government has proposed support for companies to speed up the process of changing and adapting their business. The amount of compensation shall depend on how large the loss of sales a company has had but shall vary between 22.5 and 75 percent of the company's fixed costs (excluding salary costs) during March and April 2020. In order to receive the support, it has been proposed that the company must have had a turnover of at least 250,000 SEK during the last financial year and a loss of turnover of at least 30 percent. The turnover loss is to be calculated during March and April 2020 compared to the same months last year. The support is to be granted to companies and organizations that have F-tax and is proposed to come into force 1 July.

DORMANT SOLE PROPRIETORSHIPS

Sole proprietorships that are dormant due to unemployment are exempted in 2020 from the rule that they may only be dormant once for five years.

6.2 Contracts, debts and civil law

EXTENDED OPPORTUNITIES FOR LOANS:

- Almi Företagspartner, a state-owned venture capital firm, will receive a capital injection of 3 billion SEK to increase their capacity to lend to small and medium-sized companies.
- The Swedish Export Credit Agency's debt limit is extended from 125 billion SEK to 200 billion SEK for loans to export companies.
- The Swedish Export Credit Agency ceiling for credit guarantees is increased from 450 billion SEK to 500 billion SEK.
- A government loan guarantee, where 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 may be granted a loan at a maximum amount of 75 million SEK, but exceptions can be made.

SHAREHOLDERS' MEETINGS

The parliament has passed a new temporary law to facilitate holding of shareholders meetings under the current circumstances, which comes into force on 15 April and applies until 31 December 2020. The law makes it easier for companies to conduct the meetings in such a way that the risk of spreading the virus is minimized. Collection of proxies, postal voting and participation through representatives at general meetings will be possible to a greater extent. The number of in person can be kept down, while the possibility for shareholders and members to exercise their right to vote is facilitated.

6.3 Regulatory response

CITIZENS

The Public Health Authority 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.

In particular, people over the age of 70 years are encouraged to limit the contact with other people for the time being. Moreover, they shall completely avoid traveling by public transport, shopping in stores, visit other places where people gather in numbers.

Prohibition of public gatherings and public events with more than 50 people. This does not apply to private events but should be seen as recommendations for these events as well, according to authorities.

A visitor ban on nursing homes is in effect since April 1.

EDUCATION

All Sweden's upper secondary schools, colleges and universities are urged to keep closed and switch to distance education.

On 19 March 2020 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 yet the government has not yet decided to close elementary and preschools.

FOREIGN TRAVEL

The Ministry of Foreign Affairs still advises Swedish citizens against unnecessary travel to all countries. The recommendation is valid until 15 June 2020.

The government prohibits all travel to Sweden from countries outside the EU until 15 May. Swedish citizens and other persons permanently residing in Sweden are however able to return home from abroad. 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.

DOMESTIC TRAVEL

People that are ill shall avoid all forms of travel. All unnecessary travel should be avoided and anyone traveling should avoid visiting older relatives and friends, whether healthy or not. Those who belongs to a risk group should especially consider travelling.

POLITICS

The parliament has passed a new temporary law were the government is granted increased power to take decisions on Corona-related issues, such as closing schools, without first consulting the parliament. The new law is in effect from 18 April to 30 June 2020.

RESTAURANTS, STORES, TRANSPORT

The Public Health Authority prohibits everything except table service/take away at restaurants, cafes, bars and nightclubs. Hence, service at the bar or in other areas of a pub or restaurant is prohibited.

The Public Health Authority have released guidelines regarding how to reduce the number of customers staying in such areas as grocery stores, department stores and shopping centers

at the same time, including e.g. to develop alternative solutions to avoid queues, or to specify the distance between the customers.

People that do not belong to a risk group are now also encouraged to visit stores or cafés etc. as little as possible and to limit the social contexts to the most essential.

In terms of public transport, the Public Health Authority, have announced that the responsible actors shall review and limit the total number of passengers per vehicle to avoid near distances between passengers.

MEDICAL

The capacity to test for COVID-19 will be further expanded to other selected groups, such as medical staff and the Public Health Authority shall develop a national strategy and coordinate this work with other actors.

6.4 Working

- Home office
- Flexible working hours
- Short-time work

HOME OFFICE/ REGULAR OFFICE

Employers who have the opportunity to let employees work from home should consider recommending this.

For employees that does not work from home, the employer shall ensure that there is a distance between colleagues in the workplace, that working hours are adjusted so that employees do not have to travel to or from the workplace in rush hour traffic and that good hand hygiene is maintained.

SHORT-TIME WORK

As of 16 March 2020, employers can order short-time work where employees' working hours are reduced by up to 60 percent while they retain 92.5 percent of their salary.

As from 1 May, and for three months onwards, the opportunities for short-time work is extended. During this time period it shall be possible for employers to reduce the employees working hours by up to 80 percent while they still retain 88 percent of their salary.

SICKNESS AND SICK-PAY

As from 16 March 2020 and for at least two months, sick pay (paid for day 2-14 of absence due to sickness) is not to be paid by the employer. This is instead to be paid by the government.

The qualifying day for sick pay will be discontinued between 11 March 2020 and 31 May 2020. 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.

6.5 Contact in Sweden



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7.

RÖDL & PARTNER IN THE NORDIC-BALTIC REGION

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