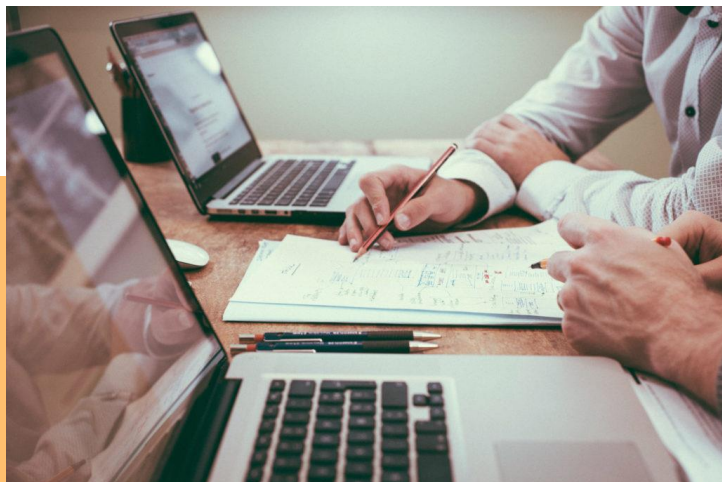




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## ESTONIAN RELIEF PACKAGE

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**In light of the Covid-19 crisis, the Estonian Government has given its approval to a relief package of economic measures amounting to at least EUR 2 billion.**

This package will include support to struggling companies through the KredEx Foundation and the Estonian Rural Development Foundation, labour market support from the Estonian Unemployment Insurance Fund (EUIF), as well as sickness benefits and [tax incentives](#).

### Employment measures

To prevent large-scale layoffs, the EUIF has agreed to reimburse 70% of pay for employees of businesses experiencing hardship, contingent upon the employer meeting certain requirements. The benefit will be calculated based on the gross average wages of the employee during the previous 12 months and will not exceed EUR 1,000 per employee per month. It can be claimed by both private and public employers for a maximum of two months within the three-month period from March to May.

The state will also compensate the first three days of sick leave for all incapacity leave applications from the period of March to May. In addition, self-employed persons will receive social tax paid in advance by the state for the first quarter.

### KredEx and Rural Development Foundation measures

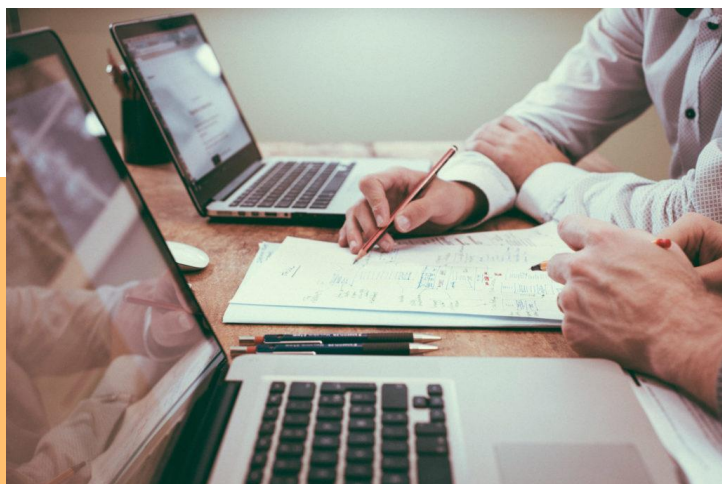
The KredEx Foundation measures will include loan collateral amounting to EUR 1 billion for bank loans already issued in order to allow for repayment schedule adjustments (maximum EUR 600 million for the surety collection) under certain conditions. Rural companies can also apply to the Rural Development Foundation for guarantees (up to EUR 50 million), business loans (up to EUR 100 million) or land capital financing (up to EUR 50 million).

In addition, the package allows for deferral of tax debt for 18 months, temporary suspension of second pillar pension scheme payments, as well as partial compensation for the direct costs of cancelled events.

**This overview was compiled on 25 March 2020.** Full details of the implementation of the package are still being developed. Please do not hesitate to contact us for updates at [tallinn@magnussonlaw.com](mailto:tallinn@magnussonlaw.com).



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### The Latvian government introduces special measures in response to the Covid-19 crisis

On 20 March 2020, the Latvian government passed a special law introducing measures in response to the threat to the affected sectors of the economy posed by the spread of Covid-19. The law applies as of 12 March 2020, when Latvia declared a state of emergency.

#### Employment measures

Employees working for affected companies who are not able to go to work due to limitations imposed by the can receive payments of up to 75% of their previous average monthly salary (basing on the average of the previous 6 months) up to EUR 700. Income tax will not be deducted from these payments. Notably, this support can be withheld if the company hires new employees.

#### Taxation and reporting measures

Companies unable to fulfil their tax obligations may postpone payment for up to 3 years without risking late payment fees and inclusion on the State Revenue Service debtor list. It is also noteworthy that the tax authority retains the right to revoke the decision to extend the tax payment period.

Overpaid VAT after VAT declaration that has been approved by the State Revenue Service will be reimbursed within 30 days.

The deadline to submit the company's annual reports for the 2019 financial year has been extended by 3 months.

The law gives local municipalities the right to set other real estate tax payment deadlines, so be sure to follow the announcements of the local municipalities.



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In certain cases, the law prevents creditors from filing an application to wind up an incorporated entity until 1 September 2020.

### **Gambling and Excise**

It is prohibited to organize gambling and lotteries during Covid-19 crisis, unless taking place online.

Goods subject to excise (e.g., beer) can continue to be sold by so called “distance contracts” (e.g., via the Internet), with the exception of tobacco and other products relating to smoking, such as liquids for e-cigarettes. Alcohol products used to produce alcohol-based disinfectants during the period of Covid-19 crisis shall also be exempt from excise.

### **Summary**

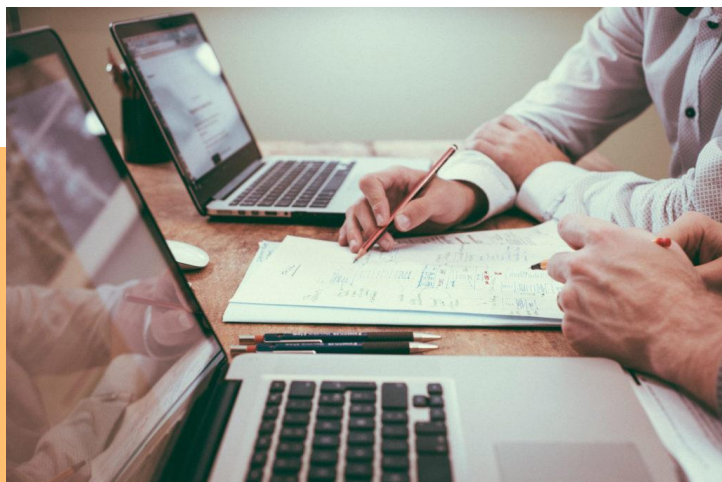
The full list of sectors approved for support by the Cabinet of Ministers due to the deterioration in their financial situation due to Covid-19 is available [here](#). The main sectors to which these new measures apply include:

- Passenger airway and railway companies
- Hotels and similar accommodation providers
- Camping grounds, recreational vehicle parks and trailer parks
- Restaurants, bars and mobile food service providers
- Companies renting/leasing cars, light motor vehicles, recreational and sports goods
- Travel agencies
- Pre-primary education providers
- Sports and out-of-school education providers
- Organizers of different cultural activities
- Museums and historical sites
- Sports facilities and sport and fitness clubs
- Amusement parks and theme parks

For further questions regarding these special measures, please do not hesitate to contact us at [riga@magnussonlaw.com](mailto:riga@magnussonlaw.com).



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**The Lithuanian government has introduced a package of special measures in response to the Covid-19 crisis to support the economy**

### Retaining jobs

In the event of emergency or quarantine, remote work is not always an option. Therefore, employers may declare idle time or partial idle time in complicated cases. The costs incurred by employers will be compensated by the pay subsidy granted to the employer by the Lithuanian Employment Services. The minimum monthly salary eligible for support is currently EUR 607 gross or EUR 437 net. A breakdown of government support to employers is in the table below.

Sector	Employer	State	Duration
<b>In sectors with State-imposed restrictions</b>	10 per cent of the employee's salary	90 per cent of the employee's salary, but no more than EUR 607	Until the emergency situation or quarantine is lifted, but the employer must retain the employee for 3 more months
<b>In other sectors</b>	40 per cent of the employee's salary	60 per cent of the employee's salary, but no more than EUR 607	Until the emergency situation or quarantine is lifted, but the employer must retain the employee for 3 more months

### Increased sickness allowance for employees who contract a disease while at work

If health care specialists, officers or other employees, become infected with a disease the subject of an emergency declaration in the course of their duties, they will be eligible for the maximum sickness allowance, or 100% of their "take-home" salary (or 77.58% of the gross salary). This allowance is applicable to such employees as pharmacists, cashiers,



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social workers, among others. In each case, the documents evidencing the link between performance of duties and sickness should be submitted to the territorial division of the State Social Insurance Fund (“Sodra”).

### **Suspension from work**

The Lithuanian Parliament has approved amendments to the Labour Code, stating that in the event of an emergency situation or quarantine, the employer may suspend an employee from work if the employee’s health condition poses a threat to his/her colleagues, but the employee does not agree to work remotely. Any suspension from work would apply for a limited period and be without pay.

### **Liquidity support for businesses**

The Lithuanian tax authority will enter into urgent agreements on tax deferral or instalment arrangements without applying any interest. Recovery following suspension of tax arrears will be based on “common sense” criteria. Taxpayers are exempt from fines and default interest for delays to fulfilling their taxation obligations. The possibility to defer payment of personal income tax has also been introduced.

An increase of the guarantee limit of the Agricultural Loan Guarantee Fund and INVEGA by EUR 500 million has been introduced alongside an extension of the terms of the guarantee. Small and medium enterprises would be compensated between 50-100% of the interest paid to date.

The opportunity for business customers to defer or postpone payments for electricity and natural gas bills to UAB Ignitis, an energy service company, has also been introduced. In a similar vein, municipalities are recommended to exempt taxpayers from taxes on commercial real estate and land taxes. Another recommendation to municipalities is to defer or spread utility bills and payments for thermal energy.

Considering the imposed restrictions and banned activities due to COVID-19, the State Tax Inspectorate published a [list](#) of taxpayers which from 16 March 2020 are automatically (without any request needed) subject to:

- exemption from default interest;
- suspension of tax arrears recovery.

Once the emergency situation has been lifted, the companies who benefitted from the special measures will have two months to pay their taxes or enter into an interest-free tax instalment agreement.

Any business owners not included in the above list of taxpayers but also experiencing hardship due to COVID-19 may contact the tax administrator for relief by submitting an application via a simplified form.



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### **Acceleration and future measures**

The package of economic and financial measures also includes the acceleration of investment programs by speeding up payments and increasing funding intensity. The government also intends to redistribute EU investment funds to the health, employment and business sectors, accelerate the use of appropriations in the State budget for current expenditure, use all the funds of the Climate Change Program and the Road Maintenance and Development Program, and accelerate the program for the renovation of multi-apartment buildings. In addition, the government intends to recommend that the Bank of Lithuania take the following measures to increase the lending potential of banks by EUR 2.5 billion:

1. reduce capital adequacy requirements to credit institutions;
2. reduce liquidity reserves; and
3. reduce other supervisory measures.

Finally, the government also plans to set an additional State guarantee limit of EUR 500 million for the creation or replenishment of financial instruments where the State assumes the primary risk of exposure. The economic stimulus package of EUR 1 billion will include EUR 500 million in additional investments and EUR 500 million as additional guarantees.

For further questions regarding these special measures, please do not hesitate to contact us at [vilnius@magnussonlaw.com](mailto:vilnius@magnussonlaw.com).