

**Baker  
McKenzie.**

**COVID-19 *Government Intervention  
Schemes in Europe***



# Government Intervention Schemes

Countries around the globe are facing unprecedented and rapid change due to the COVID-19 pandemic. This guide provides a summary of key government intervention measures across 9 European jurisdictions in relation to: EU State Aid Approvals, Foreign Investment Restrictions, Debt and Taxation.

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

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

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

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

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

Visit the [Baker McKenzie Coronavirus Resource page](#) to access a wealth of reference materials around this topic.

# Countries



# European Union

*last update: 27 March 2020*



## State Aid

- EU law generally prohibits EU Member States from providing State aid (unless exempted or approved by the EU Commission)
- 13 March 2020 EU Commission presents communication setting out already available routes to approval for aid to help mitigate socio-economic impact of COVID-19 e.g. ability to compensate specific companies or sectors for damages directly caused by COVID-19
- 19 March 2020 EU Commission adopts Temporary Framework to fast-track COVID-19 State aid approval (until end 2020)
- Some COVID-19 support measures will not qualify as prohibited State aid; for instance:
  - direct consumer compensation
  - company investment, deferring debt repayment, or shareholder guarantee, at market terms (= acceptable to a private investor in comparable situation)
  - measures generally applicable to all companies e.g. tax relief or relief from social contributions (≠ sectoral relief)
- COVID-19 Temporary Framework fast track approval available for five types of aid under certain conditions:
  - direct grants, selective tax advantages and advance payments: schemes for support of up to EUR 800,000 per company for urgent liquidity needs
  - State guarantees for loans taken by companies from banks: Member States can provide State guarantees to ensure banks keep providing loans to customers
  - subsidised public loans to companies: Member States can grant loans with favourable interest rates to companies
  - safeguards for banks that channel State aid to the economy
- Nine Member States had a total of 23 support schemes approved under the Framework within the first ten days

# European Union

*last update: 27 March 2020*



## Foreign Investment Restrictions

On 25 March 2020 the European Commission issued new guidelines to ensure an EU-wide approach to foreign investment screening in a time of public health crisis and related economic vulnerability. The aim is to preserve EU companies and critical assets, notably in areas such as health, medical research, biotechnology and infrastructures that are essential for security and public order, without undermining the EU's general openness to foreign investment. The Commission calls upon Member States that already have an existing screening mechanism in place to make full use of tools available to them under EU and national law to prevent capital flows from non-EU countries that could undermine Europe's security or public order. The Commission also calls on the remaining Member States to set up a fully-fledged screening mechanism and in the meantime to consider all options, in compliance with EU law and international obligations, to address potential cases where the acquisition or control by a foreign investor of a particular business, infrastructure or technology would create a risk to security or public order in the EU.

# Austria

*last update: 27 March 2020*



## EU State Aid Approvals

No approved measures to date.

## Foreign Investment Restrictions

No new measures have been announced in specific response to COVID-19.

## Debt

The Austrian Federal Government set up an initial COVID-19 Fund of EUR 4 billion, to provide support to companies mainly in the form of loans with terms, conditions and termination provisions that are more favourable than those on the market. It subsequently added to that an additional EUR 36 billion package consisting of EUR 15 billion in emergency aid for particularly affected sectors; EUR 10 billion for tax deferrals and EUR 9 billion for guarantees and warranties for current loans of affected companies; and an additional EUR 2 billion working capital credit lines for affected exporting companies.

### Exclusions

- Companies must have their registered office or a permanent establishment in Austria.
- Must carry out their "essential operational activities" in Austria, i.e, foreign activities must not be "more important" than those in Austria.
- Must be economically healthy, with business activities in Austria that suffer 'financial difficulties' due to COVID-19.

# Austria

*last update: 27 March 2020*



## Taxation

**Short-term work program:** A new short-term work program allows employers to reduce their employees' weekly working hours by minimum 10% up to a maximum of 90%. This refers to an average basis for the whole time of the intended short-term work program. The employer only has to bear the costs for the actual work his employees are performing during this period, which also includes social contributions. A respective application has to be made with the Labour Market Service. The relevant applications can be found by clicking [here](#).

**Social contributions:** Everyone insured at SVS (Sozialversicherungsanstalt der Selbstständigen - Social Insurance Institution for Self-employed) suffering from financial losses due to the COVID-19 outbreak can request a reduction or deferred payment of their social contributions via e-mail or online by clicking [here](#).

**SMEs and self-employed individuals:** The Austrian government has further provided hardship funds for one-person-companies and very small companies (up to 10 employees).

Requirements:

- Independent operator of a commercial company or any freelance profession, regardless of whether or not a chamber member  
Establishment or start of business until December 31, 2019
- Registered office or permanent establishment in Austria
- To be affected "by an economically significant threat from COVID-19", i.e. the applicant
  - is no longer able to cover running costs or
  - is affected by an officially ordered ban on entry due to COVID-19 or
  - has a drop in sales of at least 50 percent compared to the same month of the previous year

Application for a direct payment of up to EUR 1,000,-, if the net income amounts to more than EUR 6,000,- per year (followed by monthly payments of up to EUR 6,000,- in total), no repayment.

Amongst other reasons, no payment will be granted, if the total yearly net income exceeds EUR 60,000, or is below EUR 5,500.

An application is possible until 31.12.2020 online by clicking [here](#)

# Belgium

*last update: 27 March 2020*



## EU State Aid Approvals

No approved measures to date.

## Foreign Investment Restrictions

No new measures have been announced in specific response to COVID-19.

## Debt

The Belgian government announced an agreement with the Belgian financial sector pursuant to which banks undertake to grant viable non-financial enterprises with a deferral of debt payment until 30 September 2020 without charging any additional costs (further details awaited); and also agreed to set up a government guarantee structure in order to guarantee certain credit facilities, the heads of terms of which include: total principal amount not to exceed EUR 50 billion; application to all new credits and credit facilities with a maximum maturity of 1 year (extension possible) that arise between the issuance of the Royal Decree and 20 September 2020 (extension possible).

The Royal Decree containing final details is still to be published.

Several Belgian regional governments have also taken measures in order to support businesses against the financial consequences of the COVID-19 crisis. However, these measures are particularly focused on small and middle - sized enterprises.

# Belgium

*last update: 27 March 2020*



## Debt

### **Exclusions:**

The heads of terms declare that the government guarantee will only apply to credits and credit facilities granted:

- to viable non-financial enterprises, non-profit organisations and self-employed persons; and
- by Belgian credit institutions or Belgian branches of non-Belgian credit institutions (the Belgian government may expand the scope of application to other institutions considered to be equal to Belgian credit institutions).

Credits for the refinancing of existing credit facilities do not fall within the scope of the guarantee arrangement.

The scope of the application and any other conditions will be set out in the awaited Royal Decree.

### **Additional notes:**

Upon expiration of the guarantee arrangement, the financial sector and the banks will evaluate the loss incurred in respect of the credits which benefited from the guarantee arrangement. The loss will be borne by the financial sector and the federal government at predetermined rates.

# Belgium

*last update: 27 March 2020*



## Taxation

The Belgian government has implemented support measures that are automatically applicable. These include the extension of filing of tax returns and payment deadline (full details available [here](#)).

A series of tax measures have also been taken at regional and local level. For example, in the Flemish Region, the assessments relating to real property tax for enterprises will only be sent in September, whereas they are usually sent around this time. Moreover, the Flemish tax authorities granted a payment deferral of four months with respect to the annual road/circulation tax due by enterprises for 2020.

At a federal level, support measures were adopted with respect to payment arrangements regarding outstanding tax debts of enterprises that are in financial difficulties as a result of COVID-19, such as exemption from late payment interest or a waiver of fines related to the non payment of tax. In order to benefit from the said support measures, the taxpayer must demonstrate that they are experiencing financial difficulties as a result of COVID-19. Details can be found on the website of the [Federal Public Service Finance](#).

**Frontier workers:** Due to COVID-19 many frontier workers will be forced to work from home and hence not in the frontier region of their work state. Belgium has therefore agreed with both France and Luxembourg that the presence of the frontier workers at home due to COVID-19 will, as of 14 March 2020, not be taken into account for the application of the rules imposed by the Double Tax Treaty given that the current situation can be considered as a case of force majeure.

Likewise, the Belgian social security administration has taken the position that changes in the normal working pattern due to COVID-19 will not trigger a change in applicable social security coverage (at least in an EU cross-border employment situation; where Switzerland or another country with which Belgium has entered into a bilateral social security treaty are concerned, the situation has to be analysed on a case by case basis and in conjunction with the Belgian social security administration). Further no (amended) LIMOSA notification has to be made where employees who are covered by a non-Belgian social security regime are working from their Belgian home office due to COVID-19.

# France

*last update: 27 March 2020*



<b>EU State Aid Approvals</b>	Three schemes expected to mobilise more than EUR 300 billion. Two schemes enabling the French public investment bank Bpifrance to provide State guarantees on commercial loans and credit lines for enterprises with up to 5,000 employees. A third scheme to provide State guarantees to banks on portfolios of new loans for all types of companies (21 March)
<b>Foreign Investment Restrictions</b>	<p>No specific changes yet to the French regime as a direct result of COVID-19. However, the French Minister of Economy has stated that the government is ready to protect important French companies by recapitalising them, buying shares or even taking them over.</p> <p>The government has specifically stated that nationalisation of strategic companies will not be ruled out if necessary. The French State has the power to nationalise a French company if it meets a public interest objective.</p> <p>No specific nationalisation is officially contemplated at this stage but it is possible that companies in strategic sectors, such as the automotive and aircraft industries, may seek support from the government, as they are directly and heavily affected by the pandemic.</p>
<b>Debt</b>	<p>The main measures adopted by the French government consist in state guarantee schemes, implemented in line with the EC authorization, to facilitate short-term credit to companies facing cash flow difficulties due to the COVID-19 crisis:</p> <p><u>Setting-up of a loan guarantee scheme up to a total of EUR 300 billion for loans satisfying certain conditions:</u> All companies are eligible, subject to (i) the borrower not being a credit institution or finance company, nor being insolvent or under bankruptcy or similar proceedings as at 31 December 2019, (ii) the loan terms including a minimum grace period, the possibility to extend the amortization period and the absence of security interest and (iii) the lender proving an increase of its financial support to the borrower since 16 March 2020. The maximum amount of guaranteed financing is 25% of the borrower's annual turnover (subject to exceptions for young or innovative companies). The level of guarantee coverage is 90% for borrowers with less than 5,000 employees and an annual turnover under EUR 1.5 billion and 80% / 70% for borrowers with an annual turnover exceeding respectively EUR 1.5 / 5 billion). The state guarantee is granted at a preferential fee (from 0.25% to 2% per year depending on the size of the borrower and the loan maturity).</p>

# France

*last update: 27 March 2020*



## Debt

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

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

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

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

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

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

Deferral of social contributions and tax liabilities and acceleration of tax credits repayments.

# France

*last update: 27 March 2020*



## Taxation

France has initiated tax measures to address the significant impact of the COVID-19 outbreak.

**Tax and social contributions payment deferrals:** These include full deferrals of tax (corporate income tax, CFE, CVAE,...) and social contributions (employer's part of payroll related taxes mainly) due since March 15 (you can obtain a temporary repayment if already paid), not subject to size or profitability. They can be obtained only upon request. Three-month deferrals are generally granted. Businesses in severe distress can obtain a full exemption of tax, not just a deferral. VAT and other corporate income tax credits can be repaid faster than usual. The Ministry of Finances has issued specific forms for certain requests per type of tax and publishes news very regularly on its webpage that we recommend consulting regularly: <https://www.economie.gouv.fr/coronavirus-soutien-entreprises>.

**Key Exclusions:** We recommend to ask quickly for deferrals because, as time passes by, new conditions to be eligible / exclusions may be requested. There is otherwise no particular rule affecting personal income tax withholding obligations of employers or VAT collections requirements.

# France

*last update: 27 March 2020*



## Taxation

France has initiated tax measures to address the significant impact of the COVID-19 outbreak.

**Other important measures include:** In case of temporary unemployment, the State will pay 84% of the net salary that is usually borne by the employer. There is a cap at €6,927 of gross salary amount. Employers had initially 1 month to make the appropriate claim (this seems to be extended in practice but we recommend to do it as soon as possible).

Employers can pay a 1,000 euros bonus to employees who are willing to go to work (this bonus is apparently fully exempt of tax: social and personal income tax). Some retailers have already committed to pay this bonus.

Payment of electricity, natural gaz and water bills as well as rents may be deferred. This is particular important to industries using large facilities in France.

**Employees:** In case of temporary unemployment, the State will pay 84% of the net salary that is usually borne by the employer. There is a cap at €6,927 of gross salary amount. Employers have less than 1 month to make the appropriate claim.

Employers can pay a 1,000 euros bonus to employees who are willing to go to work (this bonus is apparently fully exempt of tax: social and personal income tax). Some retailers have already committed to pay this bonus.

# Germany

*last update: 27 March 2020*



## EU State Aid Approvals

Two subsidised loan schemes to be implemented by the German bank Kreditanstalt für Wiederaufbau (KfW) covering up to:

- 90% of the risk, available to all companies (up to 5 year maturity and up to EUR 1 billion per company)
- 80% of the risk, but no more than 50% of a company's total debt, as part of a consortium of private banks

Loans will only be provided during 2020 with up to a six year maturity (22 March)

A third loan scheme open to all companies enabling the granting of guarantees on loans at favourable terms to help businesses cover immediate working capital and investment needs (24 March)

A fourth direct grant aid scheme (direct grants, repayable advance or tax and payment advantages) for companies of up to EUR 800,000 per company (with lower thresholds for companies involved in fishing and agriculture) (24 March)

## Foreign Investment Restrictions

None. In light of the COVID-19 crisis, the German government would likely restrict the acquisition of medical companies by non-EU or EFTA entities. Different to before the crisis even the sale of a small to medium sized medical company could presumably be considered to endanger the public order and security of Germany. While many have expressed concerns that foreign investors may be acquiring German companies and have called for stronger screening of foreign investments, the German government has not indicated any changes. While to date there has been no specific changes to the German FIR regime due to the pandemic, according to a proposed amendment to the German Foreign Trade and Payments Act (AWG), the scope of the review will change from an "actual risk" to public order or public security to "probable impairment". Furthermore, the foreign investment review is to become stricter for certain critical technologies, for example biotechnology.

# Germany

*last update: 27 March 2020*



## Debt

The German government announced the possibility to ask for a loan backed by the German government (80/90%) of up to EUR 1 billion, but capped at 25% of annual turnover to cover liquidity needs for the next 18 months (small companies) or 12 months (large companies) or 50% of the overall debt (if loan in excess of EUR 25 million).

## Taxation

For taxpayers (irrespective of legal form) who are directly and not only insignificantly affected by COVID-19, the following tax reliefs are provided:

1. Enforcement measures and late payment surcharges in respect of all taxes in arrears or due up to December 31, 2020 may be waived.
2. Tax debts may be deferred (without levying deferral interest).
3. Advance tax payments may be reduced.

In order to apply for such tax reliefs, the local tax offices provide application forms on their websites. However, at present it is not yet clear what form the required evidence must take and whether there will be standardized regulations for certain companies and sectors.

Furthermore, with regard to taxes that are administered by the Federal Central Tax Office (Bundeszentralamt für Steuern) (e.g. value added tax and insurance tax) and the Central Customs Authority (Bundeszollverwaltung), the tax authorities have been instructed to make appropriate concessions to taxpayers. It is therefore imaginable that the allocation of VAT ID numbers, the MOSS procedure and the input tax refund procedure could be simplified.

# Italy

*last update: 27 March 2020*



## EU State Aid Approvals

Two measures:

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

## Foreign Investment Restrictions

Italy is contemplating introducing measures to protect companies in strategically important sectors. The Italian government is considering possible amendments to the current Italian rules on foreign investment screening (so-called “Special Powers” of the Italian Prime Minister). The Prime Minister and the government are looking at the possibility of qualifying all Italian companies listed on the Milan Stock Exchange as “strategic” for the purposes of the application of the existing Special Powers rules.

If this happens, this could mean that the current Special Powers rules on foreign investment, which currently allow the Prime Minister to veto or impose conditions in relation to certain transactions in the defence/homeland security, telecoms, energy, and transportation sectors, could be extended to foreign investment in all Italian listed entities.

# Italy

*last update: 27 March 2020*



## Debt

The Italian government issued a Decree to:

- (a) strengthen the Central Guarantee Fund for SMEs (the Fund) for a period of nine months by, among other things, permitting the granting of guarantees on a gratuitous basis, increasing the maximum guaranteed amount for each SME from EUR 2.5 million to EUR 5 million, and permitting the guarantee to be available for refinancing;
- (b) introduce a State guarantee in favour of Cassa Depositi e Prestiti S.p.A. directly guaranteeing 80% of the financing made available by CdP to enterprises other than SMEs and/or counter-guaranteeing 80% of any guarantee issued by CdP in the interest of enterprises other than SMEs; and
- (c) contemplate further decrees adopting additional measures.

### Exclusions

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

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

# Netherlands

*last update: 27 March 2020*



## EU State Aid Approvals

No approved measures to date.

## Foreign Investment Restrictions

No new measures have been announced in specific response to COVID-19.

## Debt

The Dutch government has announced a wide range of financial, economic and fiscal measures. The majority of these measures have not been formalised in detail yet. They include, among others, extended government funding and guarantees for SMEs (from 50% to 75%), a special government guarantee ("GO-guarantee") for SMEs with difficulty accessing financing (up to an amount of EUR 150 million and not exceeding 50% of the principal loan amount), additional funds for small undertakings in areas such as hospitality, culture and restaurants, credit guarantees for SMEs in agriculture sector, and government funding for 'Qredits' microcredits initiative.

### Exclusions

Other than the thresholds already specified there are currently no other restrictions outlined for these measures. The measures are designed to bridge short term funding issues and the assessment of whether the individual measures were warranted will take place once the economy has recovered and stabilised.

### Additional notes

Other entrepreneurs affected by COVID-19, albeit not through direct influence of government measures such as closures, may also be able to call on financial support should their income reduce.

# Netherlands

*last update: 27 March 2020*



## Taxation

The Dutch administration has announced economic emergency measures to counter liquidity problems for businesses due to the COVID-19 outbreak. The COVID-19 Measures include (this is not an exhaustive list):

**Employers:** Those who experience difficulties with paying their corporate/individual income tax, wage tax and/or VAT due to the COVID-19, can request the Dutch tax authorities for a deferment of payment for three months provided they can prove that the payment difficulties are related to the COVID-19 outbreak. If a deferment of payment is required for more than 3 months, it is possible to request for a deferment of payment for a longer period. The Dutch tax authorities will publish the information required to file for such a longer deferral at a later stage. Important to note is that the Dutch tax authorities will not impose fines for late payment if a payment deferment was obtained and the tax interest rate has been reduced to 0.01% per annum.

**Employees:** Remote working can have an impact on the social security status of employees that live and work in a different country (cross-border workers). The Netherlands has - in line with some other EU countries such as Belgium and Germany - decided that in this situation working from home due to the outbreak of the coronavirus will not impact the social security status of the cross-border worker under the Regulation 883/2004. However, please note that this only has full effect if all countries that fall within the scope of Regulation 883/2004 take this position.

# Spain

*last update: 27 March 2020*



## EU State Aid Approvals

Three guarantee schemes (total budget up to EUR 20 billion) for new loans and refinancing for companies and self-employed workers. The schemes limit State exposure to 80% for self-employed workers and SMEs and 70% for larger enterprises, 60% for refinancing (24 March)

## Foreign Investment Restrictions

The Spanish government has responded to the health crisis and highly volatile financial markets by introducing a new temporary requirement that ex-ante approval will be required for foreign (non-EU) direct investments in strategic sectors in Spain . This measure is designed to protect Spanish companies economically affected by COVID-19 from foreign investors and will remain in place until the Spanish government decides to withdraw it.

The measure amends the existing foreign investment regime and affects investments in Spanish companies by non-EU/EFTA entities where the foreign investor would (i) hold a stake of 10% or more in the share capital of (ii) acquire the right to participate in the management of or (iii) acquire control of a Spanish company. Such investments will be subject to ex-ante authorization in a broad range of sectors, namely:

- Energy, transport, water, health, communications, media, data processing or storage, aerospace, defence, electoral or financial infrastructure and sensitive facilities;
- Critical technologies and dual-use items, including artificial intelligence, robotics, semiconductors, cyber-security, aerospace, defence, energy storage, quantum and nuclear technologies, as well as nanotechnologies and biotechnologies;
- Supply of key inputs, in particular energy, raw materials and food security; and,
- Sectors with access to sensitive information, in particular personal data, or with the ability to control such information.

# Spain

*last update: 27 March 2020*



## Foreign Investment Restrictions

Additionally, an ex-ante authorization will also be required for foreign direct investments where:

- The foreign investor is directly or indirectly controlled by the government, including public bodies or the armed forces, of a third country;
- The foreign investor has already made investments or participated in business sectors affecting security, public order and public health in another EU Member State; and
- Proceedings, either administrative or judicial, have been opened against the foreign investor in another EU Member State or in its home State or in a third State for criminal or illegal activities.

Failure to comply with the ex-ante authorization regime will mean that the foreign direct investment will not be legally valid and could be subject to administrative penalties.

## Debt

The Spanish government has implemented urgent financial measures (Royal Decree Law 7/2020 and 8/2020) to support affected businesses, particularly in the tourism sector and in respect of SMEs and to guarantee the liquidity and stability of companies. The Laws contemplate, among other things:

- a credit line of EUR 400 million to help companies and self-employed workers in the tourism sector and a credit line for financing by financial institutions to companies and the self-employed; and
- the creation of a line of insurance coverage of up to EUR 2 billion from the Risk Reserve Fund for Internationalisation for companies, especially SMEs and self-employed workers.

### Exclusions

- Credit line for companies and self-employed: Conditions established by Council of Ministers.
- Insurance coverage: Will last six months from the entry into force of Royal Decree Law 8/2020, to cover revolving loans to Spanish exporters considered as SMEs, as well as other non-listed companies, provided that they operate internationally or are in the process of becoming international and face a liquidity problem or lack of access to finance as a result of the impact of the COVID-19 crisis on their economic activity.

# Spain

*last update: 27 March 2020*



## Taxation

The Spanish government has opted for a system of public guarantees for private loans granted by financial institutions to SMEs, the self-employed and large enterprises that, as part of the State's risk coverage, should facilitate financing of working capital and liquidity for enterprises and the self-employed at this exceptional time so that they can cover their needs. The mechanism is based on a bilateral or multilateral negotiation scheme between eligible companies and financial institutions that, according to their risk policies and commercial arrangements, must reach an agreement on the feasibility and exact conditions (interest rates, covenants, other obligations, etc.) of the financing that may be granted.

To expedite customs clearance and suspend time limits, up to 30 April, for tax proceedings underway or settlements already made by the tax authorities. For those to be communicated as from the entry into force of this measure, the deadline to handle them is extended until 20 May.

Deadlines for the submittal and payment of tax returns-settlements and self-assessments have not been extended or suspended, but only SMEs (i.e. individuals or entities with a volume of business not exceeding €6,010,121.04 in 2019) will be allowed to opt for a 6-month deferral of payment of tax debts arising from assessments and self-assessments with filing and payment deadlines falling between 13 March and 30 May 2020 (such as VAT, tax withholdings and corporate income tax) with a cap of €30,000 that may be deferred on these special terms. No late-payment interest will accrue for the first 3 months, but it will for the remaining 3 months.

# Switzerland

*last update: 27 March 2020*



<b>EU State Aid Approvals</b>	N/A
<b>Foreign Investment Restrictions</b>	Switzerland is planning introduce a foreign investment review regime. No new measures have been announced in specific response to COVID-19.
<b>Debt</b>	The Federal Council of Switzerland has put in place a package of measures including, rapid access to bridging facilities for SMEs suffering liquidity shortfalls as a result of Covid-19 via application to their main banks with the facilities being secured by the Confederation. The limits set are that the bridging credit facilities shall represent a maximum of 10% of an applicant's annual turnover and no more than CHF 20 million; and the company must declare that it is suffering substantial reductions in turnover because of the COVID-19 pandemic. Credits of up to CHF 500,000 will be fully secured by the Confederation and credits that exceed CHF 500,000 will be secured by the Confederation to 85% of their value with the lending bank will secure the remaining 15%. Companies with a turnover of more than CHF 500 million are not covered by this programme. The credit application form is available on the website <a href="https://covid19.easygov.swiss/">https://covid19.easygov.swiss/</a>

# Switzerland

*last update: 27 March 2020*



## Taxation

The Federal Government and most cantons have now set out temporary measures relating to Swiss tax with the main target to stabilize the liquidity situation of Swiss companies and individuals during the period of disruption caused by COVID-19. This is achieved primarily by uncomplicated granting of short-term aid loans and by tax measures that result in interest-free bridge loans and facilitated tax procedures.

As part of these measures, the Federal Government has de facto suspended interest on arrears for direct federal tax (profit tax) for the period from 1 March 2020 to 31 December 2020. In practice, this means that federal tax bills due during this period will be actually deferred without interest despite a formal arrear situation. In order to strengthen the liquidity situation, those affected should check their federal tax bills and suspend payments if necessary. In essence, this results in an interest-free bridge loan. In addition, a tax deferral or payment by instalments can be applied for, not only for final tax bills, but also for provisional tax bills.

At the cantonal level (profit and capital tax), some cantons have so far decided to temporarily waive interest on arrears (e.g. Basel Country, Berne, Geneva, Jura, Lucerne, Obwalden, Schaffhausen, Solothurn, Ticino, Valais, Zug). However, it is to be expected that other cantons will adopt the federal regulations. In addition, individual cantons will temporarily suspend collection of tax debts (e.g. Berne, Lucerne, Zurich). In some cases, it is possible to reduce provisional tax bills. In each canton, a tax deferral or payment by instalments can be requested regardless of the specific regulations.

# Switzerland

*last update: 27 March 2020*



## Taxation

The income and wealth tax of natural persons is subject to the same rules as the profit and capital tax of companies. Besides that, most cantons generally deferred the deadline for filing the 2019 tax return (which would regularly become due on March 31, 2020) by several months, i.e. there is no need to request a formal application for extension for the time being.

The Federal Government has also suspended interest on arrears for the purposes of value added tax, special consumption taxes, steering and customs duties for receivables due from 20 March 2020 to 31 December 2020. If those affected do not pay the corresponding tax invoices or do not pay them in full, this will have no financial consequences. The measure thus creates an interest-free bridge loan.

No specific COVID-19 measures have been taken in the area of withholding tax and stamp duties. Amounts due should therefore continue to be paid in order to avoid the high default interest rate of 5% in this area.

Furthermore, the individual federal and cantonal tax laws contain general hardship provisions, which are currently of great importance despite the special COVID-19 measures described above.

Businesses and individuals should consider practical steps in order to take advantage of the existing measures.

We hope to be able to make a small contribution to support in the current situation. If you have questions on the above topics or other relevant areas, we will be happy to provide support both in Switzerland and abroad.

# UK

*last update: 27 March 2020*



## EU State Aid Approvals

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

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

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

## Foreign Investment Restrictions

None. The UK is planning to introduce a foreign investment review regime. This was proposed in 2017 and the Government has indicated that it intends to press ahead. No new measures have been announced in specific response to COVID-19.

## Debt

The UK government has introduced two main financial support measures:

- the COVID Corporate Financing Facility (CCFF) to provide bridge financing to larger UK incorporated companies provided they meet certain eligibility criteria relating to the nature and extent of their business activities in the UK and their financial health prior to COVID-19; and
- the Coronavirus Business Interruption Loan Scheme (CBILS) designed to assist smaller businesses by providing lenders with a government-backed guarantee at up to 80% of an outstanding facility to encourage and support lending to those smaller businesses that might be experiencing lost or deferred revenues leading to disruptions in their cashflow, subject to eligibility criteria.

# UK

*last update: 27 March 2020*



## Debt

### Exclusions

The CCFF scheme is not available to:

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

### Process to get support

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

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

### Additional notes

More information on the application process (including application forms and a pricing schedule) is available on the Bank of England website ([www.bankofengland.co.uk](http://www.bankofengland.co.uk))

The website of the British Business Bank is [www.british-business-bank.co.uk](http://www.british-business-bank.co.uk)

# UK

*last update: 27 March 2020*



## Taxation

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

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

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

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

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

# Baker McKenzie.

An abstract graphic consisting of multiple overlapping, wavy lines of varying thickness and opacity, all in shades of blue. The lines create a sense of motion and depth, resembling a digital signal or a data visualization. The background is a dark, solid blue.

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