Baker McKenzie.

COVID-19

Government Intervention Schemes

Current per 24 April 2020

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 around the globe in relation to: EU State Aid Approvals (for EMEA region), foreign investment restrictions, debt, equity and taxation.

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.

Equity: While still in the minority, some governments have announced or are considering various (semi-) equity support measures to support businesses. Such measures may include, among others, taking an equity stake, purchasing convertible bonds and subordinated 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.

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 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 jurisdictions. 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.

If you would like further information, contact your relationship partner or contact our multi-disciplinary team at our dedicated helpdesk: COVID-19 Government Intervention Schemes Helpdesk. You can also visit the Baker McKenzie's 'Beyond COVID-19: Resilience, Recovery & Renewal' Resource Hub to access a wealth of reference materials on this topic.

NEW = newly added chapter since 17 April 2020 publication

= updated since 17 April 2020 publication

Regional insights

EMEA

Americas

Asia Pacific

EMEA

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Austria

EU State Aid Approvals	First scheme with a total estimated budget of EUR 15 billion has been approved. The scheme allows for the provision of aid in the form of (i) direct grants, repayable advances and guarantees with a maximum of EUR 800.000 per company; (ii) State guarantees for loans subject to safeguards for banks to channel State aid to the real economy; and (iii) subsidised public loans to companies, with favourable interest rates (8 April) Second measure which will provide 100% guarantees for underlying loans up to an amount of €500,000 (except for the agricultural and the fisheries and aquaculture sectors, where the 100% guarantees are limited to underlying loans up to an amount of €100,000 and €120,000, respectively). For loans above those thresholds, the schemes will provide 90% guarantees for underlying loans up of €25 million. The measure is limited to SMEs (16 April)
Foreign Investment Restrictions	The responsible Minister for Economics announced in April 2020 that the government is working on a legislative proposal on a new law (under the title "Investment Control Act") which is intended to replace the current regime (one specific provision in the Foreign Trade Law). The aim is to tighten foreign investment control, and one of the measures (according to media reports) would be to extend the scope of the screening by lowering the current 25% threshold to 10%.
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

Equity

No (semi-) equity measures have been announced

Taxation

Corporate income tax

- Prepayments for income or corporate tax can be reduced more easily (even to zero) by submitting a request.
- Specific interest due (which results from an additional claim assessed in an income or corporate tax decree) can be reduced (also to zero) by request. Such reduction will however not become effective - regarding income and corporate tax for 2019 – until 1 October 2020.

Social security/employment/wage taxes

N/A

VAT

No interest will be charged in case of a respite for tax payments, if a request is filed.

Excise / Import duties

N/A

Tourist tax

N/A

DST

N/A

Other taxes

N/A

Austria

Taxation

Comments

Austria has announced reliefs for tax payments in order to secure the taxpayer's liquidity.

Deadlines for filing returns are not extended automatically. If the taxpayer wants to extend a deadline, a specific request is still required.

· No interest will be charged in case of a respite for tax payments (currently, 3.88% interest become due per annum) if a respective request is filed (the request is also simplified).

· Surcharges for late payments of taxes due can also be reduced (even to zero) upon request. Such request is recommended for monthly or quarterly prepayments of VAT and also, for example, for payroll tax.

A combined form for all reliefs can be found on https://www.bmf.gv.at/public/informationen/coronavirus-hilfe.html

Bahrain

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

Debt

The government launched a financial and economic stimulus package worth BD 4.3 billion (approximately US$ 11.3 billion) to support Bahraini residents and the private sector. The measures include:

a. the deferral of monthly work fees and fees for issuing and renewing work permits for a period of 3 months commencing from 1 April 2020;
b. subsidising individual and corporate Electricity and Water Authority (EWA) utility bills for 3 months commencing from April 2020 (as long as the amounts do not exceed the amounts paid during the same period in 2019);
c. exempting all individuals and businesses from municipal fees for 3 months commencing from April 2020;
d. exempting all individuals and businesses from industrial land rental fees for 3 months commencing from April 2020;
e. exempting all companies in the tourism industry from tourism related levies for 3 months commencing from April 2020;
f. increasing the Liquidity Support Fund to BHD 200 million (approximately US$ 530 million);
g. working with the CBB to issue directives to raise the lending capacity of financial institutions in Bahrain (equivalent to circa BD 3.7 billion (approximately US$ 9.8 billion) to enable financial institutions to reschedule debt, suspend interest payments, extend payment instalments, provide more credit, etc.); and
h. redirecting all the programmes of Tamkeen (a semi-autonomous government agency that provides loans and assistance to Bahraini individuals and SMEs) to support financially distressed companies, as well as the restructuring / rescheduling Tamkeen loans.

Debt Moratoria

The Central Bank of Bahrain (CBB) has issued 10 regulatory measures to contain the financial repercussions of COVID-19, namely:

i. any credit card holder or impacted borrower must be offered 6 months deferral of instalments at no fees, no increase on interest and no increase in rate, unless the customer agrees for a shorter period;

ii. the loan to value ratio (LTV) rates for new residential mortgages for Bahrainis shall be reduced. Note: this does not apply to Mazaya loans;

Bahrain

Debt

iii. increasing near field communication (NFC)/ contactless payments limit to BD 50 (approximately US$ 130) without the need to use a PIN code;

iv. capping merchant fees imposed by local acquirers on debit card transactions at 0.8% and such fees must be distributed as follows: 0.35% to the acquirer, 0.25% to the issuer, 0.2% to the benefit company;

v. the CBB will provide retail banks concessionary repo arrangement up to 6 months at 0% on a case, by, case basis (here , the CBB will require licensees to submit their cash flow projection until FYE 2020 for CBB's assessment and consideration);

vi. reducing cash reserve ratio for the retail banks from 5% to 3%;

vii. excluding the deferrals mentioned in (i) above, the number of days past due for stage 1 expected credit loss (ECL) must be increased up to 74 days with effect from 1 February 2020;

viii. the cooling off period for reclassifying restructured facilities from Stage 3 to Stage 2 is reduced from 12 months to 3 months;

ix. liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) limits for all locally incorporated banks are reduced from 100% to 80%; and

x. risk weight for capital adequacy purposes for Bahraini SMEs is reduced from 75% to 25%.

The CBB has sent multiple notices to all of its licensees (i.e. all banks, financing companies and micro financing companies) (the CBB Notices).

A. On 5 March 2020, the CBB sent a notice to all its licensees to consider granting all types of concessions (e.g. deferrals on payments, rescheduling debt, reducing profit/ interest rates, fees and commissions) in light of COVID-19 (the First CBB Notice).

B. On 8 March 2020, the CBB has sent a second formal notice to all of its licensees to take measures to mitigate the impact of coronavirus on customers (the Second CBB Notice).

C. On 12 March 2020, the CBB has sent a third formal notice to all of its licensees setting out the services continuity measures (the Third CBB Notice). Pursuant to the Third CBB Notice:

   i. businesses continuity and disaster recovery plans must be ready for activation at any point in time;

   ii. international and local funds transfer systems must operate effectively;

   iii. CBB will ensure that ATMs are regularly loaded with cash;

Debt

- iv. all trade finance transactions must be effected as per terms and conditions agreed with the relevant customers; and
- v. customers must have access to banking services electronically and through designated branches.

D. On 17 March 2020, the CBB has sent a fourth formal notice to all of its licensees, outlining the regulatory measures as set out in point 1 above (the Fourth CBB Notice).

E. On 19 March 2020, the CBB has sent a fifth formal notice to all of its licensees and companies whose shares are listed on Bahrain Bourse ("listed companies") relating to safety guidelines to follow in upcoming general meetings (the Fifth CBB Notice).

F. On 23 March 2020, the CBB has sent a sixth formal notice to all of its licensees with implementation guidelines with regards to deferring loan installments for a period of 6 months (the Sixth CBB Notice). Pursuant to the Sixth CBB Notice:

- i. Although all licensees must push back principal payments for a period of 6 months commencing from March 2020, licensees may still accrue interest/profit on these principal amounts (provided the monthly rate does not exceed the rate paid before).
- ii. The deferral option will only cover on and off balance sheet cover exposures as of 19 March 2020 and exclude:
  - a. exposures classified in Stage 3 which are not serving the reduced cooling off period;
  - b. financing instalments received through court;
  - c. credit syndication facilities to resident corporates involving non-resident participating lenders;
  - d. pre-export financing under letters of credit without recourse to the resident corporate (exporter);
  - e. overdraft facilities; and
  - f. leveraged investments/margin call facilities.
- iii. Discounted cheque facilities will be included as part of the deferral option in so far as new cheques are received if required. Similarly, progress payment discounted facilities are included in the deferral option if payment is not received.
- iv. The cost of any extension in relation to life insurance policy shall continue to be borne by the borrower.

Bahrain

Debt

v. A claims moratoria will apply in respect of:
   a. a personal and corporate guarantee;
   b. collateral foreclosure; and
   c. post-dated cheques until 30 December 2020.

vi. A CBB licensee has the discretion to apply an instalment deferral in respect of (a) foreign borrowers and (b) a borrower who decides the deferral option in March 2020.

G. On 24 March 2020, the CBB has sent a seventh formal notice to all of its licensees (the Seventh CBB Notice).Pursuant to the Seventh CBB Notice, the CBB reverted to its original approach, which is that both interest and principal are to be deferred and pushed forward by 6 months without any extra interest/profit or fees charged to the customer.

As far as we are aware, some banks have put some measures in place in respect of this notice.

Examples:

1. National Bank of Bahrain (NBB) issued a formal alert to all its clients to confirm they will be deferring all monthly loan instalments for Bahraini customers - individuals and business customers alike - for up to 6 months commencing from March 2020, with no additional fees and no increase in interest rate.
2. Bank of Bahrain and Kuwait (BBK) issued a formal alert to its retail customers stating that consumer, car and mortgage loan instalments are automatically deferred for a period of 6 months commencing on March 2020 at no additional fees and no increase in interest rate (March 2020 instalments deducted will be refunded).
3. Ahli United Bank (AUB) issued a formal alert to all its customers to confirm they will be deferring all business, consumer, mortgage, auto loans and credit card instalments for Bahraini customers for a period of 6 months commencing from March 2020. There will be no changes in the interest rate and instalments already paid during March will be refunded. Based on our understanding, CBB held various meetings with its licensees to discuss how best each licensee can implement these measures. The licensees are still in the process of finalising implementation plants. Accordingly, the details above are still "work in progress" at this point in time.

Bahrain

Debt	Further information on the measures is available on the CBB website: https://cbb.complinet.com/cbb/display/display.html?rbid=1820&element_id=4102
Equity	No (semi-) equity support measures have been announced.

Belgium

EU State Aid Approvals	A first measure consisting of a loan guarantee scheme for new and existing loans to undertakings of all sizes that cannot benefit from the federal guarantee scheme (see second measure) and that are active in the Flemish Region. The total estimated budget is EUR 3 billion. (9 April) A second measure consisting of a loan guarantee scheme providing aid in the form of guarantees on portfolios of qualifying loans to undertakings of all sizes. The total estimated budget is EUR 50 billion. (11 April) A third measure deferring the payment by Walloon airports of concession fees to the Walloon Region to mitigate the economic impact of the coronavirus outbreak on those airports. (11 April)
Foreign Investment Restrictions	No new measures have been announced in specific response to COVID-19.
Debt	**Debt moratorium for commercial credits** The Belgian federal government, the National Bank of Belgium and Febelfin (i.e. the association of the Belgian financial sector) have agreed on a debt moratorium for borrowers and credit facilities that comply with certain criteria The conditions are set out in a charter issued by Febelfin. *What* A deferral of repayment of principal amounts of maximum six months by certain borrowers in respect of certain credit facilities. Interest payments are not affected by the debt moratorium. After the deferral period, the payment of principal will resume. The maturity of the credit will be extended by a period equal to the deferral period (i.e. which is maximum six months). The bank may not charge additional administrative costs for the implementation of the debt moratorium.

Belgium

Debt

Eligible borrowers

In order to be eligible for such debt moratorium, a borrower must comply with each of the following criteria:

it is a non-financial enterprise, small or middle size enterprise, self –employed or a non-profit organisation; it is permanently established in Belgium; it is facing payment difficulties because of the COVID-19 crisis, evidence of which can be easily provided if: its revenues or activities have decreased or will decrease; it has invoked in whole or in part temporary or full unemployment; or the government ordered the closure of its business in the context of the measures against the COVID-19 virus on 1 February 2020 it has not incurred payment arrears in respect of its outstanding credit facilities, tax or social security contributions or on 29 February 2020, it has not incurred payments arrears of more than 30 days in respect of its outstanding credit facilities, tax or social security contributions; and it has not been in breach of any of its contractual credit obligations towards any of its banks during the last twelve months prior to 31 January 2020 and it is not involved in an active credit restructuring.

Eligible credit facilities

The following credit facilities between an eligible borrower and a bank: credit facilities with a fixed repayment schedule; overdraft facilities; straight loans (*vaste voorschotten / avances à terme fixe*).

Factoring and leasing do not fall within the scope of application of the debt moratorium.

Application and duration of deferral period

Eligible borrowers who would like to make us of this debt moratorium should contact their bank.

If the request for the payment deferral is made before 30 April 2020, the payment deferral will end after a maximum period of six months until 31 October 2020.

If the request is made after 30 April 2020, the payment deferral will end on 31 October 2020 at the latest.

Federal State guarantee

The Belgian Royal Decree of 14 April 2020 implements a state guarantee scheme for certain credits that comply with certain conditions (a summary of which is set below). The state guarantee will be granted for a total aggregate amount of EUR 50 billion which will be divided over the eligible credit providers in accordance with the rules set out in the Royal Decree.

Debt

The state guarantee scheme automatically applies to all eligible credits that are granted to eligible borrowers by eligible credit institutions (i.e. the scheme is not an opt-in / opt -out arrangement pursuant to which the credit providers can choose which credits will benefit from the scope of application).

Eligible credits

All credits with a maximum maturity of 12 months (including credits granted for an indefinite duration which can be terminated by the credit provider during the first 12 months) granted by an eligible credit provider to an eligible borrower between 1 April 2020 and 30 September 2020, but excluding:

- refinancing credits
- re-utilisations of credits granted before 1 April 2020;
- credits to be used exclusively for the financing of non-Belgian activities;
- credits that have been de-selected by the credit provider from the scope of application of the guarantee scheme (under certain conditions);
- leasing agreements;
- factoring agreements; and
- consumer credits.

Credits facilities granted in the context of a syndicated facility or a club deal may also fall within the scope of application of the guarantee scheme under certain conditions.

Eligible credit provider

Belgian credit institutions and Belgian branches of non-Belgian credit institutions which granted credits in respect of which an aggregate principal amount of at least EUR 20,000 was outstanding on 31 December 2019.

Belgium

Debt

Eligible borrower

Each non-financial enterprise (as defined in the Royal Decree) which complies with the following conditions:

- it is registered with the Belgian Crossroads Bank for Enterprises;
- on 1 February 2020 it has not incurred payment arrears in respect of its outstanding credit facilities, tax or social security contributions or on 29 February 2020, it has not incurred payments arrears of more than 30 days in respect of its outstanding credit facilities, tax or social security contributions;
- on 31 January 2020 it was not involved in an active debt restructuring with one or more credit institutions; and
- on the basis of the available information it is not an enterprise in difficulties (as defined in the Royal Decree).

Maximum guaranteed amount

Credits that fall within the scope of application are only guaranteed by the federal government guarantee scheme arrangement up to a maximum guaranteed amount determined in the Royal Decree which shall in any case not be higher than the amount per enterprise on a "group" basis equal the lower of (i) EUR 50,000,000 (although the borrower can request the government to allow for a higher amount under certain conditions) and (ii) the amount of the forecasted liquidity needs of the Borrower for a period as set out in the Royal Decree and as calculated in accordance with the Royal Decree.

Maximum guarantee interest and guarantee fees

The maximum guaranteed interest is 1.25% per annum (and credit providers may not charge a higher interest), and the maximum guaranteed guarantee fee is 25 bps for SMEs (as defined in the Royal Decree) and 50 bps for other enterprises.

Other conditions

The borrowers and banks will also have to comply with certain undertakings set out in the Royal Decree in order to be able to benefit from the federal government guarantee.

Belgium

Debt	*Loss sharing* Upon expiration of the guarantee arrangement, the Belgian financial sector and the banks will evaluate the loss incurred in respect of the credits which benefited from the guarantee arrangement. It is important to note that the loss will not be calculated on the basis of each individual credit but on the portfolio of credits granted by the relevant bank that fall within the scope of application of the federal government guarantee scheme. The loss on the portfolio of the relevant bank will be divided by the Federal State and the bank in accordance with the following principles: ▪ if the loss between 0% and 3%, 100% of the loss will be borne by the bank; ▪ if the loss is between 3% and 5%, the Belgian federal state will bear 50% of the loss and the bank will bear the other 50%, and ▪ if the loss is 5% and 100%, 80% of the loss will be borne by the federal state, the other 20% will be borne by the relevant bank. **Regional government support measures** Several regional governments have also taken measures in order to provide financial support to companies that are facing difficulties because of the COVID-19 crisis. However, the majority of these measures aim to provide support to small and middle – sized enterprises. For large enterprises, it is worth noting that in Flanders PMV - Gigarant will implement an additional Corona - guarantee.
Equity	No (semi-) equity measures have been announced

Belgium

Taxation

Corporate income tax

- Filing deadline for tax returns for which the filing deadline was 16 March 2020 or later, is extended to 30 April 2020.
- An additional period of two months is granted for the payment of CIT, non-residents' tax and legal entities' tax on top of the normal payment period. The latter measure is applicable with respect to tax assessments issued as of 12 March 2020.

Social security/employment/wage taxes

N/A

VAT

- The filing deadline for VAT returns/intra-community statements due for February 2020 is extended to 6 April 2020. The filing deadline for VAT returns due for March 2020 / the first quarter of 2020 is extended to 7 May 2020.
- The deadline for filing the yearly client listing, which is normally due by 31 March 2020, is extended to 30 April 2020.
- Automatic payment deferral of two months is granted for any VAT due. The payment deadline for the VAT due by February 2020 is extended to 20 May 2020 and the payment deadline for the VAT due by March 2020 (and for the first quarter of 2020 in case the taxpayer only has to file a VAT return quarterly) is extended to 20 June 2020.

Excise / Import duties

N/A

Tourist tax

Kortrijk and Blankenberge have confirmed that they will not levy tourist tax for the first half of 2020. Some other cities (such as Ghent) have decided to postpone payment of all taxes (including tourist tax). Many other cities currently seem to consider to take such measures as well (e.g., Leuven).

Brussels region: a waiver for the city tax (lump sum tax of 0.09 EUR per night per room used by a tourist) will be granted for the first semester of 2020.

Belgium

Taxation

DST

N/A

Other taxes

Personal income tax: A period of two months is granted for the payment of personal income tax, on top of the normal payment period.

Payroll tax: Extension of the deadline for payment related to February 2020 to 13 May 2020 and the payment of the payroll tax due related to March 2020 or related to the first quarter of 2020 is extended to 15 June 2020.

Comments

Several other tax measures are adopted with respect to payment arrangements: regarding outstanding debts:

1. instalment payment plan: In case such an instalment payment plan is granted, no late payment interest will in principle be due if the latter is also requested by the taxpayer in question (see support measure (2i) below) which is an important difference with respect to 'normal' instalment payment plans);
2. an exemption from late payment interest. Such measure can be requested individually or together with the request for an instalment payment plan to avoid that late payment interest would be due in case such an instalment payment plan is obtained;
3. a waiver of fines relating to non-payment of taxes.

These measures can be requested with respect to the following taxes (i) payroll taxes, (ii) VAT, (iii) corporate income tax, (iv) personal income tax and (v) legal entity tax. The company requesting these measures must show proof that the company is experiencing financial difficulties as a result of COVID-19. To this end, the request will have to be justified by way of a short explanation of the impact of COVID-19 and be supplemented by any relevant supporting documents.

- the request for (one or more) of the support measures has to be filed by submitting a form by e-mail or letter to the competent Regional Tax Collector prior to 30 June 2020. More particularly, one form has to be submitted per tax debt for which one or more of the support measures is requested. The relevant form and contact details of the competent Regional Tax Collector can be found on the website of the Federal Public Service Finance.

Czech Republic

EU State Aid Approvals

A direct grant scheme aimed to support investments by SMEs in the production of coronavirus-relevant products such as medicines, medical equipment and protective clothing.

The total estimated budget is EUR 37 million. (14 April)

Foreign Investment Restrictions

No specific screening procedure has been adopted in response to the current situation.

Debt

Debt moratorium

Czech Government has proposed a bill allowing debtors to request deferral of loan repayments. The bill applies to loans concluded before 26 March 2020.

The moratorium will last to 31 October 2020, and will apply: (a) in case of natural persons, to both payment of an interest and repayment of a principal; and (b) in case of legal persons, to repayment of principal only. Lenders will not charge fees for such interruptions.

The borrower must declare he was negatively affected by COVID-19 pandemic. Moreover, the borrower will not qualify for the moratorium if the borrower is more than 30 days overdue on the loan.

Moratorium will not apply to selected types of loans, in particular to revolving loans (including credit cards and overdrafts), loans connected with trading on the capital markets or financial leases without possibility for the lessee to acquire ownership of the asset.

In case of natural persons, the interest is suspended for the duration of moratorium and will accrue at the end of the loan term. In case of legal persons, the interest is not suspended.

The bill is yet to be ratified by the Parliament and entered into law.

Czech Republic

Equity	No (semi-) equity measures have been announced
Taxation	**Corporate income tax** ▪ The Ministry of Finance announced that the late submission of the income tax return and late payment of the income tax will not be penalized as long as it is submitted and paid by 1 July 2020. ▪ Remission of obligation to pay the advance payment on income tax payable in June 2020. **Social security/employment/wage taxes** N/A **VAT** ▪ No penalties or interest for late payment in case of late submission of VAT filings or late payments. The company will need to explain the reasons for late filing or late payment. The delay in VAT payment or declaration must be caused directly by coronavirus and the company would be obliged to prove it. Referring to COVID 19 situation as such is not sufficient. ▪ Late submission of the VAT invoice matching report will not be penalized. ▪ Supply of goods – general protective equipment that will be supplied to decrease the negative impacts of coronavirus for free will not be subject to VAT. **Excise / Import duties** N/A **Tourist tax** N/A

Czech Republic

Taxation

DST

N/A

Other taxes

Postponing the deadline to pay the April and July 2020 advances on road tax until 15 October 2020.

Comments

Further measures may be announced for the future still.

Egypt

Foreign Investment Restrictions	There is no foreign investment review regime.
Debt	The Egyptian government has gradually announced a stimulus package which includes the following: ▪ EGP 100 billion (approximately USD 6.3 billion) of soft loans provided by the Central Bank of Egypt ("CBE") at a 5% interest rate for the manufacturing sector. ▪ Real estate tax exemptions for 3 months. ▪ Unfreeze bank accounts of defaulting investment against payment of 10% of their due debts. ▪ Civil aviation sector will be offered a bail-out package. ▪ Tourism sector will be offered EGP 50 billion (approximately USD 3 billion) soft loans. ▪ Reduction in energy prices for industrial sector. ▪ Allocation of EGP 20 billion (approximately USD 1.3 billion) as support package for the Egyptian Stock Exchange through direct investments by newly set up funds by CBE. ▪ Allocation of EGP 3 billion (approximately USD 190 million) as support package for the Egyptian Stock Exchange through direct investments by newly set up funds by the National Bank of Egypt and Banque Misr (largest State owned banks). ▪ Allocation of EGP 400 million (approximately USD 25 million) as support package for the Egyptian Stock Exchange through direct investments by newly set up funds by the Investor Protection Fund. ▪ Reduce stamp tax on equity trading and deferring entry into force of capital gain tax on traded equity. ▪ Reduce dividend tax to 5%.

Egypt

Equity

No (semi-) equity measures have been announced

France

EU State Aid Approvals

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)

A fourth scheme covering direct grants to small and micro-enterprises (maximum of 10 employees and a yearly turnover not exceeding EUR 1 million), as well as self-employed people affected by the coronavirus. Under the scheme companies are entitled to a maximum grant of EUR 3,500 each if their business was closed by administrative decision as a result of the coronavirus outbreak, or their monthly turnover in March 2020 dropped by 70% compared to their turnover in the same period last year. (28 March)

An amendment to this scheme has been approved increasing the maximum rang to EUR 8,000 and lowering the eligibility criterion to a drop of turnover by 50% compared to same period last year (15 April)

A fifth scheme consisting in a deferral payment scheme of certain aeronautical taxes to compensate damages suffered by airlines due to the coronavirus outbreak. The scheme will be accessible to airlines with an operating license in France, and will offer them the possibility to defer the payment of certain taxes that would in principle be due between March and December 2020 to after 1 January 2021, and to pay the taxes over a period of up to 24 months. (31 March)

A sixth scheme consisting in a guarantee scheme to support the domestic credit insurance market in the context of the coronavirus outbreak. The scheme aims to ensure that trade credit insurance continues to be available to all companies, avoiding the need for buyers of goods or services to pay in advance, therefore reducing their immediate liquidity needs.

The total estimated budget is EUR 10 billion (12 April)

A seventh measure consisting of a French "umbrella" scheme to support small and medium-sized enterprises (SMEs) and large corporates in France affected by the coronavirus outbreak. The aid can take the form of direct grants (grants, repayable advances, zero interest loans and equity), guarantees and subsidised interest rate loans provided directly by the State or indirectly through credit institutions.

The total estimated budget is EUR 7 billion. (20 April 2020)

France

Foreign Investment Restrictions	Regarding the French Foreign Investment regulations and authorizations: further to the new governmental measures (Ordinance / Ordonnance n° 2020-306 du 25 mars 2020): For requests for prior approval filed before 12 March 2020 (official starting date of the health state of emergency in France), the review period for the Ministry of Economy to provide its position on the approval request is suspended during the period of health state of emergency. It will resume as from the expiry of a 1-month period following the end of the health state of emergency. For requests for prior approval filed as from 12 March 2020 the beginning of the review period for the Ministry of the Economy to provide its position on the approval request is postponed to the date that is the expiry of a 1-month period following the end of the health state of emergency. On March 31, the French Minister of Economy reportedly "verbally" notified the American industrial conglomerate, Teledyne Technologies, that the French government's has decided to veto its contemplated acquisition of Photonis, a France-based company and one of the world leaders in the design and manufacture of military night-vision equipment considered as very strategic by the French authorities. No formal position is expected to be delivered by the French government during the health state of emergency period. In addition, the French Minister of Economy has stated that the government is ready to protect important/strategic French companies by notably recapitalising them, buying shares or even taking them over (temporarily if necessary). The government has specifically stated that the option to nationalize strategic companies is not excluded, notably in the automotive and aeronautical sectors. As part of the draft amending budget bill adopted by the National Assembly on 17 April 2020, the French government allocated a budget of 20 billion euros for equity investments in, or temporary nationalizations of strategic companies severely hit by the economic crisis (via the *Agence des participations de l'État* (APE)). The list of the beneficiaries of such government measures has not been disclosed yet.
Debt	The main measures adopted by the French government are 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: Setting-up of a loan guarantee scheme up to a total of EUR 300 billion for loans satisfying certain conditions: 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

Debt

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). In case of default on the loan, the lender is entitled to receive within 90 days of its request a provisional repayment of its estimated loss (with a later adjustment payment to, or reimbursement by, the lender, once the definitive loss amount is established).

Setting up by the French public investment bank (BPI) of a loan guarantees schemes for an aggregate EUR 700 million to secure 2-to-6-year term cash loans (or 12 month bank overdrafts) granted by private banks to SMEs and mid-sized companies impacted by the COVID-19 outbreak. The level of guarantee coverage is 70% to 90% up to an amount up to EUR 5 million for SMEs and EUR 30 million for mid-sized companies.

Setting up of cash loan schemes with guarantees subsidized by BPI with no asset linked or personal security required:

- *Prêt Rebond*: Available to VSEs and 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 15 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.

Setting-up of a support scheme for export companies comprising mainly (i) an extension of the State guarantees and pre-financings to export projects and of current prospect insurances for one year and (ii) support for short term credit export with the granting of an additional EUR 2 billion envelope to the existing Cap Francexport public reinsurance scheme.

Setting-up of a support scheme for start-ups including in particular (i) a EUR 80 million envelope to provide semi-equity (convertibles)bridge financings alongside private investors for up to EUR 5 million per investment and (ii) a dedicated EUR 2 billion envelope of state-guarantees - as part of the above-described EUR 300 billion state guarantee scheme.

France

Debt

General moratoria on penalty (including periodic penalty), termination and forfeiture clauses: their effect is postponed until the end of a "legally protected period" (*période juridiquement protégée*) starting from 12 March 2020 until the expiry of a period of one month after the end the sanitary state of emergency which is currently set for 24 May 2020), i.e. 24 June 2020. Please note that such dates are subject to changes.

i. in relation to penalties and clauses which should have taken place during the legally protected period, their effective date is postponed until the end of the legally protected period, increased :by a period equal to the time elapsed between 12 March 2020 and the date on which the obligation should have been performed ; or if the obligation arose after 12 March 2020, by a period equal to the time elapsed between the date on which the obligation arose and the date on which it should have been performed.

ii. in relation to penalties and clauses sanctioning obligations (other than with respect to payment obligations) which should have taken place after the legally protected period, their effective date is postponed: if the obligation was to be performed before 12 March 2020, for a period equal to the time elapsed between 12 March 2020 and the end of the legally protected period; orif the obligation was to be performed subsequently to 12 March 2020, for a period equal to the time elapsed between the date on which the obligation should have been performed and the end of the legally protected period.

By exception, clauses sanctioning the non-performance of a payment obligation which is to take effect at a date subsequent to the end of the legally protected period are not impacted.

Parties to the contract remain free to exclude the application of these moratoria by express clauses, or to decide to waive its application. These moratoria do not apply to certain matters and sectors such as criminal and electoral laws, urgency laws enacted in response to the COVID-19 crisis, to insurance companies, to certain disclosure obligations of listed companies pursuant to securities law, 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 French state solidarity fund of more than EUR 6 billion in order to provide tax-free financial aid to small businesses carrying out an activity significantly impacted (closure or +50% loss of revenue) by the COVID-19 outbreak, except for companies in liquidation as at 1st March 2020. The aid amounts to up to: (i) EUR 1,500 or (ii) EUR 2,000 to EUR 5,000 for businesses in risk of bankruptcy depending on their turnover.

France

Debt	A second law of rectification of the law of finances for 2020 voted on 23 April 2020 to be enacted in the coming days will, in particular: ▪ increase the French state solidarity fund to EUR 7 billion and temper its conditions of eligibility; ▪ increase to EUR 1 billion the amount of the existing fund of economic and social development to provide loans to enterprises in difficulty; ▪ open the EUR 300 billion French state loan guarantee scheme to certain insolvent companies; increase from EUR 2 billion to EUR 5 billion (possibly further increased to EUR 10 billion the envelope of French state guarantees for export companies.
Equity	Pursuant to the second law of rectification of the finance law for 2020, which the senate voted on in its final form on 23 April 2020, and which will be enacted in the coming days, an amount of EUR 20 billion has been assigned to the French state financial participations account. This will be used by the French state holdings agency (*Agence des Participations de l'Etat*) for recapitalizations, acquisitions of - or increase in existing - participations and possibly nationalizations, to support large strategic enterprises facing difficulties as a consequence of the COVID-19 outbreak, primarily in the aeronautic and automotive industry. Eligible companies will be required to fully integrate social, societal and environmental responsibility goals into their strategy. Application orders and decrees should be passed in the coming days to further specify the conditions of implementation of this equity support scheme.

France

Taxation

Corporate income tax

Deferral of payments have been announced.

Social security/employment/wage taxes

N/A

VAT

N/A

Excise / Import duties

N/A

Tourist tax

No change from today: city tax is still paid end of the year based on stays.

DST

N/A

Other taxes

Wage Tax: Deferral of payments announced.

Comments

N/A

Germany

EU State Aid Approvals	Two subsidised loan schemes are to be implemented by the German bank Kreditanstalt fur 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). Some modalities have been amended on 11 April 2020. A fourth direct grant aid scheme (direct grants, repayable advance or tax and payment advantages) for companies of up to EUR800,000 per company (with lower thresholds for companies involved in fishing and agriculture) (24 March). Some modalities have been amended on 11 April 2020. A fifth subsidised loan scheme in line with the first loan scheme referred to above, but now implemented by the German federal and regional authorities, and promotional banks, instead of KfW. (2 April) A sixth guarantee scheme to support the credit insurance market in the context of the coronavirus outbreak. The scheme aims to ensure that trade credit insurance continues to be available to all companies, avoiding the need for buyers of goods or services to pay in advance, therefore reducing their immediate liquidity needs. The total estimated budget is not provided. (13 April)
Foreign Investment Restrictions	In light of the COVID-19 crisis, the German government will 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. Initiated already before the COVID-19 crisis, the government is currently reforming the German foreign investment review laws. In implementing the EU Screening Regulation (Regulation (EU) 2019/452), foreign investments would be subject to review and potential restrictions not only if there is an "actual risk" but already if there is a "probable impairment" of the public order and security of Germany or another EU member state. Transactions regarding particularly sensitive companies, such as operators of critical infrastructure, will be provisionally ineffective until the review is concluded. The catalogue of particularly sensitive companies will be extended by further industries such as artificial intelligence, robotics, semiconductors, biotechnology, quantum technology as well as possibly pharmaceuticals and vaccines production.

Germany

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).
Equity	Germany has created the Economic Stabilization Fund (Wirtschaftsstabilisierungsfonds; "ESF"), which adopts the blueprint from a similar fund that was used to save banks from failing in the wake of the global financial crisis. The fund is intended to stabilize the economy by overcoming liquidity shortages and strengthening the capital base of companies whose endangered existence would have a significant effect on the economy, technological sovereignty, security of supply, critical infrastructures and the labor market. The ESF can issue guarantees of up to EUR 400 billion for bank loans and grant semi-equity and equity funding of up to EUR 100 billlion. The period for grants is limited to 31 December 2020. Only companies from the "real" economy are eligible, which does not include the financial sector or credit institutions. In addition, in the fiscal years ended prior to 1 January 2020, companies must have met two out of the three following criteria: Total Assets of more than EUR 43 million Total Revenues of more than EUR 50 million More than 249 employees on average during the year Assistance is also available to i. systemically relevant smaller companies that are part of Germany's critical infrastructure and ii. start-ups which have had at least one financing round since 1 January 2017, with a post-money valuation of at least EUR 50 million. Companies must have no other funding alternative and the stabilization measure must be likely to give companies the ability to be self-sufficient and to continue as a going concern after the end of the COVID-19 pandemic. As of 31 December 2019, companies applying for assistance must not have been in financial trouble. They must demonstrate a solid and prudent business policy and must contribute to the stabilization of chains of production and secure employment. Conditions may be imposed to safeguard these criteria before funding is granted.

Germany

Equity	Besides limitations on the use of funds, there will be rules on incurring additional debt, limitations on (variable) compensation of executive board members and dividend distributions. In addition, measures to avoid distortion of competition and sector specific restructuring conditions can be imposed. Compliance will be secured by a legally binding commitment, which will be published, signed by the executive board with the consent of the supervisory board.
Taxation	**Corporate income tax** See VAT. **Social security/employment/wage taxes** N/A **VAT** With regard to taxes that are administered by the Federal Central Tax reliefs envisaged by the German government re VAT (but also Income Tax, Corporate Income Tax): For taxpayers directly and not only insignificantly affected the following tax reliefs are provided: 1. Until 31 December: waiver of enforcement measures and late payment surcharges in respect of all taxes in arrears or due up to that date 2. Deferral of tax debts and waiver of deferral interest as well as reduction of advance tax payments (for Income Tax/CIT) a. Until 31 December: evidence of being affected but no proof regarding concrete damages required b. After 31 December: evidence of being affected and proof regarding concrete damages required It is not clear at present what form the required evidence must take and whether there will be standardized regulations for certain companies and sectors. 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 (but it has not officially addressed yet at this point in time. The tax reliefs must generally be applied for. The tax authorities will not act automatically.

Germany

Taxation

Excise / Import duties

N/A

Tourist tax

To be determined.

DST

N/A

Other taxes

Trade Tax: The Tax Office may adjust the advance payments of Trade Tax for the current assessment period, especially in cases in which the tax office adjusts income tax and corporate tax prepayments. Taxpayers who are demonstrably directly and not insignificantly affected may apply for a reduction of the trade tax base for the purpose of the advance payments until 31 December 2020, stating their circumstances. These applications are not to be rejected because the taxpayers are not able to prove the value of the damages incurred in detail.

The Bavarian State Office for Taxes has already provided an application form "Tax relief due to the effects of the coronavirus" for download on its homepage. This form can be used to apply for interest-free deferral of taxes and reduction of tax prepayments or the tax base for the purpose of trade tax prepayments.

Comments

Any applications for deferral or remission must be addressed to the municipalities, also with regard to a possible connection with the effects of COVID-19. The tax office is only competent if the assessment and collection of trade tax has not been transferred to the municipalities.

Hungary

EU State Aid Approvals	A first measure consisting of a direct grant scheme, accessible to medium and large enterprises which are particularly hit by the economic consequences of the coronavirus outbreak and which are active in certain sectors defined by Hungary, has been approved. The support per company will not exceed EUR 800 000 and the total estimated budget of the scheme is EUR 140 million. (8 April) A second measure with a total estimated budget of EUR1 billion. This scheme aims to support companies affected by the coronavirus outbreak through direct grants, loans and equity measures, using EU structural funds for that purpose. The scheme will be open to all companies, i.e. micro, small and medium-sized enterprises (SMEs) and large companies, which have access to European structural funds and are facing difficulties as a result of the economic impact of the coronavirus outbreak. (17 April) A third scheme providing aid in the form of wage subsidies to finance the wage costs of all undertakings that, due to the coronavirus outbreak, would otherwise lay off researchers and developers. The wage subsidies are provided through direct grants. The total budget is estimated at EUR 88 million. (17 April)
Foreign Investment Restrictions	Further to the COVID-19 situation, in accordance with the Hungarian Constitution, the Hungarian Government ordered the State of Emergency on 11 March 2020, with the Government Decree no. 40/2020. (III. 11.). In State of Emergency the Government has special legislative powers to mitigate the effects of the virus. By exercising such special powers, among others Government Resolution no. 1101/20220 (III. 14.) was issued to set up an action committee ("Committee") to protect and secure the operation of companies of strategic importance, led by the Minister of Defense. The Committee identifies the relevant companies and makes preparation for taking control over those companies if needed. Pursuant to the Act on Disaster Protection the companies may be taken under supervision of the Hungarian State by a specific Government Decree, in order to prevent the aggravation of the emergency situation. In the context of this supervision an appointed Minister or Government Appointee can: i. review the financial situation of the company; ii. approve obligation to be undertaken by the company; iii. may decide in matters that are for the prevention and the mitigation of the emergency situation and in general subject to the main decision making body of the companies. According to the Act on Disaster Protection the above measures can be ordered only in form of a Government Decree, however such has not been issued yet.

Hungary

Foreign Investment Restrictions	At this point only Government Resolution no. 1109/2020 (III. 18.) on the Professional Support for the Emergency Operation of Certain State Owned an Private Companies of Strategic Importance was issued. Under this government resolution the Minister of Defense and the Minister of Interior are the responsible members of the abovementioned Committee. Pursuant to this government resolution the Committee place military personnel at companies of strategic importance to facilitate the effective communication and cooperation between the companies, the Government and the Committee. The Minister of Defense informs the relevant companies about the fact that the government resolution applies to them and military personnel will be placed. This very brief government resolution does not detail any other powers or tasks of this military personnel. Our current understanding is that the above mentioned government resolution does not authorize the military personnel to take control over the companies or make any decision on their operation. Such powers could only be exercised if the government issues a specific decree in accordance with the above mentioned provision of the act on Disaster Protection.
Debt	The Hungarian government ordered a debt moratorium on 18 March 2020 by a framework decree (Gov. Decree no. 47/2020 (III. 18.); the "Framework Regulation"). The detailed regulation (Gov. Decree no. 62/2020 (III. 24.); the "Detailed Regulation") was then issued on 24 March 2020, implementing and further specifying the provisions of the Framework Regulation. The debt moratorium applies with respect to all credit facilities, loans and financial leases granted by financial institutions. During the moratorium neither principal amounts, nor interests or fees become due and payable if these are based on financial services provided before the start of the moratorium, i.e. March 18 EOD. Based on a non-binding governmental communication, we understand that the moratorium does not apply to liabilities that became due and payable by reason of a termination of contract falling before the start of the moratorium. We understand that during the moratorium creditors are not barred from terminating contracts based on legal grounds different from non-payment. Pursuant to paragraph 2 of the Detailed Regulation, interests accruing during the term of the moratorium cannot be capitalised to the principal loan amount (neither during nor after the term of the moratorium).Following the moratorium, the interests accrued during the debt moratorium must be paid up before the extended maturity date in even annual instalments together with the due loan instalments. The moratorium is set to expire on 31 December 2020, which date may be prolonged by the government. The term of loans and other facilities may be further prolonged in addition to the prolongation of cca. 9 months (i.e. the term of moratorium) in order to cap the payment instalments after the moratorium, i.e., the repayment schedule could be shifted by a longer period than the term of the moratorium.

Hungary

Debt	The government announced tax reliefs and its intention to provide further financial support for the sectors significantly affected by the economic effects of the COVID-19 pandemic. Businesses of certain sectors and of certain tax regimes (Fixed-Rate Tax of Low Tax-Bracket Enterprises and Small Business Tax) were offered a total or partial exemption of tax and social contributions of the employer. Tax reliefs are significant in the travel industry, the restaurant and entertainment sector, the casinos, the film and the sport industry. Creditors and debtors are free to file for insolvency proceedings.
Equity	No (semi-) equity measures have been announced
Taxation	**Corporate income tax** N/A **Social security/employment/wage taxes** N/A **VAT** Currently the Hungarian Government has not announced yet any tax measures in connection with VAT. **Excise / Import duties** N/A **Tourist tax** No measures for tourist tax, but a different tax payable by the tourism sector, the so-called tourism development contribution will be suspended until 30 June 2020. See comments. **DST** N/A

Hungary

Taxation

Other taxes

The Government will adopt detailed rules in further decrees, which are expected to be adopted in the coming days.

The following rules are effective from 19 March 2020 in the sectors listed below, for March, April, May and June 2020:

- Employers shall be exempt from payment of social contribution tax and vocational training contributions in respect of employed persons; and
- Only health insurance contributions in kind shall be paid, and no other dues or charges of the employees' wages are due. Health insurance contributions in kind may not exceed the monthly amount of the health care contribution (HUF 7,710).

These facilitations apply in the following sectors:

- tourism,
- catering,
- entertainment,
- gambling,
- film industry,
- performer,
- event organizer, and
- sports service providers.

Comments

For the period from 1 March 2020 to 30 June 2020, those liable to pay the tourism development contribution shall be exempt from the payment of the mentioned contribution, and no tourism development contribution shall be declared or established during the period concerned.

Italy

EU State Aid Approvals

A first 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).

A second State guarantee scheme 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).

A third scheme providing aid in the form of guarantees on loans and grants covering the value of the premiums on those guarantees to SMEs, small mid-caps and self-employed.

The total estimated budget is EUR 1.7 billion (13 April).

A fourth scheme enabling public guarantees on new loans and on refinancing of existing loans for all businesses, including large companies. The aid will be granted by State-owned SACE, through financial institutions, to companies affected by the coronavirus outbreak.

The total estimated budget is up to EUR 200 billion (13 April).

A fifth aid scheme in the form of State guarantees and direct grants or 100% guarantees to support SMEs active in the agricultural, forestry, fishery and aquaculture sectors.

Total budget estimated at EUR 100 million (21 April)

A sixth aid scheme in the form of subsidised interest rate loans and direct grants to support companies of all sizes active in the agricultural, forestry and fishery sectors in the Friuli Venezia Giulia region.

Total budget estimated at EUR 50 million (21 April)

Italy

Foreign Investment Restrictions

The Italian Government has extended the scope of the rules on foreign direct investment known as "Special Powers". Based on the provisions of the Law Decree 6 April No. 23 (effective as of 9 April 2020):

1. The Special Powers now apply, with immediate effect, not only to the previously covered sectors – such as defense, homeland security, telecoms, transportation and energy – but also to new industry sectors such as healthcare, food security, water, banking & finance, insurance, dual-use, critical technologies, etc. . Change of control in such sectors will require the prior approval of the Italian Government.

The "new" industry-sectors are those identified in EU Regulation 452/2019 ("EU-Regulation Sectors"), as implemented in Italy through Law No. 133 of November 18, 2019, namely:

i. critical infrastructure (such as water, health, media, data processing or storage, electoral or financial infrastructure, and sensitive facilities);

ii. critical technologies and dual use items (including AI, robotics, semiconductors, cybersecurity, energy storage, quantum computing and nuclear technologies as well as nanotechnologies and biotechnologies);

iii. supply of critical input, including raw materials, as well as food security;

iv. access to sensitive information, including personal data, or the ability to control such information;

v. freedom and pluralism in the media; and

vi. banking, finance and insurance sectors.

Any individual or entity wishing to invest in the above sectors is subject to the Special Powers rules, even though the Government has not yet issued the implementing rules on the application of such enlarged Special Powers.

2. If the parties to a transaction involving a "strategic" company do not comply with the obligation to notify such transaction to the Government, not only sanctions will apply for failure to notify, but the Government will also be entitled to exercise the Special Powers automatically.

3. Up to 31 December 2020, the Special Powers will apply also (i) to transactions within the European Union when, as a result of the transaction, the purchaser would acquire control of the Italian "strategic" company; and (ii) to extra-EU transaction when, as a result of the transaction, the purchaser would hold a participation in excess of 10% of the corporate capital of the "strategic" company, if the value of the transaction is in excess of EUR 1 million, and when the purchaser would hold participations in excess of 15%, 20%, 25% and 50%.

Italy

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.
Equity	No (semi-) equity measures have been announced

Italy

Taxation

General

For taxpayers having their fiscal domicile, legal seat or place of business in the Italian territory, all tax obligations expiring between 8 March and 31 May 2020 are suspended with the sole exception of: (i) payments, (ii) applications of withholding taxes, including those related to the additional regional and municipal taxes, and (ii) filing of pre-filled tax returns for FY 2020 which falls under a specific law provision. Such tax obligations shall be carried out by 30 June 2020, without the application of penalties.

The following payments, expiring between 8 March 2020 and 31 March 2020, which should be made by corporate entities or professionals, having their fiscal domicile, legal seat or place of business in the Italian territory and whose revenues or fees for FY 2019 do not exceed EUR 2 million, are automatically suspended:

I. deductions at source of income from employment;

II. VAT;

III. social security contributions and mandatory insurance premiums.

Such payments shall be made by 31 May 2020, without interest and penalties, or in a maximum of five monthly instalments. The amounts already paid cannot be refunded.

Taxpayers having their fiscal domicile, legal seat or place of business in Bertonico, Casalpusterlengo, Castelgerundo, Castiglione D'Adda, Codogno, Fombio, Maleo, San Fiorano, Somaglia, Terranova dei Passerini and Vo':

I. tax payments and tax obligations expiring between 21 February 2020 and 31 March 2020 are suspended;

II. deductions at source of income from employment are suspended.

Such payments shall be made and such obligations shall be fulfilled by 31 May 2020, without interest and penalties, in their full amount or in a maximum of five monthly instalments. The amounts already paid cannot be refunded.

Corporate income tax

See General and Comments.

Italy

Taxation

Social security/employment/wage taxes

Withholding taxes on self-employment incomes shall not apply for taxpayers having their fiscal domicile, legal seat or place of business in the Italian territory and whose revenues or fees for FY 2019 do not exceed EUR 400,000, not having incurred any costs for employees in February 2020. In order to take advantage of this option, taxpayers must issue a specific statement and must pay the amount of withholding taxes not applied by the withholding agent by 31 May 2020, in full or in a maximum of five installments, without interest and penalties.

VAT

VAT payments due in March will be suspended until end of May for

i. companies with an annual turnover in 2019 not exceeding EUR 2 million and
ii. for companies engaged in specific industries more affected by COVID such as tourism. Such suspension will apply irrespective of any turnover threshold.

For payments due in April: at present no extension is provided. However the expectation is that the measures will be extended to April as well.

It seems that the Decree is only applicable to companies that have their fiscal domicile, legal or administrative seat in the Italian territory - however this needs to be clarified.

VAT payments of taxpayers having their fiscal domicile, legal seat or place of business in Bergamo, Cremona, Lodi and Piacenza provinces, the suspension shall apply regardless of the thresholds.

Payments shall be made by 31 May 2020, without interest and penalties, in their full amount or in a maximum of five monthly instalments. The amounts already paid cannot be refunded.

Excise / Import duties

N/A

Italy

Taxation

Tourist tax

The government decree deals with state taxes while tourist tax is managed at local level, so also for such tax the decree does not contain any specific provision.

Shall be determined on local level.

DST

There is not a specific provision for DST which in Italy will be payable in 2021. No measures.

Other taxes

For the tourism industry (and a number of other industries such as sport, schools, transportation. etc.) Employment taxes and social security contributions that are due in March 2020 will be suspended until 31 May, regardless of any turnover threshold

Comments

- suspension of certain tax obligations / tax payments, without the application of administrative penalties.
- suspension of tax audit and tax assessment activities, as well as the deadlines for the Tax Office to reply to tax rulings requests and automatic extension of the deadline for the Tax Office to issue tax assessments for FY 2015 (and FY 2014, should the taxpayer have omitted to file the relevant tax return).
- suspension of the deadlines for filing appeals before provincial and regional tax courts and the Italian Supreme Court, postponement of the deadlines for filing final briefs and automatic postponement of the hearings.
- suspension of the deadlines connected to the pending administrative procedures (albeit mandatory).

The measures are included in a law decree which is immediately effective but has to be converted into law within 60 days of its approval (i.e., before 16 May 2020

Deadlines concerning tax audits, assessments, collection and litigation activities to be carried out by the Italian Tax Authority are suspended from 8 March 2020 to 31 May 2020 (with the exclusion of audit activities concerning formal violations, as clarified by the Explanatory Notes to the Law Decree).

Italy

Taxation

Statute of limitation for the activities of the Revenue Agency are automatically extended by two years, Therefore, tax assessments concerning FY 2015 will expire on 31 December 2022 instead of 31 December 2020. Also FY 2014 will be included in the extension mentioned above, only in the case of omitted filing of the relevant tax return

The terms for paying tax amounts indicated in: (i) notice of payments issued by the Collector Agent, (ii) tax assessment immediately effective issued by the Italian Revenue Agency, Customs Authorities and Local Authorities, (iii) debit notices issued by the social security institutions and (iv) injunctions of the Local Authorities, expiring between 8 March 2020 and 31 May 2020, are automatically suspended and shall be made in full by 30 June 2020. The amounts already paid cannot be refunded.

Taxpayers that decide not to benefit from the automatic suspensions provided by one or more of the provisions, will be mentioned in the official website of the Ministry of Economy and Finances, in order to obtain a reputational advantage.

Suspension of the terms related to tax litigation proceedings – Article 83

1. The hearings of pending tax litigation proceedings falling between 9 March 2020 and 15 April 2020, shall be postponed and rescheduled after 15 April 2020.
2. The present article provides also for a suspension until 15 April 2020 of the following judicial activities:
   i. notification of appeals against any act falling within the jurisdiction of the provincial tax courts, including those subject to a mandatory attempt to reach a settlement pursuant to article 17-bis, paragraph 2 of Legislative Decree No. 546/1992;
   ii. notification of appeals against the tax court's decisions (the text of the law decree is not straightforward on this. However, this interpretation is the sole in line with the ratio legis);
   iii. term for the issuance of any kind of tax court's decisions;
   iv. any other deadline related to judicial proceedings already pending or to be started before provincial and regional tax courts, falling between 9 March 2020 and 15 April 2020.

Taxation

3. Should one of the deadlines mentioned above start to run in the time-frame between 9 March 2020 and 15 April 2020, it will be considered as running as of 15 April 2020. While, in case of looking-back deadlines falling (entirely or partially) in the time-frame between 9 March 2020 and 15 April 2020, the relevant hearing will be postponed in order to grant that such deadline will expire after 15 April 2020.
4. In addition, the heads of judicial offices have the possibility to adopt measures aimed at minimizing the risks arising from the epidemiological emergency, such as the limitation of physical access to tax courts, the pleading of the hearings remotely, the payment of the courts stamp and the filing of court's briefs by electronic means only.

Suspension of the terms related to the pending administrative procedures – Article 103

1. Deadlines connected to administrative procedures (albeit mandatory) pending as at 23 February 2020 or started after 23 February 2020 are automatically suspended for a time-frame running from 23 February 2020 and until 15 April 2020. Also the 90-days term for the deemed negative answers to the requests of refund filed by the taxpayers follow in the present provision.
2. In particular, this provision is aimed at avoiding the creation of delays or "meaningful" silence in the activities of the Public Administration.

Luxembourg

NEW

EU State Aid Approvals	First measure consisting of an aid scheme aimed at supporting companies, as well as liberal professions, in the form of a repayable advance granted in one or more instalments to allow beneficiaries to face their operating costs in the difficult situation caused by the coronavirus outbreak. Total budget estimated at EUR 300 million (23 March). A second measure consisting of a guarantee scheme applicable to all companies, except those active in the promotion, renting and sale of building as well as holding of investments. It enables the granting of guarantees on loans at favourable terms to help businesses cover immediate working capital and investment needs. Total budget estimated at EUR 2.5 billion (27 March) A third measure consisting of an aid scheme to support coronavirus related research and development (R&D) and investments in the production of products relevant to the coronavirus outbreak. The total estimated budget is EUR 30 million (8 April).
Foreign Investment Restrictions	To date, no impact.

Luxembourg

NEW

Debt	The Luxembourg Government and the Luxembourg tax authorities adopted a series of measures to support Luxembourg businesses suffering from the COVID-19 lockdown, facilitate bank financing and defer payments linked to tax deadlines such as, ▪ Repayable financial aid granted to support businesses (large, medium-sized and small companies), including natural persons carrying out their activities as their main activity and in self-employment, experiencing temporary financial difficulties as a result of the COVID-19 crisis and to cover operating costs (personnel expenses and rental costs (rent plus charges) of the business for the months falling within the period from 15 March 2020 to 15 May 2020. The aid can amount up 50% of the admissible expenses without exceeding EUR 500,000 per business (including a group comprising the applicant business and connected undertakings); ▪ State guarantee scheme for new bank loans granted by credit institutions between on March 18 and December 31, 2020 for companies, and self-employed experiencing temporary financial difficulties as a result of the COVID-19 crisis and for a maximum duration of 6 years, under certain conditions provided by the law of 18 April 2020 aiming to set up a guarantee scheme in favor of the Luxembourg economy in the context of the Covid-19 pandemic; ▪ The *Société Nationale de Crédit et d'Investissement* (SNCI), a public-law banking institution specialized in medium and long term financing of Luxembourg based companies, putted in place a "Special Anti-Crisis Financing – SACF", for a maximum total amount of 400 million euros for Luxembourg SMEs and large companies which possess a business permit, with a view to financing any exceptional needs that have arisen in light of the COVID-19 crisis, for financing decisions taken until 31.12.2020. This is indirect financing via the company's usual bank - the SNCI finances up to 60% of the required amount, provided that the bank finances 40%; ▪ Cancellation of the first and/or second quarterly advances for 2020. This concerns income tax (of firms) and municipal business tax.
Equity	No (semi-) equity measures have been announced

Luxembourg

NEW

Taxation

Corporate income tax

On 17 March 2020, the Luxembourg government announced supportive measures for corporate taxpayers, independents as well as individuals suffering cash flow difficulties because of the COVID-19 Pandemic (for further reading, click here). On the same day, the Luxembourg tax authorities (Administration des Contributions Directes – the "ACD") released some practical guidance in a Newsletter. Taxpayers are allowed to request:

A cancellation of the 2020 1st or/and 2nd quarterly advances for (corporate) income tax and municipal business tax, (Tax advance Cancellation Request Form). Note that net wealth tax quarterly advances are not covered by the present measure. Instead of a cancellation, a taxpayer is allowed to simply reduce the advances. In that latter case, the taxpayer should contact the relevant tax office through a motivated written request.

A 4-month extension of the payment deadline for corporate income taxes and net wealth taxes due after 29 February 2020 without penalties for late payment (Tax Payment deadline extension Request Form).

Those requests should be sent through the mail or via email todivinsimp@co.etat.lu. They will be automatically accepted and each taxpayer should receive written confirmation. Alternatively, the taxpayer could fill in the online forms for Tax Advance Cancellation Request and Tax Deadline Extension Request available as from 23 March 2020 on the ACD's website to the extent the tax office is identified.

The deadline for filing individual and corporate tax returns is postponed to 30 June 2020. Same date should be considered to cancel or amend the choice to be subject to tax on a stand-alone basis.

As a consequence of the COVID-19 outbreak, the ACD premises are exclusively open by appointment.

Suspension of time limits in judicial matters

On 25 March 2020, the Government decided to suspend, barring exceptions, the time limits for proceedings before the judicial, administrative, military and constitutional courts. Furthermore, eviction deadlines for rental and commercial leases are also suspended. In that respect, time limits for complaints, within the meaning of paragraph 228 of the General Tax Law amended May 22, 1931 ("*Abgabenordnung*"), are suspended until June 30, 2020.

In the same way, the time limits for formal hierarchical appeal, within the meaning of paragraph 237 of the General Law of the amended taxes of May 22, 1931 ("*Abgabenordnung*"), are suspended until 30 June 2020.

Luxembourg

NEW

Taxation

Social security / Employment / Wage taxes / Personal Income Tax

French individual cross-border workers on 19 March 2020, the French and Luxembourg authorities declared that the current situation linked to the coronavirus constitutes a case of force majeure. Therefore, it was agreed that from Saturday 14 March 2020, the presence of a French resident cross-border worker exercising his/her activity from home in France should not be taken into account in the calculation of the 29-day rule (i.e. maximum number of days that a French resident working in Luxembourg is entitled to spend abroad for work while not being subject to tax in France on Luxembourg sourced employment income) as foreseen in the Protocol to the Double Tax Treaty signed between France and Luxembourg in 2018. This measure is applicable until further notice and additional information in this respect should be provided shortly. For further reading, click here.

Belgian individual cross-border workers

On 16 March 2020, Belgium and Luxembourg governments agreed on disregarding the 24-day rule included in the final Protocol of the Belgian-Luxembourg Convention which corresponds to the maximum number of days a cross-border worker resident in Belgium is allowed to work outside Luxembourg without being subject to tax in Belgium on Luxembourg sourced employment income.

Therefore, both countries decided that from Saturday 14 March 2020, the presence of a worker employed by a Luxembourg resident employer exercising his/her professional activity from home in Belgium will not be considered in the calculation of the 24-day period. This measure is applicable until further notice. For further reading, click here

German individual cross-border workers

Following similar agreements reached with France and Belgium last month, Luxembourg has reached an agreement with Germany concerning teleworking during the current COVID-19 pandemic.

According to a press release dated 2 April 2020, the German and Luxembourg authorities have agreed that working days in which workers work remotely from their main place of residence as a result of measures to fight the pandemic can be deemed as working days in the country in which the work would normally have been carried out (Luxembourg).

The working days in which German cross-border workers work from home during the COVID-19 pandemic will thus not be counted within the 19-day tax limit, which was set out in an agreement entered into between Germany and Luxembourg in May 2011.

Luxembourg

Taxation

This measure is applicable from 11 March 2020 and until further notice. The exact modalities for the application of this agreement will be communicated at a later date.

VAT

With respect to VAT, the VAT authorities (Administration de l'Enregistrement, des Domaines et de la TVA, the "AEDT") have started to reimburse all VAT credit balances below EUR 10,000 as of 16 March 2020. This is a measure answering the liquidity needs of approximately 20,000 Luxembourg companies, the Luxembourg government said.

Additionally on 18 March 2020, the AEDT announced that no penalties will apply upon late filing of VAT returns. This measure will apply until otherwise stated by the AEDT (for further reading, click here).

Moreover, the AEDT grants VAT payment deadline extension upon request.

This measure is available for any person subject to VAT (natural and legal persons) as well as non-taxable legal persons identified for VAT who:

- are exposed to financial difficulties having a direct link with the COVID-19 crisis;
- wish to benefit from the fiscal measures decided by the Luxembourg Government to deal with the spread of the coronavirus.

Any person can submit their request for deferral of payment of the VAT due online viaMyGuichet.lu, without the need for a LuxTrust certificate:

- either directly: ◦
  - by the operator of the individual company, or;
  - through the company's manager;
- or indirectly, through their representative.

As a consequence of the COVID-19 outbreak, the AEDT premises are exclusively open by appointment.

Excise / Import duties

N/A

Luxembourg

Taxation

Tourist Tax

N/A

DST

N/A

Other Taxes

WHT on savings income for Luxembourg resident individuals: extension of deadline.

Regarding the income allocated for the 2019 tax year, the deadline set for the levy method's options available to beneficial owner provided for in Article 6 bis, 2 of the amended law of 23 December 2005 introducing a final withholding tax on certain interest income realized by qualifying Luxembourg resident individuals (originally 31 March) is fixed at 30 June 2020.

Deadline of the extension deadline for income tax assessment and municipal business tax assessment for individuals extended

The deadline set under paragraph 167, paragraph 4 last sentence, of the amended general tax law of 22 May 1931 ("*Abgabenordnung*") and beyond which an extension of the deadline for filing tax assessments for individuals and municipal business tax is not permitted (originally 30 June) is extended until 31 December 2020.

Comments

N/A

Morocco

Foreign Investment Restrictions	Launch of an online platform called "SMART" for: ▪ requests for special authorizations for any foreign exchange transaction not expressly defined or provided for in the provisions of foreign exchange regulations (e.g., opening of foreign accounts by residents, etc.) ▪ ability to file electronic reporting of foreign exchange transactions.
Debt	1. For companies requesting it, banks will grant a 3 months postponement period (renewable), for their medium and long-term loans deadlines. 2. Banks will also cover working capital needs of companies ("*besoins en fonds de roulement*"). As such, to enable companies to cope with activities and cash flows reductions, banks will grant extensions for their current operations: loans, refinancing. 3. Banks will also grant all their clients requesting it in writing 3 months postponement (renewable once) of payment deadlines relating to their amortizable maturities (real estate and consumer loans). 4. Bank Al Maghrib (the Moroccan banking regulator) has ensured that the supply of fiduciary money will continue. Bank Al Maghrib has also decided to reduce its key interest rate by 25 basis points. It is therefore now set at 2%.
Equity	No (semi-) equity measures have been announced

Netherlands

EU State Aid Approvals

First measure approved with a total estimated budget of EUR 23 million. The scheme provides direct grants of max. EUR 50,000 per project (and max. 2 project per company) to support certain providers of social support and health care in offering services at home during the coronavirus outbreak. (7 April)

A second measure consisting of a loan guarantee scheme (GO-C guarantees) for SMEs and large undertakings to meet liquidity needs of the companies in the context of the coronavirus outbreak.

Total budget estimated at EUR 10 billion (22 April)

Foreign Investment Restrictions

COVID-19 has had no impact on the Netherlands' foreign investment review regime.

Debt

The Dutch government has announced a wide range of financial, economic and fiscal measures. Debt-related measures include the following:

a) The Dutch government has announced the extension of the GO-scheme (*Garantie Ondernemingsfinanciering*) which is an arrangement for medium and large companies affected by COVID-19 and guarantees half of any new funds which banks make available to Dutch borrowers. Furthermore, the Dutch government increased the budget to EUR 10 billion and the 80% (for medium and large companies) and 90% (for small and medium enterprises, "SMEs") state guarantee on loans up to EUR 150 million.

b) The existing credit guarantee scheme for SMEs (*Borgstelling MKB Kredieten*, "BMKB") has been further expanded as per the end of March 2020 until at least 30 June 2022 to enable SMEs to attract financing in amounts which would otherwise not be possible. The government budget is EUR 1.5 billion. Apart from a company's creditworthiness, there are some general requirements to apply for the scheme: the BMKB is available for companies that (i) exist longer than 3 years, (ii) employ less than 250 employees, and (iii) generate less than EUR 50 million of turnover or have a balance sheet total of less than EUR 43 million. Under the BMKB, up to 75% of the credit can be financed by the government whereas the government covers (*staat borg voor*) 90% thereof. The company has to cover 10%. Companies cannot apply for the BMKB but can ask their accredited financier (e.g., the bank) to make use of the scheme. The maximum credit is EUR 1.5 million. Moreover, the BMKB premium has been decreased from 3.9% to 2%, which makes the scheme more accessible to entrepreneurs. The Dutch cabinet also indicated that banks should consider whether they still charge clients reasonably.

Netherlands

Debt

c) Supplier credit is a common form of business financing in the Netherlands. This form of business financing only works if short-term payment terms (usually 30 to 60 days) are insured, by credit insurers or otherwise. Because of COVID-19, borrower default risks increase, which jeopardises the supplier credit system. To prevent insurers from lowering or cancelling insurance limits for entrepreneurs, the Dutch Ministry of Finance is preparing a EUR 12 billion reinsurance plan for short-term credit insurances for the year 2020. Furthermore, the conditions to make use of export credit insurance are temporarily expanded.

d) SMEs with a business within one of the industries impacted by the Dutch government measures can also apply for a one-off net payment of EUR 4,000 (under a compensation scheme called "TOGS" (*Tegemoetkoming Ondernemers Getroffen Sectoren* COVID-19)). If a company has a main activity which corresponds to one of the SBI codes that apply under the TOGS, or is otherwise eligible, and meets the other requirements, it is entitled to receive such a one-off payment. Companies can submit a request through the website of theDutch Enterprise Agency.

e) The Dutch cabinet announced specific credit opportunities for startups, scale-ups and other innovative companies. Such companies may apply for bridge financing by the Regional Development Agencies (*Regionale Ontwikkelingsmaatschappijen*). The government budget will initially be EUR 100 million. This scheme will be accessible in the fourth week of April. Also, the Dutch government provides loans to innovative and starting entrepreneurs via the Early Phase Financing facility (Vroege Fase Financiering) and the Innovation Credit program (*Innovatiekrediet*). Entrepreneurs may also be eligible for suspension of interest payments and repayment of their loans for a period of 6 months (from 1 April 2020 until 1 October 2020).

f) The microcredit provider Qredits finances and coaches companies and start-ups with financing up to EUR 250,000. The Dutch government announced that it will support Qredits to extend credits by up to six months and to decrease its interest rates to 2% during such extension period.

g) The planned phase out of the Growth Facility measure (*Groeifaciliteit*) will be postponed until 1 July 2021. This facility aims to help entrepreneurs who need venture capital (e.g., for quick growth, a transaction or foreign expansion) by providing the financier of a business with a 50% state guarantee on subordinated loans and shares of private equity firms.

Netherlands

Equity	No (semi-) equity measures have been announced
Taxation	**Corporate income tax** Lowering of preliminary assessment. If the amount of the new preliminary assessment is lower than the tax you already paid in the first months of the year the difference will be refunded. **Social security/employment/wage taxes** N/A **VAT** See comments. **Excise / Import duties** N/A **Tourist tax** The measures around Tourist Tax are determined per municipality. **DST** N/A **Other taxes** See comments.

Netherlands

Taxation

Comments

- A request for a payment deferment for 3 months can be submitted. This submission covers several taxes, including Personal Income Tax, CIT, Wage Tax, VAT, Healthcare Insurance Act. Penalties will not be charged during this period.
- An additional extension of another 3 months can be requested per letter.
- In case the sum of payable taxes is lower than EUR 20,000: the entrepreneur can include arguments to substantiate the need for an additional extension, for example by including numbers that show a drop in revenues in comparison to the months before the COVID-19 crisis.
- In case the sum of payable taxes in higher than EUR 20,000: additional information requested by the Dutch tax authorities. This includes a statement of an accountant/ tax advisor / external consultant that the COVID-19 crisis impacts the company financially.
- Returns should still be submitted in time.
- Interest will be lowered to 0.01% as of 23 March 2020.

Poland

EU State Aid Approvals	A first scheme consists of a guarantee scheme on existing or new loans to support companies affected by the coronavirus outbreak. The support consists in the provision by the Polish National Development Bank, Bank Gospodarstwa Krajowego, of public guarantees on investment loans and working capital loans with a maximum maturity of 24 months to medium and large Polish companies active in all sectors. (3 April) A second measure provides liquidity support in the form of guarantees on loans and subsidised interest rates for loans with maximum maturity of 6 years which is open to all companies (SMEs and large undertakings). The scheme is co-funded by European Union funds under shared management, notably the European Regional Development Fund and the European Social Fund. (8 April) A third measure consisting of a direct grant scheme intended to partially cover interests on loans, which should normally be borne by the borrower. The scheme is open to all undertakings irrespective of their size and the direct grant cannot exceed EUR 800,000 per undertaking. The total estimated budget is EUR 115 million (10 April). A fourth measure consisting of aid in the form of guarantees on loans and subsidised interest rates that will be provided under Regulation of the Minister of Development Funds and Regional Policy to SMEs and large undertakings active in all sectors, with the exception of the financial sector. Total budget estimated at EUR 110 million (22 April) A fifth measure consisting of 11 Polish State aid schemes to support the Polish economy in the context of the coronavirus outbreak. Under the schemes, the public support will take the form of (i) direct grants, (ii) repayable advances, (iii) tax and payments advantages, (iv) deferrals of tax payments and (vi) wage subsidies. Total budget estimated at EUR 7.8 billion (23 April).
Foreign Investment Restrictions	No new measures have been announced in specific response to COVID-19.

Debt

The most significant change, from the point of view of financial markets, introduced under the provisions of the Act on COVID-19, is a solution enabling domestic banks to change the terms and conditions, and the deadlines specified in credit agreements or cash loan agreements concluded with enterprises, non-governmental organisations and public benefit purpose entities. upon agreement with the borrower.

Such amendments could be made to all contracts for which financing was granted before 8 March 2020 and where, at the same time, such amendment is justified by the borrower's financial and economic situation. Such amendment shall be made on terms agreed between the domestic bank and the borrower and shall not cause a deterioration of the borrower's financial and economic situation.

The above solution is linked with the solution which entitles Bank Gospodarstwa Krajowego to grant (in connection with the effects of COVID-19) guarantees for repayment of credits granted to entrepreneurs (excluding micro and small entrepreneurs). This applies to Credits intended to provide financial liquidity.

Amendments may also be implemented to contracts concluded with other creditors. Such changes being made not under the COVID-19 regime but under the principle of contractual freedom.

Repayable financing and credits within the meaning of the Act on Certain Forms of Support for Housing Construction

The Act on COVID-19 introduces new rules for the calculation of the repayable funding period and the credit period. This period does not include the grace period for the repayment if this grace period was requested by the borrower in connection with a state of emergency or state of epidemic.

Period of subsidies within the meaning of the Act on Financial Support for Families and Other Persons in Purchasing Their Own Apartment

The Act on COVID-19 introduces similar new rules for the calculation of the subsidy period within the meaning of the Act on financial support for families and other persons in acquiring their own housing. This period does not include the grace period for the payment of capital instalments or interest on a soft loan if this grace period was granted at the request of the borrower in connection with a state of emergency or state of epidemic.

However, the interest is capitalized during the grace period for the payment of the capital instalments or interest on the preferential credit. This may raise doubts as to its compliance with Polish law.

Poland

Debt	**Cheaper consumer credit** The new law introduces an algorithm for calculating the maximum amount of non-interest cost of consumer credit. For loans with a repayment period of less than 30 days, the costs may not be more than 5 percent of the total amount of credit. For loans repaid after at least 30 days, the level of non-interest cost may be no more than 15% of the total amount of credit plus 6 percentage points for each year of duration of the credit, providing that no more than 45% of the total amount of the consumer credit over the entire maturity of the loan. Example: the non-interest cost of a loan granted to a consumer, in the amount of PLN 1,000, on the basis of the existing and the new regulations: **Credit period Current cost of the credit Cost of the credit in accordance with the Law on COVID-19** 7 days PLN 256PLN 50 30 days PLN 275 PLN 155 90 days PLN 324 PLN 165 The OCCP may impose financial penalties of up to 10% of the annual turnover on lenders who violate these regulations.
Equity	No (semi-) equity measures have been announced
Taxation	**Corporate income tax** Deadline for filling of the CIT return should be extended for non-governmental organizations. Currently, the taxpayers are obliged to increase their tax base by the amount of unpaid liabilities in a given period (included in tax deductible costs). These provisions should be suspended. If in FY20 the taxpayers achieve revenue at least 50% lower than in FY19, they will be allowed to recognize the potential tax loss incurred in FY20 in their tax result for FY19 - up to PLN 5m / c. EUR 1.1m (while generally carry-back of tax losses is not allowed in Poland). **Social security/employment/wage taxes** N/A

Poland

Taxation

VAT

The use of the new Standard Audit File obligations (Polish: JPK_VAT) should be postponed to 1 July 2020.

Excise / Import duties

N/A

Tourist tax

N/A

DST

To be determined.

Other taxes

Deadline for the payroll tax advances payment for the period March - April should be extended for the tax remitters to 1 June 2020.

Real Estate Tax: The municipalities should be allowed (at their own discretion) to exempt the taxpayers from the RET obligations.

Minimum Tax on Real Properties: Deadline for Minimum Tax payment for the period March - May FY20 should be extended to 20 July 2020.

Comments

The standard extension fee which normally is due for

i. extending the tax payment deadlines or
ii. payment of tax liabilities in instalments - should be suspended.

The tax authorities should carefully consider, if in given circumstances certain tax audits / tax proceedings / execution proceedings should be suspended.

The taxpayers should be allowed to decrease their tax income by the amount of donations made for the benefit of certain entities involved in combating the pandemic.

Russia

Foreign Investment Restrictions	No new measures have been announced in specific response to COVID-19.
Debt	"Credit vacations" to small and medium size businesses and individuals. Individuals, individual entrepreneurs and small and medium businesses operating in important industries may apply to the banks and request a moratorium for repayment of loans and payment of interest. **Type of loans to which moratorium applies:** i. consumer loans and mortgage loans provided to individuals and individual entrepreneurs; and ii. loans provided to SME borrowers. Term of the moratorium: up to 6 months. *Consequences*: during the moratorium the creditor is not entitled to declare default and claim repayment of the loan, the default interest shall not accrue, enforcement of security is prohibited. Regular interest: regular interest shall accrue but shall not be paid until the end of the moratorium. Reduced interest rate shall apply under the consumer and mortgage loans provided to individuals. *Additional requirement*: confirmation of reduction of income for more than 30% as compared to 2019 for individuals and individual entrepreneurs under consumer and mortgage loans. ▪ In Moscow, state subsidies to lending institutions which provided loans on preferential terms to small and mid-size businesses within the last three years. ▪ Pending President's approval, the Russian Government may introduce moratorium on creditors' petitions to hold debtors as bankrupts. ▪ Pending President's approval, in those regions of Russia where the government introduced the regime of extraordinary situation or regime of high readiness (currently, such regimes were introduced in the majority of Russian regions), tenants of properties may request their landlord to defer their 2020 lease payments. Should the tenant not be able to use the property, e.g., restaurants or other public places closed down by order of the government due to COVID-19, the tenant may demand reduction of the lease payment from the landlord

Russia

Equity	No (semi-) equity support measures have been announced.

Taxation

Corporate income tax

- Six months' deferral on paying corporate profits tax (and other taxes except for the VAT) for small and mid-size enterprises (Qualifying SMEs) that:
  i. are included in the Russian State Registry of SMEs as on 1 March 2020 (companies whose annual turnover does not exceed RUB 2 billion (approximately USD 250 million, average headcount does not exceed 250 employees, participation of foreign shareholders does not exceed 49%)), and
  ii. operate in industries severely affected by the COVID-19 quarantine (air and truck transportation, airport activities, culture and leisure activities, sports, tourism, hotel and restaurant business, education, conferences, exhibitions and consumer services).
- Amendments to certain tax treaties are expected. Increase in the withholding tax to 15% on dividends and interest paid "abroad, to offshore jurisdictions" to certain "transit" jurisdictions e.g., Cyprus (or termination of such tax treaties in case of lack of agreement). Official request to change tax treaty was sent to Cyprus on 1 April 2020, and to Luxembourg and Malta on 13 April 2020. The list of "transit" jurisdictions is currently being determined. The increased withholding tax rates may apply not earlier than 2021.
- Simplified rules for providing interest-free tax deferrals (instalment plans) for Qualifying SMEs operating in industries severely affected by the COVID-19 quarantine.

Qualifying SMEs/companies include:

i. companies with a 10% decrease* of income (income from sale of goods and services);

ii. companies with a 10% decrease* of income from sale of goods and services subject to the 0% Russian VAT (provided that such sales amount to more than 50% of all operations);

Russia

Taxation

iii. companies receiving losses at the end of a reporting period in 2020 (if a company received profits in 2019);

iv. SMEs applying special tax regimes.

*compared to the same reporting period of 2019.

- The deferrals may apply to corporate profits tax (and other taxes except for mineral extraction tax and excise tax) and advance tax payments due in 2020. The term of the deferral may depend on the company's financial position and may vary up to 1 year for tax deferrals and up to 5 years for instalment plans. The tax deferrals for Qualifying SMEs are interest free. Tax deferrals up to 6 months do not require collateral/bank guarantee for tax deferrals up to 6 months.

Social security/employment/wage taxes

- Long-term reduction of social security contributions from 30% to 15% on salaries exceeding minimal wage for small and mid-size enterprises (SMEs).
- The deferral on paying social security contributions for micro-businesses (whose average headcount does not exceed 15 employees and annual turnover does not exceed RUB 12 million (USD 1.5 million))
- Simplified procedures for obtaining deferral of social security contribution payments due in 2020 may be available for qualifying SMEs/companies (same as for corporate profits tax purposes).

VAT/GST

N/A

Excise/import duties

- Elimination of customs duties and simplification of customs formalities for import of certain categories of goods, such as medical goods.

DST

N/A

Russia

Taxation

Other taxes

- (Moscow) Tax deferral until 31 December 2020, with respect to advance tax payments of Russian corporate property tax and land tax for companies operating in certain industries (trade, restaurants, tourism, leisure, culture and sports activities, cinemas, hotels, additional education, health-resort treatment, conferences and exhibitions, and consumer services).
- 13% individual income tax on interest on all RUB and foreign currency bank deposits and investments of individuals into debt securities exceeding RUB 1 million in total as of 2021 (previously exempt within Russian Central Bank rate +5% for ruble deposits). There are certain exemptions for small and low rate salary accounts.

Comments

Russia has also introduced special procedural rules for administering tax payments and tax audits in light of the COVID-19 quarantine:

- No collection of tax underpayments for SMEs and companies operating in industries affected by the COVID-19 quarantine until 1 May 2020.
- Postponement of accounting and tax reporting (expect VAT) due in March - May 2020 for three months.
- Extension of the deadlines for collecting taxes, penalties and late payment interest for 6 months.
- Switch to the remote (online) reviewing of appeals and other claims via telecommunication channels; permission to submit materials during a tax audit in scanned copies.
- Freeze on new on-site tax audits and transfer pricing audits and suspension of current ones until 1 May 2020 (chamber tax audits may continue). The freeze may be further extended until 1 June 2020.
- Extension of procedural terms and deadlines for tax audits.
- Extension for 20 working days of the deadlines for providing documents and information requested by the Russian tax authorities in March - May 2020. Potentially no penalties for missing the deadline.

Saudi Arabia

Foreign Investment Restrictions	No new measures have been announced in specific response to COVID-19.
Debt	The government launched a financial and economic stimulus packages worth more than SAR 70 billion (approximately US$ 18.6 billion), which consists of exemptions and postponement of some government dues to provide liquidity to the private sector. The measures include: 1. Exemption from expat levy for those whose Iqama (residency permit) has expired from now until 30 June 2020, by extending their Iqama for a period of three months without charge. 2. Enabling employers to refund the fees of issued work visas that were not used during the ban on entry and exit, even if they were stamped 3. Enabling employers to extend exit and re-entry visas that were not used during the ban on entry and exit from the Kingdom for a period of three months without charge. 4. Enabling business owners, for a period of three months, to postpone the payment of value-added tax, excise tax, income tax, and the submission of Zakat declarations and the payment of obligations due therefrom. The decision allows for grant zakat certificates without restrictions for the period of fiscal year 2019, and to accept instalment requests to the General Authority of Zakat and Income Tax without applying the condition of advance payment. In addition, postponing the execution of services suspension procedures and financial seizure by the General Authority of Zakat and Income, and setting the necessary criteria to extend the postponement period for the most affected activities as needed. 5. Postponing the payment of some government services fees and municipal fees due on private sector, for a period of three months, and setting the necessary criteria to extend the postponement period for the most affected activities as needed. 6. Authorising the Minister of Finance to approve lending and other forms of financing as well as exemption from payment of fees and returns on loans granted until the end of 2020, under the Corporate Sustainability Program initiative.

Saudi Arabia

Debt

Debt Moratoria

The Saudi Monetary Fund (SAMA) has announced the introduction of a Private Sector Financing Support Program of SAR 50 billion (approximately US$ 13.5 billion) in support of the following measures to contain the financial repercussions of COVID-19, namely:

1. Supporting SME Finance: The purpose of the program is to mitigate the impacts of cash flow fluctuations, support working capital, enable the sector to grow during the coming period and contributing to supporting economic growth, and maintaining employment. The program consists of three basic elements:
   - Deferred Payments Program: SAMA has provided a fund of SAR 30 billion (approximately US$ 8 billion) for banks and financing companies to delay repayments to the financial sector (banks and finance companies) from SMEs for a period of six months as of 14 March 2020.
   - Funding for Lending: Concessional finance of approximately SAR 13.2 billion (approximately US$ 3.5 billion) is being made available for SMEs by granting loans from banks and finance companies to (i) support business continuity and sector growth during the crisis; (ii) contributes to supporting economic growth; and (iii) maintains employment levels in these enterprises.
   - Loan Guarantee Program: SAMA has made available SAR 6 billion (approximately US$ 1.6 billion) for banks and insurance companies to relieve SMEs from the finance costs of the KAFALA Program (a state-backed guarantee and loan program) for the purpose of minimising finance costs for entities eligible to utilise from those guarantees and loans during 2020.
2. Supporting Fees of Point of Sale and E-Commerce terminals: All stores and entities in the private sector will have their fees to payment service providers covered by SAMA up to SAR 800 million (approximately US$ 210 million) for the next three months. SAMA will pay these fees to payment service providers participating in the national system. As regards institutions affected by the precautionary measures implemented in the holy cities of Makah and Medina, SAMA is coordinating with banks and finance companies to facilitate finance repayments of such institutions.
3. Support for health workers: SAMA has announced a new initiative, under which local banks will postpone repayment of loan installments for three months for employees working in the public and private health sector (the "Banks Initiative"). The new initiative will come into effect as of April 2020. Overall, SAMA is reassuring the market that the banking sector is still registering good performance indicators, and this will improve its resilience to cope with future challenges and crises. SAMA has also reaffirmed that it will continue its role of maintaining financial stability in the Kingdom.

Saudi Arabia

Debt

On 29 March 2020, SAMA issued the following additional measures to address the challenges of COVID-19 (the "29 March 2020 measures"):

1. General Lending Support SAMA has requested that banks work constructively with borrowers and industries affected by COVID-19. SAMA expects banks to engage in prudent and proactive actions, which are in the best interest of the banks, the borrowers, and the economy. For example, when appropriate, a bank may modify or restructure a borrower's debt obligations due to temporary hardships resulting from COVID-19 related issues and without further charges to the customer and/or business. Such efforts aim to ease cash flow pressures on affected borrowers and allow them to continue serving customers and paying employees and suppliers, improve their capacity to service debt, and facilitate the bank's ability to collect on its credit facilities.
2. Private Sector Job Retention Scheme - PSJRC SAMA requires banks to immediately put in place measures for borrowers to assist in maintaining employment levels for entities affected by COVID-19 and provide concessional bridging loans and other facilities for at least six months so that these employers will be able to access support to continue paying part of their employees' salaries. SAMA requires each bank to immediately come up with the design of such a scheme and notify SAMA.
3. Supporting Private Sector Unemployed Retail Clients Due to COVID-19 SAMA requires banks to offer immediate support to all their customers who unfortunately lost their jobs because of the direct or indirect impact of the COVID-19 crisis. Such support should include allowing repayment relief for loans or mortgage at no further costs to these customers for up to six months.
4. Measures to Promote Remote Banking SAMA requires banks to immediately waive all fees and other charges arising from the use of digital channels for all customers for up to six months and to support preventative measures of spreading COVID-19. SAMA also requires waiving of activation fees and charges of new customers subscribing to these digital channels during this period.
5. Minimum Balance Requirements SAMA requires all minimum balance charges for all bank accounts to be waived immediately for a period of up to six months.
6. Refinancing and Breakage Costs SAMA requires banks to immediately cease charging customers any fees for at least six months should they want to refinance their existing facilities or should they want to modify or break an existing contractual agreement (loan or fixed deposit).

Saudi Arabia

Debt	7. Credit Card Activities SAMA requires all banks to immediately review and reassess credit card interest rates and other charges to all current and future customers given the current low interest rates in light of the prevailing economic environment. SAMA expects: a. credit card interest rates to be offered at a reasonable APR rate. b. SAMA requires banks to immediately refund any bank charges that customers may have incurred in relation to cancelled trips, holidays or foreign currency transaction fees. Banks are required to immediately implement these requirements and provide SAMA with the measures they have put in place to ensure implementation. Banks are also required to immediately publish these relief measures offered to their customers on all their communication channels. Further information on the measures is available on the SAMA website: http://www.sama.gov.sa/en-US/News/Pages/news-514.aspx
Equity	No (semi-) equity support measures have been announced.

Spain

EU State Aid Approvals	A first measure consisting of 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). A second measure consisting of an "umbrella" scheme, which allows the Spanish authorities to provide liquidity support to self-employed, SMEs and large companies, in the form of: ▪ direct grants, repayable advances, tax and payment advantages (all with a maximum aid amount of EUR 800,000), ▪ guarantees on loans and subsidised interest rates for loans in line with the conditions of the Temporary Framework (2 April).
Foreign Investment Restrictions	The Spanish Government has amended the foreign investment regime and temporarily introduced the requirement to obtain an ex-ante approval for foreign (non-EU) direct investments in strategic sectors. The Royal Decree-Law 8/2020 has amended Law 19/2003, of July 4, on the legal regime for capital movements and economic transactions abroad. By virtue of such amendment, the Spanish Government has suspended the liberalization regime for certain foreign direct investments in Spain, requiring an ex-ante authorization which will be resolved by the Spanish Council of Ministers. Such suspension is aimed to protect Spanish companies economically affected by COVID-19 from foreign undertakings and it will be effective until the Spanish Government decides to withdraw it. The amendment affects investments carried out in Spanish companies by non-EU/EFTA residents when, as a result of the investment, the foreign investor would either (i) hold a stake equal or greater than 10% of the share capital of the Spanish company, (ii) acquire the right to participate in the management of or (iii) acquire control of a Spanish company. Such investments will be subject to an ex-ante authorization in the following cases: I. Where the foreign investment is carried out in sectors that may affect the public order, the public security and the public health, namely: i. Energy, transport, water, health, communications, media, data processing or storage, aerospace, defence, electoral or financial infrastructure and sensitive facilities;

Spain

Foreign Investment Restrictions

- ii. 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;
- iii. Supply of key inputs, in particular energy, raw materials and food security;
- iv. Sectors with access to sensitive information, in particular personal data, or with the ability to control such information; and
- v. Media..

II. Even if not executed in the above sectors, where:

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

Failure to comply with the ex-ante authorization regime will imply that the foreign direct investment does not have valid effects and such investment will constitute a gross infringement of the Spanish provisions subject to severe administrative sanctions.

Spain

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.
Equity	No (semi-) equity measures have been announced
Taxation	**Corporate income tax** N/A **Social security/employment/wage taxes** N/A

Spain

Taxation

VAT

The deadline for the submittal and payment of tax returns-settlements and self-assessments (particularly VAT and withholdings) will not be suspended for companies with a turnover exceeding EUR 6m.

Excise / Import duties

Possibility of agreeing that the declaration procedure and customs clearance be carried out by anybody or official from the Customs and Excise Area.

Tourist tax

Barcelona (City Council): Tourist Tax will not be charged during the state of emergency.

Balearic Islands: no news so far.

A decree in Cataluña postponing payment of taxes until the state of emergency ceases. Among those taxes is the Tourist Tax.

DST

N/A

Other taxes

N/A

Comments

- The obligation for the Immediate Supply of Information for electronic VAT records has not been eliminated.
- The region of Navarra postponed tax payments.

Sweden

EU State Aid Approvals	A first guarantee scheme with a total budget of EUR 9.1 billion to provide State guarantees on new loans granted by commercial banks to support companies, mainly small and medium-sized enterprises (SMEs), affected by the coronavirus outbreak. (2 April) A second loan guarantee scheme for airlines with a Swedish license that are important to secure connectivity in Sweden aimed at providing sufficient liquidity to ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability and to preserve the continuity of economic activity during and after the current crisis. The total estimated budget is EUR 455 million. (11 April) A third scheme providing for rent rebate in support of tenants operating in the sectors for hotels, restaurants, retail and certain other activities. The total estimated budget is EUR 453 million (15 April). A fourth measure in the form of direct grants to organisers of or operators active at cultural events. The measure will compensate for 75% of the loss of revenue or additional costs up to approx. EUR 90 600 and 50% of loss of revenue or additional costs over EUR 90 600, subject to available funds. Aid to an organiser or other operator may be granted up to a maximum amount of approx. EUR 906 000. Total budget estimated at EUR 38 million (22 April)
Foreign Investment Restrictions	No specific changes yet. However, the Swedish Minister of Economy has stated that the Swedish Government is ready to protect important Swedish companies by recapitalising them, buying shares or even overtaking them.
Debt	The Swedish Government has released several crisis packages to mitigate the economic consequences for companies: A range of measures have been presented to make it easier for Swedish businesses, particularly small- and medium-sized businesses, to access finances. Almi Företags partner received a capital contribution of SEK 3 billion, and was made subject to less strict requirements regarding financing, to increase its lending to small- and medium-sized businesses throughout the country. The Swedish Export Credit Corporation's credit facility will be increased from SEK 125 billion to SEK 200 billion and can be used to provide both state-supported and commercial credit to Swedish export companies. Furthermore, the Swedish Export Credit Agency will decide on credit guarantees that entail new and improved credit opportunities for businesses.

Sweden

Debt	With an increased credit guarantee ceiling of SEK 500 billion, companies will have improved opportunities to borrow. The state will guarantee 70 percent of new loans from banks, which in turn issue guaranteed loans to companies. It is proposed that each company is allowed to borrow a maximum of SEK 75 million. On March 19, 2020, the Parliament voted in favor of the Government's proposal that the Government has the right to issue credit guarantees of up to SEK 5 billion for loans to airlines, of which SEK 1.5 billion is directed to Scandinavian Airlines. On April 16, 2020, the Government issued an ordinance to support companies in certain sectors (retail, hotels, restaurant etc.) by covering 50 percent of rent reductions up to 50 percent of the fixed rent. Landlords can apply for the support retroactively for the period April 1 – June 30. The Central Bank has announced that it is loaning up to SEK 500 billion to companies via the banks to safeguard credit supply. The Swedish financial supervisory authority (Sw. *Finansinspektionen*) has announced that it is lowering the countercyclical capital buffer to zero to safeguard a well-functioning credit supply.
Equity	No (semi-) equity support measures have been announced.
Taxation	**Corporate income tax** N/A **Social security/employment/wage taxes** The Swedish Government has proposed a temporary reduction of employer's social security contributions (only old age pension contributions are to be paid) for 1 March - 30 June 2020. The reduction applies to up to 30 employees per company and on wages not exceeding SEK 25,000 per month. The maximum tax relief per employee and month amounts to SEK 5,300, i.e. if the company has 30 or more employees a total reduction of SEK 159,000 per month may be available. The government has extended the imposed a possibility of respite to a twelve months respite with payment of employer's fees and preliminary tax withheld from salaries to temporarily strengthen the liquidity of businesses. Up to three reporting periods may be covered by the deferral. The new regulations are proposed to enter into force on 7 April 2020.

Taxation

For sole traders and partners to partnerships, the proposal includes a possibility to set aside 100 per cent of the taxable profits for 2019 up to SEK 1 million in the tax allocation reserve and hence request repayment of the preliminary tax paid for 2019. The tax allocation reserve can then be off-set against possible future losses. A new preliminary tax return can be filed to lower the monthly preliminary tax levy and repayment of tax paid during 2020 is possible.

VAT

The Swedish government has imposed a possibility of three months respite for payment of VAT. The new regulations are proposed to enter into force on 7 April 2020.

Excise / Import duties

N/A

Tourist tax

N/A

DST

N/A

Other taxes

N/A

Comments

N/A

Switzerland

Foreign Investment Restrictions	Switzerland is planning to introduce a foreign investment review regime. No measures have been announced in specific response to COVID-19.
Debt	Federal Level: 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 (https://covid19.easygov.swiss/). The Federal Council aims to open these measures to innovative start-ups that have not yet been able to benefit from them. A new procedure will be introduced under the existing programme by April 30, 2020. Since the cantons will guarantee 35% of the loans provided to the start-ups, the cantons will have to decide whether they want to offer these measures to start-ups located in their canton. Some cantons have already committed substantial resources to support start-ups in other ways. Further support is provided for specific sectors that are particularly affected by the measures of the Federal Council to combat COVID-19. In particular, the Confederation may, under certain conditions, grant interest-free loans and non-repayable cash contributions to organizations in the sports and in the cultural sector. Loans are also granted to affected companies in the tourism sector to bridge liquidity shortages. Furthermore, the Federal Council is planning to grant bridge loans in the aviation industry. The concrete measures will be announced by the end of April. Moreover, the Federal Council has issued a new decree effective from April 20, 2020, which includes the temporary exemption from the obligation to report over-indebtedness and the introduction of a temporary COVID-19 deferral. Both measures aim to protect those companies from the threat of bankruptcy, which are experiencing liquidity shortages due to the COVID-19 crisis. Cantonal Level: In addition to the measures of the Federal Government, the cantonal governments have issued similar measures to support the economic and cultural sectors, such as granting and facilitating loans and providing other financial support in form of emergency aid.

Switzerland

Equity	No (semi-) equity measures have been announced
Taxation	**Corporate Income Tax** 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. Aargau, Basel Country, Berne, Geneva, Jura, Lucerne, Neuchâtel, Nidwalden, Obwalden, Schaffhausen, Solothurn, Ticino, Vaud, Valais, Zug). 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. Additionally, in the cantons of Aargau, Thurgau, Valais and Zug companies may create a tax provision in the 2019 financial statements of the profit. However, the tax provisions must be reversed in the 2020 financial statements. In each canton, a tax deferral or payment by instalments can be requested regardless of the specific regulations. **Social Security/Employment/Wage Tax** 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 31 March 2020) by several months, i.e. there is no need to request a formal application for extension for the time being.

Switzerland

Taxation

VAT

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.

Excise / Import duties

N/A

Other Taxes

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.

Comments

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.

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.

Turkey

Foreign Investment Restrictions	COVID-19 has not had an impact on foreign investment law. However, to facilitate the foreign investment cases, the competent authority, Investment Commission, has issued a notice on April 9, 2020, allowing the POA that must be notarized, apostilled or legalized overseas for foreign investment applications can be submitted within 6 months of the approval as long as a scanned copy can be filed for review.
Debt	The measures taken in the banking sector aim to soften expected disruptions by providing flexibility in credit defaults and credit postponements. The measures majorly concern the extension of credit default periods and more sensible classification of credits in default. The most significant measure is that firms that default in April, May and June will have a "*force majeure*" note on their credit registry. The measures also include technical precautions like sales of government debt securities; inclusion of asset backed securities and mortgage backed securities in the cover pool; and issuance of foreign currency provisioned TRY swaps. All borrowers with depreciating cash flows will be given an additional extension to repay of up to 12 months, and up to a six-month grace period.
Equity	No (semi-) equity measures have been announced

Ukraine

Foreign Investment Restrictions	No new measures have been announced in specific response to COVID-19.
Debt	To mitigate the adverse effect of the COVID-19 outbreak on the Ukrainian economy, the Parliament of Ukraine introduced a temporary prohibition for Ukrainian lenders to increase interest rates under loan agreements with Ukrainian borrowers. The prohibition will remain in effect for the duration of the restrictive measures introduced by the Government of Ukraine in response to the COVID-19 pandemic. Additionally, the National Bank of Ukraine (the "NBU") temporarily exempted Ukrainian banks from taking into account certain credit risk requirements when assessing borrowers' credit risks. In particular, the loans that have been serviced as of 1 March 2020 and restructured before the end of September 2020 shall not be considered as default. As to the Ukrainian borrowers affected by the COVID-19 pandemic, they may now enjoy certain regulatory relaxations when restructuring their financial obligations with Ukrainian banks, provided that they were not in default under such obligations as of 1 March 2020. To this end, the NBU has circulated a letter to banks with a set of recommendations for dealing with the Ukrainian borrowers, in which it encouraged Ukrainian banks to restructure existing loans to Ukrainian borrowers that are unable to service their loans on time due to restrictive measures introduces due to COVID-19 outbreak. Terms of such restructurings should be determined on a case-by-case basis, while no increase of the effective interest rate or taking of any hidden fees may occur.
Equity	No (semi-) equity measures have been announced

UK

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) A third measure consists of a UK-wide National Temporary Framework for State aid and allows for the provision of aid in the form of: ▪ Direct grants, equity injections, selective tax advantages and advance payments; ▪ State guarantees for loans subject to safeguards for banks to channel State aid to the real economy; ▪ Subsidised public loans to companies with favourable interest rates; ▪ Support for coronavirus related research and development (R&D); ▪ Support for the construction and upscaling of testing facilities to develop and test products useful to tackle the coronavirus outbreak; ▪ Support for the production of products relevant to tackle the coronavirus outbreak. The measure allows aid to be granted by UK authorities at all levels, including central government, devolved governments, local authorities and other bodies administering schemes involving state resources channelled through their own budgets.
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 now introduced four 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;
- the Coronavirus Business Interruption Loan Scheme (CBILS) designed to assist smaller businesses with an annual turnover not exceeding £45 million 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 cash flow, subject to eligibility criteria;
- the Coronavirus Large Business Interruption Loan Scheme (CLBILS) designed to support viable businesses with an annual turnover exceeding £45 million (developed most recently to fill a gap that existed between the CCFF and CBILS schemes) by providing lenders with a government-backed guarantee at up to 80% of an outstanding facility (similar to the CBILS but, unlike the CBILS, including interest and fees) subject to a lender portfolio cap and again subject to eligibility criteria; and
- the Future Fund scheme designed to assist innovative start-up companies who find themselves in difficulty as a result of COVID-19, provided that they are unlisted UK registered companies that have raised at least £250,000 from private third party investors in round funding over the previous 5 years and have a substantive economic presence in the UK. Funds will be issued as convertible loans on a matched funding basis i.e. loans will be provided at a value of between £125,000 and £5 million, provided that the loan amount is matched by private third party investors. Detailed terms and conditions apply, particularly around the repayment and conversion to equity profile and the scheme is expected to be available for applicants from May.

Exclusions

The CCFF scheme is specifically 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.

As noted above eligibility criteria applies to applicants of all of the schemes outlined.

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.

Debt	For the CBILS or CLBILS, companies should visit the website of the British Business Bank (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. Further details will be provided with regards to the Future Fund scheme once they are available. 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) The website of the British Business Bank is www.british-business-bank.co.uk
Equity	Available, but limited to British Business Bank £200 million funding to make equity investments in the health and life sciences sector and a further British Business Bank £400 million fund for high-growth firms. In addition, it is has been reported that plans have been drawn up under which the UK Government might invest in equity for companies in the transport sector on a case-by-case basis. Furthermore, there are small grant schemes in Wales, Scotland and Northern Ireland aimed at smaller businesses. There is also a small UK grant scheme aimed at companies which may be able to assist in the response through innovation. It may also be noted that there are a range of UK government schemes and support measures that UK based companies may be able to use. These include: 1. The Coronavirus Job Retention Scheme (the CJRS) which is available to all UK employers and will reimburse employers for 80 percent of the wages of "furloughed workers" (being workers who are being asked to stop working for the time being but remain employees during this time) up to £2,500 per month; 2. a deferral of VAT payments for 3 months from March 20, 2020 to June 30, 2020; 3. the possibility of additional time to pay tax to HMRC; 4. a statutory sick pay scheme for UK based businesses that are small or medium sized with fewer than 250 employees as of February 28, 2020; 5. a business rate holiday for the retail, hospitality and leisure sector.

Taxation

Corporate income tax

To be determined.

Social security/employment/wage taxes

Income tax payments due under the self-assessment system on 31 July 2020 will be automatically deferred until 31 January 2021. No penalties/interest for late payment will be charged during the deferral period.

VAT

- VAT returns must still be filed on time, in accordance with the Making Tax Digital requirements
- The government declared postponement of all VAT payments by UK businesses for the next three months, i.e. for periods until the end of June 2020. This unpaid VAT should then be paid by the end of the 2020/21 financial year, ending on 31 March 2021 (for monthly VAT payers) or, for quarterly returns, the applicable VAT return deadline (31 March, 30 April or 31 May 2021).
- There was no mention of interest charges being applied to the deferred VAT.
- Non-resident businesses remain liable to pay their VAT in accordance with the standard deadlines.
- VAT refunds and reclaims will be paid by the government as normal.

Excise / Import duties

To be determined.

Tourist tax

To be determined.

DST

To be determined.

Taxation

Other taxes

General Tax Support

- All businesses and self-employed individuals in financial distress with outstanding tax liabilities may be eligible to receive support through HMRC's Time To Pay Service: Call 0800 0159 559
- Agreed on a case-by-case basis, tailored to individual circumstances and liabilities.

Business Rates Holidays

- Automatic business rates holiday for retail, hospitality and leisure businesses in England will apply for the 2020/2021 tax year (with a similar holiday to be introduced for children's nurseries).
- Properties benefitting from the relief will be occupied hereditaments that are wholly or mainly being used:
  - as shops, restaurants, cafes, drinking establishments, cinemas and live music venues;
  - for assembly and leisure; or
  - as hotels, guest & boarding premises and self-catering accommodation.

Cash Grants to Businesses

- Available to businesses in retail, hospitality and leisure sectors:
  - Up to GBP 25,000 for businesses with a rateable value of GBP 15,001-GBP 51,000; or
  - Up to GBP 10,000 for businesses with a lower rateable value than above.

One-off grant available to small businesses that pay little/no business rates due to an applicable relief (small business rate relief, rural rate relief or tapered relief) to help meet ongoing business cost.

Comments

N/A

European Union

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)
- 3 April 2020 EU Commission adopts First Amendment to the Temporary Framework expanding fast-track COVID-19 State aid approval for a further 5 additional categories of measures.
- 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 Amended Temporary Framework fast track approval available for ten 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, now also in the form of equity or quasi-equity.
  - 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
  - support for COVID-19 related (i) R&D, (ii) testing and upscaling of testing facilities, and (iii) production facilities for medicines, vaccines, medical devices, etc.
  - sectoral or regional tax or social security breaks or wage compensation to avoid layoffs
- Nineteen Member States and the UK had a total of more than 40 support schemes approved under the Framework so far.

European Union

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.
Equity	No (semi-) equity measures have been announced

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Argentina

Foreign Investment Restrictions	COVID-19 has had no impact on Argentina's foreign investment review regime.
Debt NEW	**Extension of maturities** Maturities of loans with financial entities were deferred until April 1, 2020. Additionally, financial entities shall automatically refinance unpaid balances of loans with installments due from April 1, 2020, to June 30, 2020. Unpaid balances in such period can only accrue compensatory interest (no other surcharge is allowed). Furthermore, the Central Bank introduced certain flexibility in the classification of debtors in the financial system. **Special credit line** Argentine Central Bank established a special credit line for micro, small and medium companies at an annual interest rate of 24% (please consider that inflation rate for this year is at least around 40% according to market estimations). The loans are aimed at financing working capital (payment of salaries, due checks, among others). The total amount of the credit line approved by the Central Bank is approx. USD 3,500M. To increase lending capacity, the Central Bank required financial entities to release from their portfolio a portion of treasury bills and allowed financial entities to reduce their mandatory fractional reserves. Additionally, financial entities cannot distribute dividends until June 30. Finally, in order to contain inflation, the Central Bank established that financial entities shall offer to individuals long term deposits at a rate of 70% the rate of the monetary policy. **Specific Trust Fund** Argentine Government issued Decree 326/2020 ("Decree") establishing the Specific Trust Fund ("Fund") aimed at providing guarantees to ease the access to loans for working capital for micro, small and medium companies registered with the MiPyMES Companies' Registry set forth in Law No. 24,467. The Fund shall be set up within the Argentine Guarantees Fund (FoGAr).

Argentina

Debt

NEW

FoGAr is a fund created by fostering Law No. 25,300 for Micro, Small and Medium Enterprises, which purpose is to improve the loan access conditions of persons that engage in economic and/or productive activities within the country. The Decree authorized a budget adjustment of ARS 30,000,000,000 to allocate such amount to the creation of the Fund within the FoGAr.

Thus, MiPyMES may take loans 100% guaranteed by the Fund without the need of offering counter guarantees.

Emergency Aid Program for Employment and Production

The Emergency Aid Program for Employment and Production ("Program") for employers and employees affected by the health emergency offers these benefits, as per its latest modifications on 20 April, 2020:

i. deferred payment date or discount of employer's social security contributions of up to 95% for salaries paid during April 2020,;

ii. remunerative allowance to be paid by the Government in addition to regular salary for private-sector employees; and

iii. Loans with zero interest rate for self- employed individuals; and

iv. higher unemployment subsidies.

To access benefits i. through iii., employers must meet any of these requirements:

- show evidence that their economic activity has been critically affected in the geographic area where it is deployed;
- have a relevant number of employees diagnosed with COVID 19, under mandatory isolation, released from work for belonging to a risk group or for relative-caring obligations in connection with COVID 19; or
- show evidence that their sales were invoicing was substantially reduced after 12 20 March 2020.

While employers providing activities considered "essential" were originally excluded from these benefits, as of 7 April 2020, these companies may also apply for the benefits provided they can demonstrate a "significant negative impact" on their activities or services. An Evaluation and Monitoring Committee of the Program is in charge of issuing recommendations as to the granting of benefits under the Program. The final decision lies with the Chief of Staff, who, relying on the recommendations of the Committee, must decide on whether to grant any benefits and the extent.

Argentina

Equity

No (semi-) equity measures have been announced

Taxation

Corporate income tax

No specific measures have been adopted.

Social security / Employment / Wage taxes / Personal Income Tax

Employees mobilized because they perform essential business activities, and are required to work beyond standard hours for these purposes, will have a 95% reduction of the social security rate as provided in section 19 of Law No. 27,541 of the Argentine Integrated Social Security System.

For a period of 90 days, employers conducting health-related activities are subject to a reduction of 95% of the rate destined to the Argentine Integrated Social Security System.

In cases of dependent employment, the term to inform deductions and concurrent employment (if applicable) and to settle the Income Tax, for fiscal year 2019, was extended until 29 May.

An Emergency Family Income was created, which consists in the payment of ARS 10,000 to a category of taxpayers called "Monotributistas (A/B)", unemployed people, employees of the informal economy and domestic workers.

VAT

No specific measures have been adopted.

Excise / Import duties

Certain tariff codes customarily subject to Non Automatic Import Licenses (e.g. disinfectants, cleaning and hygiene articles, chemical products, etc.), are currently subject to Automatic Import Licenses.

Tourist Tax

N/A

Taxation

DST

N/A

Other taxes

Temporary reduction (for a period of 90 days) of the tax rates applicable on the Tax on Debits and Credits on Checking Accounts and other Transactions for establishments and institutions engaged in the provision of health services.

The 0.60% rate has been reduced to 0.25%. In addition, the 1.20% has been reduced to 0.50%.

The Federal Tax Authority has extended (until 30 June 2020) the facilitating payments on tax, social security and customs debts set forth by General Resolution No. 4268/2018.

The Federal Tax Authority has extended (between 18 May 2020 and 22 May 2020) the term to file Transfer Pricing documents related to fiscal years closed between 31 December 2018 and 30 September 2019 (including).

Decree No. 330/2020 was published in the Official Gazette on 1 April 2020, extending until 30 April 2020 the deadline to repatriate 5% of foreign assets for purposes of being subject to the 1.25% Personal Assets Tax rate (and not to the aggravated 2.25% rate).

Comments

- The Federal Tax Authority has declared the suspension of procedural legal terms between 18 March and 26 April 2020.
- The City of Buenos Aires Tax Authority has declared a suspension of procedural legal terms between 16 March and 27 April 2020.
- The Province of Buenos Aires Tax Authority has declared the suspension of procedural legal terms until 12 April 2020.
- In addition, the payment of certain taxes and related filings have been postponed by local jurisdictions.

Brazil

Foreign Investment Restrictions	There has been no change to foreign investment rules.
Debt	The Brazilian Development Bank (BNDES) has declared a standstill period in relation to loan agreements entered directly with BNDES and loan agreements entered with private banks using funds from BNDES. This standstill period applies to principal and interest amounts and is valid for 6 months. These amounts will be capitalized and their final maturity date will not change. Further, in relation to the direct loans entered with BNDES, other requirements for the standstill are that the companies may not distribute dividends in excess of the minimum legal requirement of 25% of the net profit. New loans are being made available in the amounts of R$ 5 billion to companies with annual revenue of up to R$ 300 million (considered small and medium sized companies). These loans will have a grace period of 24 months and term of 5 years. For the health industry, BNDES has made available a credit line of R$ 2 billion for companies that produce or may want to change its production line to build health equipment, including monitors, ventilators, hospital beds and masks. The loan limit per company is R$ 150 million, with a grace period of 24 months and a maturity of 5 years. On 27 March, the Brazilian Central Bank announced an emergency line of credit of R$ 40 billion, to assist small and medium size companies with annual invoicing ranging from R$ 360,000 to R$ 10,000,000. The purpose of this measure is to pay the salaries of the employees of these companies for a period of two months and to reduce the number of terminations, as well as mitigate potential salary reductions during the pandemic. ▪ the payment will be credited directly in the employees bank account through payroll, up to the limit off to monthly national salaries, currently corresponding to R$ 2,090. ▪ companies will have to complement the employees' pay in case the monthly salary exceeds this limit. ▪ in return for the credit granted, companies will not be able to terminate their employees during the 2 months of public financing.

Brazil

Debt	▪ the payment term will be 30 months, with a grace period of 6 months and an interest rate of 3.75% per year. This incentive and its start date still is subject to an executive order being issued by the federal government for the opening of this line of credit and the creation of a BNDES-operated fund, supervised by the Central Bank together with resources from the National Treasury. The government is also studying other lines of credit for companies.
Equity	No (semi-) equity measures have been announced
Taxation	**Corporate income tax** Extension of 90 days to the deadline for payment of Corporate Taxes for companies under the SIMPLES regime. Potential adoption of judicial measures to extend the deadline for payment of Corporate Taxes to taxpayers under the regular tax regime. Decisions have been issued by the courts in this regard (Judicial measure also viable to extend the deadlines applicable to State and Municipal taxes). **Social security / Employment / Wage taxes / Personal Income Tax** Reduction of 50% on the tax rates applicable to contributions due to System "S" from 1 April to 30 June 2020 (except for the SEBRAE contributions). Suspension of the obligation to collected the FGTS in relation to the months of March, April and May, 2020. Postponing of the deadline for payment of Company's Social Security Contribution and Federal Welfare Taxes (PIS and COFINS) originally due in April and May, 2020, to August and October, 2020. The Government extended on 8 April 2020 these effects to the Social Security contributions due by Agroindustries and Rural Producer and to the Social Security Contribution on Gross Revenues - CPRB. Possibility for companies to offset the Company's Social Security Contribution (not yet matured) with the employee's salary paid during the first 15 days of sick leave (due to COVID-19). A limit of USD 1,200.00 approx. applies (BRL 6,101.06).

Brazil

Taxation

VAT

Certain States have issued regulations to suspend or extend the deadlines for compliance of certain tax ancillary obligations, as well as payments of installments issued in connection of past tax amnesty programs.

Certain States have issued regulations to postpone the deadline for payment of State Value-Added Tax on Sales and Services (ICMS) for the companies under the SIMPLES regime.

Excise / Import duties

Application until 30 September 2020, of the zero rate to the Import Duty on the importation of certain products required to combat COVID-19.

Expedited customs clearance on the importation of products related to the combat of COVID-19.

IPI rate reduced to 0% as related to the importation and sale of products related to combat of COVID-19.

PIS/COFINS and PIS/COFINS-Import rates levied, respectively, on local sales and import of zinc sulfate classified under codes 300390.99 and 3004.90.99 are temporarily reduced to zero up to 30 September 2020.

Until 30 September 2020, reduction to zero of the Import Tax levied on the import of certain medications and medical protection instruments by means of a postal order or international air purchase up to USD 10,000 or the equivalent in other currency, sent to individuals or legal entities in Brazil.

Provided certain legal requirements are met, in the event of an emergency, a state of public calamity or a pandemic declared by the World Health Organization, recognized by the competent authorities, the Certificate of Origin of imported goods may be presented within up to 60 days, counted from the date of registration of the Import Declaration (DI).

Tourist Tax

N/A

DST

N/A

Taxation

Other taxes

Certain States provide a suspension or extension of deadlines to comply with certain tax ancillary obligations.

Reduction to 0% of the rate of Tax on Financial Transactions (IOF-Credit) levied on credit transactions entered into between 3 April 2020 and 3 July 2020.

The Brazilian IRS postponed the deadline for the filing of the following tax ancillary obligations: - DCTF (federal taxes declaration) - from the 15 business day of April, May and June to the 15 business day of July; - *EFD* (social contributions declaration), from the 10 business day of April, May and June to the 10 business day of July; - DIRPF (Individual's Income Tax Returns) and Final Departure Tax Return - from 30 April 2020 to 30 June 2020. This extension also applies to the payment of the income tax (and other taxes) calculated by the individuals upon filing of these tax returns.

Certain Municipalities have issued regulations to postpone the deadline for payment of Services Tax (ISS) for companies under the SIMPLES regime.

Contribution to the Development of the National Film Industry (CONDECINE) and the contribution to the Promotion of Public Radio Broadcasting (CFRP). The taxpayers may opt to pay taxes: (i) in a single installment on 31 August 2020, or (ii) in up to five successive monthly installments, in which case the first installment will mature on 31 August 2020. An interest rate named SELIC will be charged in this case. .

Comments

- Establishment of an extraordinary tax settlement program during the COVID-19 crisis. Taxpayers may opt for the tax settlement up to 30 June 2020.
- Extension for 90 days of the validity of Federal Tax Clearance Certificates.
- Suspension for 90 days in relation to certain collection acts by the Brazilian IRS Attorney Office.
- Suspension for 90 days in the deadlines and acts related to the imposition of joint tax liability on directors and administrators.
- Suspension of deadlines related to Federal Tax Administrative cases until 29 May 2020.
- Suspension of deadlines related to Judicial cases until 30 April 2020 (certain exceptions apply).

Canada

Foreign Investment Restrictions	Pursuant to a new policy announced on April 18, 2020, the Canadian government will subject certain foreign investments into Canada to enhanced scrutiny. Specifically, while review thresholds remain unchanged and each investment will continue to be examined on its own merits, the government will scrutinize with particular attention foreign direct investments of any value, controlling or non-controlling, in Canadian businesses that are related to public health or involved in the supply of critical goods and services to Canadians or to the government. The government will also subject all foreign investments by state-owned investors, regardless of their value, or private investors assessed as being closely tied to or subject to direction from foreign governments, to enhanced scrutiny. This may involve the regulator requesting additional information or extensions of timelines for review as authorized by the Investment Canada Act, to ensure the government can fully assess the investment. This enhanced scrutiny of certain foreign investments will apply until the economy recovers from the effects of the COVID-19 pandemic.
Equity	Nil. As of the date hereof, the Government of Canada and the Government of the Province of Ontario have not enacted material equity (or semi-equity) support measures as a result of COVID-19.
Taxation	**Corporate Income Tax** Payment Extensions: the federal government will allow taxpayers to defer the payment of all corporate income tax amounts and instalments owing on or after 18 March 2020 until 1 September 2020 without interest or penalties. This payment deferral only applies to tax amounts owing under Part I of the Income Tax Act, and not to amounts owing under other Parts, such as withholding tax on amounts paid to non-residents. Similar extensions have been granted by the governments of Alberta [1] and Quebec for provincial income taxes. Filing Deadlines: the filing deadline for corporate tax returns due after 18 March 2020 and before 1 June 2020 is deferred until 1 June 2020. Corporations with calendar taxation years remain required to file their 2019 returns by the end of June 2020. The filing deadline for partnerships (T5013s) with a fiscal period ending on 31 December 2019 is deferred until 1 May 2020. Beyond these extensions, taxpayers who are unable to file a return or make a payment by the applicable deadline due to COVID-19 can request the cancellation of penalties and interest under the taxpayer relief provisions. Such relief is subject to the discretion of the CRA.

Canada

Taxation

Personal income tax

Payment Extensions: the federal government will allow taxpayers to defer the payment of all personal income tax amounts and instalments owing on or after 18 March 2020 until 1 September 2020 without interest or penalties. A similar extension has been granted by Quebec for provincial income taxes.

Filing Deadlines: the filing deadline for 2019 tax returns for individuals (other than trusts) is deferred until 1 June 2020. The filing deadline for trusts (T3s) with a taxation year ending on 31 December 2019 is deferred until 1 May 2020. The filing deadline for T3s otherwise due in April or May is deferred until 1 June 2020.

Additional relief from interest and penalties for returns filed or payments made after the applicable deadline as a result of COVID-19 may be granted under the taxpayer relief provisions at the discretion of the CRA.

GST/HST and Provincial Taxes

GST/HST: Businesses can defer GST/HST net tax remittances, as well as remittances of duties and taxes owed on imports, due on or after 27 March 2020 until 30 June 2020 without penalties or interest. The deadline for businesses to file their returns is unchanged; however, the CRA will not impose penalties for late filing, provided returns are filed by 30 June 2020.

Quebec has taken effectively the same measures for QST as the federal government has for GST/HST with respect to filing returns and making remittance payments (outlined above).

Ontario will not apply interest or penalties on late payments or filings, commencing 1 April 2020, for a number of provincial taxes until 31 August 2020, including, inter alia, employer health tax, mining tax, tobacco tax, fuel tax, gas tax, and insurance premium tax. Further, the employer health tax exemption for employers with Ontario payroll of less than CAD 5 million will be temporarily raised from CAD 490,000 to CAD 1 million of payroll for 2020.

Taxation

British Columbia is extending filing and payment deadlines until 30 September 2020 for employer health tax, provincial sales tax (including municipal and regional district tax), carbon tax, motor fuel tax and tobacco tax. Implementation of previously announced measures in the British Columbia budget that would require non-residents to register for and collect provincial sales tax on certain e-commerce supplies effective 1 July 2020 will be delayed. Timing will be re-evaluated sometime before 30 September 2020. The implementation of BC PST on sweetened carbonated drinks was also previously planned for 1 July 2020, but will be subject to the same delay and future evaluation. Aligning the carbon tax rates with the federal carbon pricing backstop as previously announced in the budget is also postponed until further notice.

Saskatchewan is permitting businesses directly impacted by COVID-19 that are unable to file their Saskatchewan tax return(s) by the due date to submit a request for relief from penalty and interest charges on the affected return(s).[2]

Manitoba has extended PST and payroll tax (i.e., the health and post-secondary education tax levy) filing deadlines for small and medium-sized businesses with remittances of CAD 10,000 or less by up to two months. Previously planned measures to be implemented 1 July 2020, including a PST rate reduction (from 7% to 6%) and imposition of provincial carbon tax of CAD 25 per tonne, have been deferred to 2021.

Non-Resident Withholding Tax

The filing deadline for non-resident payment information returns (NR4s) has been extended until 1 May 2020. There is currently no relief proposed for non-resident withholding tax (Part XIII tax).

Employer Source Deductions

Relief for certain employer paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan may be available in respect of employees on leave with pay under the Canada Emergency Wage Subsidy.

Administration

Electronic Signature Relief: the CRA will recognize electronic signatures on the forms used to authorize tax preparers to file taxes in an effort to reduce in-person meetings. Revenu Quebec has announced similar measures in respect of its authorization forms.

Canada

Taxation

Audit Activity: CRA interaction on ongoing audits has been suspended for the "vast majority of businesses" and the CRA will generally not initiate any post assessment income tax or GST/HST audits for small or medium businesses for the next four weeks. The CRA may interact with taxpayers where the statutory time limit for reassessment is approaching or on "high-risk" GST/HST refund claims that require contact prior to payment. The extent of audit activity that large corporations will be subject to is currently unclear given the limitations on CRA personnel's ability to conduct audits remotely. The statutory deadlines for the assessment or reassessment of tax by the CRA have not been extended by Parliament.

Objections: the deadline for objections to tax assessments or reassessments due 18 March 2020 or later is extended until 30 June 2020.

Tax collections: the CRA has suspended all collection activities on new debts. Flexible payment arrangements and interest and penalty relief may be available at the CRA's discretion.

Courts: there are various court closures and extensions of filing deadlines that could potentially impact tax appeals. In particular, the Tax Court of Canada has suspended all sittings and conference calls until and including 1 May 2020.

Competent Authority: the competent authority services division continues to operate but personnel are working from home and dealing with information technology resource constraints. As well, given orders for non-essential personnel to remain home, there is currently no mail processing for this group. If taxpayers need to make a filing, they should contact CASD (MAP-APA/PAA-APP.CPB/DGPO@cra-arc.gc.ca) to determine alternative means for filing.

Other Taxes

Municipal Property Tax Extension: a number of municipalities have extended deadlines for payment of property taxes. Examples include Montreal (extension from 1 June to 2 July); and Vancouver and Toronto (60 days).

Tourist Tax: the deadline for remittances of the Alberta Tourism Levy due between 27 March 2020 and 30 August 2020 is deferred until 31 August 2020.

Taxation

Employment Subsidies

The federal government has announced measures to support employers and workers including the following:

Canada Emergency Wage Subsidy: the Canada Emergency Wage Subsidy provides relief to eligible employers in respect of wages paid to eligible employees for the period from 15 March to 6 June 2020 (subject to a possible extension up to 30 September 2020). This period is divided into three eligibility periods: 15 March to 11 April, 12 April to 9 May, and 10 May to 6 June.

- To be eligible, an employee must be employed in Canada. The subsidy will not be available in respect of employees who have been without remuneration for 14 or more consecutive days in the relevant eligibility period. The subsidy per eligible employee is generally equal to the greater of: (i) 75% of remuneration paid, up to a maximum benefit of CAD 847 per week, and (ii) the lesser of remuneration paid, up to a maximum benefit of CAD 847 per week, and 75% of the employee's pre-crisis remuneration (generally, the employee's average weekly remuneration paid between 1 January and 15 March 2020). Remuneration for this purpose excludes certain extraordinary amounts, such as stock option benefits. Special rules apply for employees that do not deal at arm's length with the employer. There is no limit on the total amount that eligible employers can claim. While not strictly required, employers are expected to make best efforts to "top up" employees' salaries to their pre-crisis amounts.
- Eligible employers may also be entitled to a refund of 100% of employer paid contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan in respect of an eligible employee for a week throughout which the employee is on leave with pay.
- Employers of all sizes are eligible to participate, provided they meet the remaining criteria. As a result, the program is available to sole proprietors, taxable corporations, certain partnerships, not-for-profit organizations, and registered charities. Public sector entities are excluded from the program.
- To be eligible, employers must generally show a drop in revenue of at least 30% in the relevant eligibility period (15%, for the first eligibility period). This is generally determined month-over-month, by comparing revenue in the calendar month in which the eligibility period began over the same calendar month in 2019. Alternatively, employers may choose to use average revenue for the months of January and February 2020. This may be beneficial for new employers, employers in high-growth sectors, and employers who faced difficulties in 2019. If this alternative approach is adopted, it must be used for the entire duration of the program. Once an employer is determined to be eligible for a specific eligibility period, the employer will automatically qualify for the next eligibility period.

Taxation

- Revenue is generally gross revenue from ordinary activities in Canada derived from arm's length sources (excluding extraordinary items and amounts on account of capital), as computed using the normal accounting method for the business. Employers may use either the accrual method or the cash method, but must be consistent throughout the duration of the program. Special rules apply to employers who earn all or substantially all of their revenue from one or more non-arm's length entities where a joint election is made. In these circumstances, the subsidy may be available if, in general terms, the non-arm's length entity's arm's length worldwide revenue has dropped by the required amount. Where the employer's revenue is earned from more than one non-arm's length entity, there is a formula for determining whether there has been the requisite reduction in revenue. Alternatively, affiliated groups of eligible employers may jointly elect to compute their revenue on a consolidated basis.
- Eligible employers will be able to apply through the CRA's My Business Account portal. The names of applicants may be published by the CRA. Applications must be made before October 2020. To apply, an employer must have had a CRA business number and payroll account as of 15 March 2020. More details about the application process will be made available shortly. The subsidy received by an employer will be included in the employer's taxable income.

If the government later determines that an employer received the subsidy without meeting the eligibility conditions, the employer will be required to repay any amounts received. Penalties may apply in the case of fraudulent claims or abuse. In particular, employers that engage in artificial transactions to reduce revenue for the purpose of claiming the subsidy will be subject to a 25% penalty, in addition to being required to repay the subsidy. Employers should keep detailed records to substantiate amounts claimed.

Temporary Wage Subsidy: certain small business may qualify for a Temporary Wage Subsidy equal to 10% of the remuneration paid to individuals employed in Canada between 18 March 2020 and 19 June 2020 up to CAD 1,375 per employee, and CAD 25,000 total per employer. Eligible businesses include individuals (excluding trusts), certain Canadian-controlled private corporations, not-for-profit organizations, registered charities, and partnerships, all of the members of which would be eligible. Eligible businesses will receive this benefit as reduced payroll remittances. Employers are required to continue to remit Employment Insurance, Canada Pension Plan, Quebec Pension Plan, and Quebec Parental Insurance Plan contributions in full. The subsidy will be included in the employer's taxable income. To the extent an employer receives this subsidy, its Canada Emergency Wage Subsidy (if available) will be reduced.

Taxation

Canada Emergency Response Benefit: the Canada Emergency Response Benefit supports workers meeting certain conditions who have stopped working as a result of COVID-19, such as those who i) are ill, quarantined or taking care of someone with COVID-19, ii) are away from work to care for children who require day care due to closures, iii) have been let go from their job or are not getting paid because there is not enough work, or iv) are self-employed individuals (including contract workers) who are without self-employment income. The benefit is generally not available to workers who are eligible for Employment Insurance. The benefit provides eligible workers with up to CAD 2,000 per 4-week period for up to 16 weeks. The benefit will be included in the worker's taxable income.

Work Sharing Program: The maximum duration of the Work-Sharing program has been extended from 38 weeks to 76 weeks for employers affected by COVID-19. This program provides income support to employees eligible for Employment Insurance who agree to reduce their normal working hours and share available work where there is a temporary decrease in work beyond the control of the employer. Employment Insurance benefits received by employees through the Work-Sharing program will generally reduce the Canada Emergency Wage Subsidy their employer may otherwise be entitled to.

[1] The Alberta deferral period ends one day earlier, on 31 August 2020.

[2] Penalty and interest waiver requests can be submitted electronically through the Saskatchewan eTax Service (SETS), by email or via mail. (Measures for businesses (Information Bulletin IN 2020- 03))

Chile

Foreign Investment Restrictions	There is no foreign investment review regime.
Debt NEW	**Capital contribution of Chilean State Bank (*Banco del Estado de Chile*)** Law No. 21,225, published on 2 April 2020, authorizes the Minister of Finance to perform (within the next 12 months from 2 April 2020), and provides prior approval of the Chilean Commission for the Financial Market for, one or more capital contributions through one or more Decrees ("by order of the President of the Republic of Chile") to the Chilean State Bank (Banco del Estado de Chile) for a total aggregate sum up to USD 500 million. This measure will increase Banco Estado's credit capacity by approx. USD 4.4 billion. **State Guaranteed Loans Scheme and COVID-19 Credit Line to support companies** Chilean Government is working on a powerful guarantee scheme to provide credit for companies with annual sales of up to UF 1 million (approx. USD 33,610,366). This measure seeks to give liquidity to 99.8% of companies, which provide 84% of employment, to cover their working capital needs during this emergency (e.g. payment of salaries, rent, supplies and others). To this end, State guarantees offered for loans from banks to companies will be enhanced, creating, in addition, a new liquidity line: Covid-19 Line of Credit. **Raising of additional funds and liquidity to enhance the different measures being implemented** Law No. 21,225, published on 2 April 2020, authorizes the President of the Republic of Chile to contract obligations, during 2020, in the country or abroad, in national currency or in foreign currencies, up to the amount of USD 4 billion. **Solidarity Fund** The Government announced the creation of a Solidarity Fund of USD 100 million destined to attend social emergencies derived from the drops in sales of the local micro-commerce. It is planned that these funds will be channeled through the municipalities.

Chile

Debt NEW	Regulatory exceptions for the accounting provisions performed by banks, cooperatives of saving and credit, administrators of endorsable mortgages and insurance companies The Commission for the Financial Market, permitted the constitution of accounting provisions linked to the extension of the installments/dividends payment schedule for mortgage, commercial and consumer loans, encouraging the lending institutions to reschedule the payment obligation of their debtors.
Equity	No (semi-) equity measures have been announced
Taxation	**Corporate income tax** Postponement, until July 2020, of the payment of the annual income tax bill for SMEs (originally due in April 2020). Suspension of monthly income tax provisional payments for a period of 3 months (until 30 June 2020). Certain expenses associated with health contingency activities will be accepted as allowable tax deductions (e.g. expenses related to certain medical exams, implementation of remote working accommodations, and acquisition of hygienic supplies). On 31 March 2020, the IRS initiated the process of consultation of the public ruling regarding the deduction of expenses related to COVID-19 (until 15 April 2020). The bill of public ruling allows the deduction of all expenses that attempt to avoid the expansion of COVID-19, as well as expenses incurred in favor of enterprises, with the purpose of maintaining the business, such as strategic business plans, remuneration and support plans of employees, as well as customer loyalty programs. **Social security / Employment / Wage taxes / Personal Income Tax** No specific measures have been adopted.

Chile

Taxation

VAT

Postponement of VAT payment for a period of three month applicable to enterprises with 2019 sales not exceeding approx. USD 11.35 million. Applicable entities are entitled to pay VAT in up to 12 monthly installments at a 0% interest rate.

Excise / Import duties

No specific measures have been adopted.

Tourist Tax

N/A

DST

N/A

Other taxes

Postponement of the first installment of real estate tax (originally due April 2020) for enterprises with sales not exceeding approx. USD 11.35 million in 2019, and for individuals owning real estate that do not exceed USD 150,000 of fiscal value. Payment of this installment may be made during calendar year 2020, with a 0% interest rate.

Transitory reduction of stamp tax to 0%, for all credit operations taking place in the next six months (effective as of April 2020).

Greater flexibility to enter into payment agreements of fiscal debts with the National Treasury (interests and fines will not applied) and transitory suspension of judicial collection measures of tax debts.

General comments

The Supreme Decree published on 1 April 2020 extends the term for taxpayers to opt to any of the new tax regimes stated by the Tax Reform Act. This term initially expires on 30 April 2020. The term was extended to 31 July 2020.

Colombia

Foreign Investment Restrictions	There are no new restrictions on foreign investment into Colombia.
Debt	**Emergency Mitigation Fund** The Colombian President decreed the existence of a national emergency situation due to the pandemic which allows it to issue rules having the force of law. Under these rules, it incorporated an Emergency Mitigation Fund ("FOME" for its acronym in Spanish) to provide liquidity to the market. The FOME will be funded with loans granted by the Tax Stabilization and Savings Fund, by the Territorial Pension Funds and by the Occupational Risk Fund. These resources will be used to meet the liquidity needs of the governmental entities, to finance or invest in capital or debt instruments issued by private, public or mixed companies that carry out activities of national interest and to grant liquidity support to the public and private financial sectors. **New credit lines** The Government also allowed certain governmental financial entities that usually act as rediscount banks, to grant loans directly. These entities are also offering special credit lines to deal with the liquidity issues derived from the pandemic and the mandatory confinement order by the Colombian government, currently extended until April 27. Through this special lines, a total of COP $1.325 billion (approx. USD 5,180,750,000.000.000) will be released to grant loans. **National Guarantee Fund** The Colombian government is optimizing its assets. As part of this strategy, dividends and liquidity excess of certain governmental institutions will be used to capitalize the National Guarantee Fund, a Colombian governmental entity that provides guarantees to secure loans. By this means, it intends to enhance the access to financing for the general public. Under the new measures, the Colombian government will cover 50% of the cost of the premium payable to the Fund that will be exempted of VAT; also, the guarantee will secure up to 60% of principal. Finally, the Fund is offering a new guarantee program of an amount of COP $12 billion (approx. USD 3,069,053.708).

Colombia

Debt

Flexibility of credit operations for state entities

The Colombian Government also relaxed the requirements for state entities to obtain financing and allowed to pay short term debt with additional debt up to certain thresholds.

Relief measures for debtors

The Financial Superintendence of Colombia issued certain instructions to financial entities (public and private sector) in case they decide to modify loans in general to grant certain reliefs (it is not mandatory). As part of these instructions, such modifications cannot, among others: (i) increase the interest rate: (ii) charge interests over interests or capitalized them; (iii) charge interests over other concepts such as insurance or management fees.

International Monetary Fund

The Colombian government has requested the International Monetary Fund the renewal of its Flexible Credit Line equal to about USD $10.8 billion.

New insolvency rules

The Colombian Government adopted new set of insolvency rules for debtors-in-bankruptcy due to the COVID 19 crisis. Among the main changes, are the following: (i) reduction of formal requirements to commence a reorganization process; (ii) authorization to pay small claims without judicial authorization; (iii) capitalization or issuance of risk bonds to pay debts; (iv) super priority of payment in favor of new loans granted during the process, including the possibility of having a first priority security interest over assets that were otherwise securing previous loans; (v) ability to rescue debtors in imminent situation of being wind up by paying certain credits; (vi) relief measures in the due installments of affected reorganization agreements and (vii) tax benefits for debtors.

New obligations to banks

Banks and other financial institutions are obliged to invest in internal public debt securities issued by the Colombian government with the intention of funding FOME

Equity

NEW

To ensure the continuity of companies providing services of national interest including, among others, health, public services, food production, hygiene products, the National Government issued Decree 444 of 2020, creating the Emergency Mitigation Fund (FOME). The FOME's funds can be invested to acquire, among other things: (i) shares (equity) with special participation conditions, e.g., buybacks and preferential dividends, among other privileges; or (ii) debt instruments (semi-equity) of public, private or mixed companies providing services of national interest, which have been severely affected by the health crisis.

The Ministry of Finance will determine the specific equity and semi-equity investments that can be made with the FOME's funds. The decision to make any of the equity or semi-equity investments referred to herein shall be analyzed by the Ministry of Finance, taking into account the consequences of the economic and social crises generated by COVID-19. The Colombian government has not yet announced how and in what specific circumstances companies can request an equity or semi-equity investment so there is currently no procedure in place to access such measures.

Taxation

Corporate income tax

For large taxpayers, the deadline to pay the second installment of the income tax is extended to 21 April and 5 May 2020, depending on the last digit of the taxpayer's ID (NIT). The second installment shall be equal to the 45% of the total value of the income tax payed last year. The income tax return filing schedule and to pay the third installment is extended to 9 June and 24 June 2020, depending on the last digit of NIT.

For other taxpayers, the deadline to pay the first instalment of the income tax, which shall be equal to the 50 % of the tax payed in 2018, is extended to 21 April and 19 May 2020, depending on the last two digits of the NIT. The income tax return filing schedule and to pay the second installment is extended to 1 June and 1 July 2020, depending on the last two digits of the NIT.

From 15 April to 31 December 2021, taxpayers that make new investments equal or greater than 2 million tax value units ("TU") in the national aeronautical industry, can benefit from the mega-investment project incentive regime established in Law 2010 of 2020. The regime provides for a reduced 27% corporate tax rate and exemptions from dividends tax, net worth (equity) tax and from applying the presumptive income system, among others.

New tax benefits have been created for entities involved in insolvency.

Colombia

Taxation

Social security/employment/wage taxes

Taxpayers engaged in certain economic activities (i.e. restaurants and tourism) are not required to pay payroll taxes to the Family Compensation Bureau, National Apprenticeship Service -"SENA", and the Colombian Family Welfare Institute -"ICBF"

The quotations to the Social Security System will be reduced to 3% between April 17 and May 30, 2020. Employers shall pay 75% of the quotations and employees shall pay the remaining 25%.

The quotations to the Social Security System will be reduced to 3% between 17 April and 30 May 2020. Employers shall pay 75% of the quotations and employees shall pay the remaining 25%.

VAT

For certain businesses, an extended deadline applies for VAT payment for the March to April period, and for taxpayers following a four-month period, covering January-April. The extended deadlines apply to taxpayers engaged in certain economic activities (i.e. ready-to-eat meals, cafeterias, hotel service companies, live entertainment activities and commercial airlines).

Certain medical equipment such as nebulizers, vital sign monitors, and oxygen have shall be exempt from VAT, during the period 17 March to 17 April 2020.

Fees payed to the National Royalties Fund for rendering warranty services in order to provide coverage related to COVID-19 effects shall be exempt from VAT-tax. (these fees shall also be subject to a 4 % withholding tax rate).

The entities involved in insolvency procedures are entitled to the tax benefit of reduction to 50 % of the VAT-withholding rate, between April 15 and December 31 2020.

Gifts of goods for human use to prevent and stop the spread of COVID-19 shall not be subject to VAT.

Between April 15 and December 31, 2021, VAT rate shall be reduce to 5 % for passengers air transport services and aviation gasoline "Jet A1" or "AVGAS".

Colombia

Taxation

Excise / Import duties

For a period of 6 months, all custom duties will be reduce to 0 % for imports of certain devices, medicines and medical equipment and for certain goods used in the air travel industry.

For a period of 6 months, the exportation of 24 different products required to prevent the spread of COVID-19 will be prohibited. This includes items such as such as soap, antibacterial gel and special mask.

Tourist Tax

N/A

DST

N/A

Other taxes

Extension (until 29 July 2020) of the deadline to file the tourism contribution form and for payment of the first quarter of 2020

The Bogota District Tax Authority has extended the deadline for payment of real estate tax until 5 June 2020 for taxpayers interested in gaining a 10% reduction of the tax. The Colombian Tax Authority (DIAN) has extended the deadline [date TBC] to summit exogenous information required by law in magnetic media for all taxpayers.

With respect to foreign assets return filing: for large taxpayers, the deadline schedule is extended to 9 June and 24 June 2020, depending on the last digit of NIT and for standard taxpayers, the deadline schedule is extended to 1 June and 1 July 2020, also depending on the last two digits of the NIT. Finally, if a taxpayer declares assets held abroad in their tax regularization return, the return for assets held abroad filing schedule is extended to until 25 September 2020.

Between 1 May and 31 July 2020, all public officers and pensioners with salaries or pensions equal to COP 10 million or higher shall pay the new solidarity tax due to COVID-19. Said individuals will be taxed by means of a withholding tax.

Colombia

Taxation

Therefore, all public entities must act as withholding agents and apply the corresponding "new solidarity tax" withholding rate (10%, 15% or 20% depending on the value of the salary or pension). The new tax has to be withheld at the moment of payment or when the income is accrued, whichever occurs first. The first COP 1,800,000 of the salary/pension shall be exempt from the new solidarity tax.

Comments

- DIAN has suspended all legal terms and deadlines for all of its procedures between 19 March and 3 April 2020. However, DIAN shall provide virtual assistance to assist taxpayers with registering before the Colombian Tax Registry or updating the tax information of the taxpayers.
- The Bogota District Tax Authority has suspended all legal terms and deadlines for all of its procedures between 26 March and 13 April 2020.
- Judicial terms are suspended nationwide between 16 March and 3 April 2020.
- National Government has authorized governors and local majors to redirect or modify specific destination revenues derived from subnational taxes and to carry out any public debt operation needed to address the health emergency.
- The Colombian Tax Office has issued the requirements for taxpayers to apply for tax payment arrangements set forth by Law 2010 of 2019.
- The Colombian Tax Office has established an abbreviated procedure to request tax refunds. The request may be submitted in the technological platform or by e-mail. It is unnecessary to attach a statement on costs, expenses and deductions. For taxpayers not considered high-risk, the reimbursement and/or refund will be authorized 15 days after the application was filed.
- Tourism tax. Companies that regularly provide international passenger transport services will have until 30 October 2020 to file the tax return and pay the corresponding tax for the first and second quarter of 2020.

Mexico

Foreign Investment Restrictions	To date, Mexico has not made any specific change to the FIR regime due to the pandemic.
Debt	No legislation or plans have been approved to date.
Equity	No (semi-) equity measures have been announced
Taxation	**Corporate income tax** No federal tax relief measure, incentives, or supporting programs have been issued. Regular filing date for annual tax returns is in place. **Social security/employment/wage taxes** No special relief measures announced to date. It is advisable to continue to monitor for any announcements. **VAT** No tax relief measures have been issued to date. **Excise / Import duties** No special or relief measures have been imposed. The General Customs Administrator has announced that currently all customs houses in Mexico will continue to operate as per standard practices. Documents and information to be filed as part of an anti-dumping investigation may be submitted electronically via e-mail.

Mexico

Taxation

Other taxes

Certain States are providing a suspension or extension in the deadlines to comply with certain tax ancillary obligations.

Certain States are launching programs to support small and medium size companies to obtain financing as a measure to prevent lay-offs and preserve jobs.

General comments

As of the current date, the federal government has not approved any tax measures or other incentives to taxpayers, companies or individuals.

However, certain incentives have been announced a from local governments covering measures such as property tax, payroll tax, accommodation related to industries such as services, games and raffles (incl. disbursements for bets), payment of tenure, etc. deferring required payment until April, May and June 2020.

Peru

Foreign Investment Restrictions	COVID-19 has not had an impact on foreign investment rules.
Debt	The government has announced and is implementing an economic stimulus and support plan, equivalent to approximately 12% of 2019 GDP, to address and mitigate the negative impact of the COVID-19 outbreak on the population and on economic activity. This plan is focused on mitigating the impact on employment and public health and minimizing the impact on the economy, including the production of essential goods. To achieve this goal, tax and public spending tools have been deployed, as well as other liquidity measures related, for example, to increased access of citizens to private savings and Public Treasury guarantees for loans to companies to support working capital needs. **Measures to provide financial support to families** ▪ Payment of a S/380.00 subsidy in the form of direct payments to households at or below the poverty level and to self-employed workers. These payments were administered by Banco de la Nación and processed with support of local banks. Eligible recipients were identified by reference to data available from the public health and welfare authorities regarding the neediest households. ▪ Access to liquidity for families, including by allowing workers to request early withdrawals from their (i) Compensation for Length of Service (CTS for its acronym in Spanish) accounts in an amount of up to S/2,400.00 and (ii) and pension fund accounts in an amount of up to S/2,000.00. Ability to withdraw up to S/2,400.00 from the Compensation for Length of Service account will provide Peruvian households access to liquidity of approximately S/4,400 million. In addition, the withdrawal of up to S/2,000.00 of the funds available in an individual's Private Pension Funds account will benefit workers who have been unemployed for at least six months. This measure will benefit approximately 3.8 million Peruvians, of which it is estimated that approximately 1.4 million citizens will be able to withdraw 100% of their funds, equivalent to approximately S/4,500 million of available funds to households. There is currently legislation that has been approved by Congress that would allow individuals to withdraw of up to 25% of the amount in their Private Pension Fund account. For further details, see "Measures taken by Congress". ▪ Exemption for companies from the mandatory withholding of contributions to private pension funds for the month of April (representing 10% of a worker's compensation). This measure would inject S/1,100 million of liquidity into Peruvian households.

Peru

Debt

Measures to support companies

- Tax incentives to provide liquidity to micro and small companies, such as the early release of funds from committed lines of credit, tax payment deferrals or extensions until June 2020, and suspension of default interest payments.
- Public spending, including payroll subsidies and the creation of the Business Support Fund.
- Creation of the Reactiva Perú Program pursuant to Legislative Decree No. 1455, under which the Government aims to promote commercial banks to make available new financings to companies and providing a Government guarantee for such, up to an aggregate principal amount of S/30,000 million, to provide working capital to such companies to support employment and ensure availability of funds and stability of payment systems within the Peruvian economy.

Measures taken by the Central Bank

- Modifying the limit for swap and forward operations for the sale of foreign currency in exchange for local currency from U.S.$575 million per week to U.S.$675 million per week per financial institution, without requiring additional reserves, in order to support foreign exchange hedges.
- Reducing the reference interest rate by 100 basis points from 2.25% to 1.25%.
- Reducing the minimum legal reserve requirement in soles from 5% to 4%.
- Decreasing the minimum current account requirement in soles from 1.0% to 0.75% of the obligations subject to reserve requirements.
- Reducing the reserve requirement from 50% to 9% for obligations in foreign currency with average terms equal to or less than two years entered into with foreign financial entities.
- Suspending the additional reserve requirement associated with lines of credit in foreign currency for the remainder of 2020.
- Approving a new liquidity instrument to provide access to funds for financial entities, consisting of repurchase operations using Peruvian government guaranteed loans as collateral.

Peru

Debt	**Measures taken by the Superintendency of Banks, Insurance and Pension Funds** ▪ Authorizing financial institutions to adopt exceptional measures and make modifications to existing credit agreements or rescheduling of maturities so that debtors can meet payment obligations. ▪ Expansion of allowed monetary limits per se operation (wire transfers, conversion payments, among others) to be carried out through electronic money accounts. ▪ Procedures for managing extraordinary withdrawals from pension fund accounts set forth in the Supreme Decree No. 034-2020 (threshold of S/2,000). Finally, the current COVID-19 pandemic and its potential impact on the global economy may require the Peruvian Government to adopt additional changes in existing regulations or implement more stringent regulations, which may further adversely impact Peru's economy, the prices of and Peru's ability to make payments on its outstanding securities or other indebtedness.
Equity	No (semi-) equity measures have been announced

Peru

Taxation

Corporate income tax

- Taxpayers that obtained revenues of up to 5,000 Tax Units (approx. USD 6.01 million) during tax year 2019 may postpone the filing of the 2019 annual income tax return.
- Taxpayers that obtained revenues of up to 2,300 Tax Units (approx. USD 2.76 million) during tax year 2019 may postpone the filing of the monthly income tax return of the period February 2020.
- Taxpayers that obtained of up to 5,000 Tax Units (approx. USD 6.01 million) during tax year 2019 may postpone the filing of the monthly income tax return of the periods of March and April 2020.

Social security/employment/wage taxes

- Taxpayers that obtained income of up to 2,300 Tax Units (approx. USD 2,763,000) during tax year 2019 may postpone the filing of the PLAME return of the period February 2020.
- Taxpayers that obtained revenues of up to 5,000 Tax Units (approx. USD 6.01 million) during tax year 2019 may postpone the filing of the PLAME tax return of the period of March 2020.

VAT

- Taxpayers that obtained revenues of up to 2,300 Tax Units (approx. USD 2,763,000) during tax year 2019 may postpone the filing of the VAT return of the period February 2020.
- Taxpayers that obtained revenues of up to 5,000 Tax Units (approx. USD 6.01 million) during tax year 2019 may postpone the filing of the VAT return of the periods of March and April 2020.
- Release of VAT Withholding funds (SPOT) for the period 23 March to 7 April 2020. The request includes the accumulated balance in the VAT Withholding fund (SPOT) account until 15 March 2020.

Excise / Import duties

- Imports of certain medicines, medical equipment and devices are exempt from customs duties for 90 calendar days beginning 12 March 2020 (rate will go back to 6.0% at the end of the 90-day period).

Peru

Taxation

Other taxes

- Taxpayers that obtained revenues of up to 2,300 Tax Units (approx. USD 2.76 million) during tax year 2019 may postpone the filing of electronic sales register, electronic income register and electronic purchase register of the period February 2020.
- Taxpayers that obtained revenues of up to 5,000 Tax Units (approx. USD 6.01 million) during tax year 2019 may postpone the filing of:
  - The deadline for the annual return of operations with third parties due in March has been postponed until 29 May 2020.
  - Filing of electronic sales register, electronic income register and electronic purchase register of the periods March and April 2020.

General comments

- The Peruvian Tax Authority will not impose tax penalties (at its sole discretion) for infractions committed or detected during the national emergency period. This kind of disposition has been approved in the past for other circumstances and in those situations the Tax Authority did not impose any penalty to any taxpayer for the infractions included in the extraordinary measure.
- All deadlines for tax procedures initiated before 15 March 2020 are suspended for 30 business days, beginning 16 March 2020.
- The Peruvian Tax Authority is closed during the National Emergency period.
- For installment payment plans approved by the Peruvian Tax Authority before 15 March 2020, taxpayers may pay the March installments in April without the imposition of penalties.
- Reduction of interest tax rates:
  - For outstanding tax debts, the default interest rate is reduced to 1.0% per month for tax debts in Peruvian currency and to 0.5% per month for tax debts denominated in foreign currency; and,
  - For refunds of excess tax paid, the refund interest rate is reduced to 0.42% per month for refunds denominated in Peruvian currency and to 0.25% per month for refunds denominated in foreign currency.
- A subsidy on behalf of private entities will be granted, per employee that gains a maximum of PEN 1,500 (approx. USD 429), provided the fulfillment of specific requirements (the subsidy may not exceed 35% of the monthly gross remuneration of each employee).

US

Foreign Investment Restrictions	The US government has not announced policy changes as a result of the COVID 19 pandemic. Foreign investment reviews in the United States remain focused on "national security," though shortages in the pandemic may lead CFIUS to scrutinize foreign investments that might be viewed as impacting security of supply of essential medical products. More immediately, Work-From-Home policies have impeded the ability of CFIUS to process new cases. Cases that have previously been filed and accepted are proceeding, but CFIUS has delayed formally accepting new cases. It remains unclear when the CFIUS process will return to normal.

Debt	On 27 March, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide financial assistance to individuals and businesses impacted by the coronavirus pandemic. Relatedly, the Federal Reserve and the US Department of the Treasury announced that they were setting up several loan programs and other measures to (i) provide credit to financial institutions and corporate borrowers and (ii) provide liquidity and promote market functioning.
	
	Under the CARES Act:
	▪ US$359 billion in federally backed loans is available under the CARES Act to assist small businesses through the Small Business Administration (SBA)
	▪ US$454 billion in loans is available to eligible businesses, states and municipalities. "Eligible business" is defined to mean "(A) an air carrier; or (B) a United States business that has not otherwise received adequate economic relief in the form of loans or loan guarantees provided under" the CARES Act.
	▪ Section 4003(b) of the CARES Act also provides liquidity in the form of loans and loan guarantees as follows:
	    ▪ US$25 billion for passenger air carriers, eligible businesses that are certified under part 145, of title 14, Code of Federal Regulations, and approved to perform inspection, repair, replace, or overhaul services, and ticket agents (Section 4003(b)(1));
	    ▪ US$4 billion for cargo air carriers (Section 4003(b)(2)); and
	    ▪ US$17 billion for businesses critical to maintaining national security (Section 4003(b)(3)).

Debt

Paycheck protection loans

The CARES Act expands the ability to obtain loans under Section 7(a) of the Small Business Act through a new US$349 billion Paycheck Protection Program. Under the program, small businesses are eligible for loans to cover payroll, salaries, commissions, health care costs, mortgages, rent and utility payments and interest on pre-existing debt obligations. Loans cannot exceed 2.5 times the average monthly payroll cost during the prior year to the loan date, are capped at US$10 million and have a maximum annual interest rate of 4%. These loans do not require collateral, personal guarantees or any recourse to equity holders and are available through 30 June, 2020, to borrowers meeting program criteria. Loan fees are waived, as are the SBA's prior limitations on demonstrating funds are otherwise not available. The maximum loan term is ten years. A business is not eligible to receive these loans if it receives an SBA economic injury disaster loan for the same purpose.

Businesses with 500 or fewer employees that were operational on 15 February, 2020, are eligible to participate in the program. Businesses with more than 500 employees in certain industries may also be eligible to participate under applicable SBA size standards.

The size standards are applied on an affiliate basis in accordance with existing SBA affiliation rules, except for hospitality and restaurant businesses, franchises and recipients of Small Business Investment Company investments. For these exempted businesses, the 500-employee size threshold is measured on a location-by-location basis.

The SBA's affiliation rules are complex and can be triggered in numerous situations not involving 50% or greater ownership.

Payment Forgiveness

For an initial eight week period after an SBA loan is made, the loan may be forgiven to the extent it is used to cover payroll costs, interest payments on mortgages (not including prepayments or principal), rent and utilities. Businesses must retain their employees and pay them at least 75% of their prior-year compensation in order for their loan forgiveness not to be subject to deductions.

The amount of a loan that may be forgiven is ratably reduced if the average number of full-time equivalent employees during the eight week forgiveness period is less than the average number of employees during the period from 15 February, 2019 through 30 June, 2019 or 1 January, 2020 through 29 February, 2020. The small business borrower is able to choose which period to compare.

To encourage employers to rehire workers laid off due to the coronavirus pandemic, employers that rehire previously laid off workers will not be penalized for having a reduced payroll at the beginning of the forgiveness period. If, during the period from 15 February, 2020 through 26 April, 2020, there is a reduction in the number of full-time equivalent employees or their compensation and the employer eliminates the reduction by 30 June, 2020, the amount of loan forgiveness is determined without regard to the reduction.

Debt

To apply for SBA loan forgiveness, businesses must submit documentation regarding the eligible uses of loan funds, the amount to be forgiven and any other documentation deemed necessary by the SBA Administrator. The SBA will purchase any loan forgiveness amounts from its certified lenders, and this canceled indebtedness will not result in taxable income to the small business borrower.

Payment Deferral

For principal amounts that exist after any loan forgiveness, small businesses may defer payment of remaining principal, interest and fee balances for at least six months and up to one year.

Economic Injury Disaster Loans or EIDL Loans

In addition to the Paycheck Protection Program, the CARES Act also provides funding for up to US$10 billion in economy injury disaster loans (EIDL). Such loans are designed to be quickly deployed with advances up to US$10,000 distributed as soon as three days after application.

The SBA's website now shows a simplified EIDL application process with a reduced number of forms that initially need to be submitted (an application form) and a supporting information form.

CARES Act provisions dealing with financing programs to be provided by the Treasury Department and the Federal Reserve; Federal Reserve measures in response to Coronavirus Pandemic.

The Federal Reserve announced that it is taking extensive measures to support the US economy, including setting up extraordinary programs to provide credit to non-banks such as corporate borrowers. The Federal Reserve also announced measures to support liquidity and market functioning. Some of these measures revive programs put in place by the Federal Reserve in response to the 2008 financial crisis, while others are new programs.

Certain of the programs announced by the Federal Reserve are funded by appropriations made in, and subject to requirements imposed by, the CARES Act.

Section 4003(c)(1)(A) of the CARES Act provides that any loans under Section 4003 shall be at a rate determined by the Secretary of the Treasury "based on the risk and the current average yield on outstanding marketable obligations of the United States of comparable maturity."

Debt

Further, Section 4003(c)(3)(A)(ii) of the CARES Act requires that in connection with any direct loan under any program or facility pursuant to Section 4003(b)(4), the borrower must agree (a) for a period of 12 months from the date such loan is no longer outstanding, (i) not to buy back any equity securities of the borrower or any parent company that are listed on any national securities exchange (other than to the extent required under a contractual obligation in effect prior to the enactment of the CARES Act) or (ii) pay any dividend or make other capital distribution, and (b) comply with certain limitations regarding employee compensation set forth by the CARES Act in Section 4004 (essentially, total compensation to officers or employees exceeding US$425,000 in 2019 is frozen and total compensation to officers or employees exceeding US$3 million is limited to the sum of (i) US$3 million and (ii) 50% of the excess over US$3 million received by the officer or employee in 2019). These requirements may be waived by the Secretary of the Treasury only if such waiver is deemed necessary to protect the interests of the Federal Government.

Section 4003(c)(3)(C) requires that facilities and programs established under Section 4003(b)(4) may only purchase obligations or other interests (other than securities that are based on an index or that are based on a diversified pool of securities) from, or make loans or other advances to, businesses that are created or organized in the United States or under the laws of the United States and that have significant operations in, and a majority of its employees based in, the United States.

A. Federal Reserve programs

1. Primary Market Corporate Credit Facility

Under the PMCCF, the Federal Reserve Bank of New York (FRBNY) will lend to a special purpose vehicle (SPV) on a recourse basis. The SPV will (i) purchase qualifying bonds as the sole investor in a bond issuance; and (ii) purchase portions of syndicated loans or bonds at issuance. The FRBNY's loans will be secured by all the assets of the SPV. The Treasury Department will make an initial $75 billion equity investment in the SPV.

The SPV will leverage the Treasury equity at 10 to 1 when acquiring corporate bonds or syndicated loans from issuers that are investment grade at the time of purchase. The SPV will leverage the Treasury equity at 7 to 1 when acquiring any other type of eligible asset.

The combined size of the PMCCF and the SMCCF will be up to $750 billion.

a. Eligible assets.

   i. Eligible corporate bonds as sole investor. The SPV may purchase eligible corporate bonds as the sole investor in a bond issuance. Eligible corporate bonds must meet each of the following criteria at the time of purchase: (i) issued by an eligible issuer; and (ii) have a maturity of four years or less.

Debt

ii. Eligible syndicated loans and bonds purchased at issuance. The SPV also may purchase portions of syndicated loans or bonds of eligible issuers at issuance. Eligible syndicated loans and bonds must meet each of the following criteria at the time of purchase: (i) issued by an eligible issuer; and (ii) have a maturity of four years or less. The SPV may purchase no more than 25% of any loan syndication or bond issuance.

b. Eligible issuers. In order to be an eligible issuer, an issuer must

  i. be a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States.

  ii. have been rated at least BBB-/Baa3 as of March 22, 2020 by a major nationally recognized statistical rating organization (NRSRO) and, if rated by multiple major NRSROs, such issuer must have been rated at least BBB-/Baa3 by two or more NRSROs as of March 22, 2020.

    1. An issuer that was rated at least BBB-/Baa3 as of March 22, 2020, but is subsequently downgraded, must be rated at least BB-/Ba3 as of the date on which the SPV makes a purchase. If rated by multiple major NRSROs, such issuer must be rated at least BB-/Ba3 by two or more NRSROs at the time the SPV makes a purchase.

    2. In every case, issuer ratings are subject to review by the Federal Reserve.

  iii. not be an insured depository institution or depository institution holding company.

  iv. not receive direct financial assistance under the CARES Act (e.g., air carriers).

  v. satisfy the conflicts of interest requirements of Section 4019 of the CARES Act.

c. Maximum loan amount. The maximum amount to be extended to any issuer under the PMCCF will not exceed 130% of the maximum amount of outstanding bonds and loans of such issuer on any day between 22 March, 2019 and 22 March, 2020 (without giving effect to undrawn commitments). The maximum amount of instruments that SPV will purchase under the PMCCF and the SMCCF with respect to any eligible issuer is capped at 1.5% of the combined potential size of the PMCCF and the SMCCF.

d. Pricing.

  i. Eligible corporate bonds: Pricing will be issuer-specific, informed by market conditions, plus a 100 bps facility fee.

Debt

ii. Eligible syndicated loans and bonds: The SPV will receive the same pricing as other syndicate members, plus a 100 bps facility fee on the SPV's share of the syndication.

e. Refinancing; new debt issuances. Issuers may approach the SPV to refinance outstanding debt, from the period of three months ahead of the maturity date of such outstanding debt. Issuers may additionally approach the SPV at any time to issue additional debt, provided their rating is reaffirmed at BB-/Ba3 or above with the additional debt by each major NRSRO with a rating of the issuer.

The SPV will cease purchasing eligible assets under the PMCCF no later than 30 September, 2020, unless such date is extended by the Federal Reserve Board and the Treasury Department.

2. Secondary Market Corporate Credit Facility

Under the SMCCF, the FRBNY will lend, on a recourse basis, to an SPV that will purchase in the secondary market corporate debt issued by eligible issuers. The SPV will purchase eligible corporate bonds as well as eligible corporate bond portfolios in the form of exchange-traded funds ("ETFs"). The FRBNY's loans will be secured by all the assets of the SPV. The Treasury Department will make an initial $75 billion equity investment in the SPV.

The SPV will leverage the Treasury equity at 10 to 1 when acquiring corporate bonds that are investment grade at the time of purchase and when acquiring ETFs whose primary investment objective is exposure to US investment-grade corporate bonds. The SPV will leverage the Treasury equity at 7 to 1 when acquiring corporate bonds from issuers that are rated below investment grade at the time of purchase and in a range between 3 to 1 and 7 to 1, depending on risk, when acquiring any other type of eligible asset.

The combined size of the SMCCF and the PMCCF will be up to $750 billion.

a. Eligible assets.

i. Eligible individual corporate bonds. The SPV may purchase corporate bonds that, at the time of purchase: (A) were issued by an eligible issuer; (B) have a remaining maturity of five years or less; and (C) were sold to the SPV by an eligible seller.

ii. Eligible ETFs. The SPV also may purchase US-listed ETFs whose investment objective is to provide broad exposure to the market for US corporate bonds. The preponderance of the SPV's ETF holdings will be of ETFs whose primary investment objective is exposure to US investment-grade corporate bonds, and the remainder will be in ETFs whose primary investment objective is exposure to US high-yield corporate bonds.

Debt

b. Eligible issuers for individual corporate bonds. In order to be an eligible issuer, an issuer must
   i. be a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States.
   ii. have been rated at least BBB-/Baa3 as of 22 March, 2020, by a major NRSRO and, if rated by multiple major NRSROs, such issuer must have been rated at least BBB-/Baa3 by two or more NRSROs as of 22 March, 2020.
      1. An issuer that was rated at least BBB-/Baa3 as of 22 March, 2020, but was subsequently downgraded, must be rated at least BB-/Ba3 as of the date on which the SPV makes a purchase. If rated by multiple major NRSROs, such issuer must be rated at least BB-/Ba3 by two or more NRSROs at the time the SPV makes a purchase.
   iii. not be an insured depository institution or depository institution holding company.
   iv. not receive specific support pursuant to the CARES Act or any subsequent federal legislation.
   v. satisfy the conflicts of interest requirements of Section 4019 of the CARES Act.
c. Eligible Seller. Each institution from which the SPV purchases securities must be a business that is created or organized in the United States or under the laws of the United States with significant US operations and a majority of US-based employees. The institution also must satisfy the conflicts of interest requirements of Section 4019 of the CARES Act.
d. Limits per Issuer/ETF. The maximum amount of instruments that the SPV will purchase under the SMCCF and the PMCCF combined will purchase with respect to any eligible issuer is capped at 1.5% of the combined potential size of the SMCCF and the PMCCF. The maximum amount of bonds of any eligible issuer that the SPV will purchase in the secondary market is also capped at 10% of the issuer's maximum bonds outstanding on any day between 22 March, 2019 and 22 March, 2020. The SPV will not purchase shares of a particular ETF if after such purchase the SPV would hold more than 20% of that ETF's outstanding shares.
e. Pricing. The SPV will purchase eligible corporate bonds at fair market value in the secondary market. The SPV will avoid purchasing shares of eligible ETFs when they trade at prices that materially exceed the estimated net asset value of the underlying portfolio.

The SPV will cease purchasing eligible corporate bonds and eligible ETFs under the SMCCF no later than 30 September, 2020, unless such date is extended by the Federal Reserve Board and the Treasury Department.

Debt

3. Term Asset-Backed Securities Loan Facility

The Federal Reserve published an updated term sheet for the TALF, which the Federal Reserve had originally announced on 23 March, 2020. The TALF is intended to facilitate the issuance by private entities of asset-backed securities (ABS) backed by student loans, auto loans, credit card loans, loans guaranteed by the Small Business Administration and certain other assets. The TALF is a revival of a loan facility put in place in response to the 2008 financial crisis.

Under the TALF, the FRBNY will lend to an SPV on a recourse basis. The Treasury Department will make an equity investment of $10 billion in the SPV.

The SPV will make up to $100 billion of loans available. The loans will have a term of three years, will be nonrecourse to the borrower (provided the TALF requirements are met) and will be fully secured by eligible ABS.

a. Eligible borrowers

All US companies that own eligible collateral and maintain an account relationship with a primary dealer are eligible to borrow under the TALF.

b. Eligible collateral

Eligible collateral includes US Dollar denominated cash (not synthetic) ABS that have a credit rating in the highest long-term or, in the case of non-mortgage backed ABS, the highest short-term investment-grade rating category from at least two eligible NRSROs and do not have a credit rating below the highest investment-grade rating category from an eligible NRSRO. All or substantially all of the credit exposures underlying eligible ABS must have been originated by a US company, and the issuer of eligible collateral must be a US company. In a change from the initial TALF term sheet, eligible collateral now includes the triple-A rated tranches of both outstanding commercial mortgage-backed securities (CMBS) and newly issued CLOs.

With the exception of CMBS, eligible ABS must be issued on or after 23 March, 2020. CMBS issued on or after 23 March, 2020 will not be eligible. For CMBS, the underlying credit exposures must be real property located in the United States or one of its territories in order to be eligible.

Eligible collateral must be ABS where the underlying credit exposures are one of the following:

1. Auto loans and leases;
2. Student loans;

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3. Credit card receivables (both consumer and corporate);
4. Equipment loans and leases;
5. Floorplan loans;
6. Insurance premium finance loans;
7. Certain small business loans that are guaranteed by the Small Business Administration;
8. Leveraged loans; or
9. Commercial mortgages.

Eligible collateral will not include ABS that bear interest payments that step up or step down to predetermined levels on specific dates. In addition, the underlying credit exposures of eligible collateral will not include exposures that are themselves cash ABS or synthetic ABS.

To be eligible collateral, all or substantially all of the underlying credit exposures must be newly issued, except for legacy CMBS.

The Federal Reserve will consider the feasibility of adding other asset classes to the TALF or expanding the scope of existing asset classes in the future.

c. Conflicts of interest

Eligible borrowers and issuers of eligible collateral will be subject to the conflicts of interest requirements of Section 4019 of the CARES Act.

d. Collateral and collateral valuation

Under the TALF, single-asset single-borrower (SASB), CMBS and commercial real estate collateralized loan obligations (CRE CLOs) will not be eligible collateral. Only static CLOs (meaning only those CLOs that do not permit substitution of the underlying loans held by such CLO) will be eligible collateral.

The haircut for collateral valuation is consistent with the haircut used for the TALF established in 2008 and is attached to the [TALF Term Sheet as the Haircut Schedule].

e. Pricing and Fees

Debt

For CLOs, the interest rate will be 150 basis points over 30-day average SOFR. For SBA Pool Certificates (7(a) loans), the interest rate will be the top of the federal funds target range plus 75 basis points. For SBA Development Company Participation Certificates (504 loans), the interest rate will be 75 basis points over the three-year fed funds overnight index swap (OIS) rate.

For all other eligible ABS with underlying credit exposures that do not have a government guarantee, the interest rate will be 125 basis points over the two-year OIS rate for securities with a weighted average life less than two years, or 125 basis points over the three-year OIS rate for securities with a weighted average life of two years or greater. The pricing for other eligible ABS will be set forth in the detailed term sheet.

The SPV will assess an administrative fee equal to 10 basis points of the loan amount on the settlement date for collateral.

f. Prepayment

Loans made under the TALF will be prepayable in whole or in part at the option of the borrower, but substitution of collateral during the term of the loan generally will not be allowed.

g. Program termination

No new credit extensions will be made under the TALF after 30 September, 2020, unless the TALF is extended by the Federal Reserve Board and the Treasury Department.

The Federal Reserve will provide more detailed terms and conditions at a later date, primarily based off the terms and conditions used for the 2008 TALF. In addition, the Federal Reserve reserves the right to review and make adjustments to the terms and conditions of the TALF Term Sheet - including size of the program, pricing, loan maturity, collateral haircuts, and asset and borrower eligibility requirements - consistent with the policy objectives of the TALF.

4. Main Street Business Lending Program

The Federal Reserve released two term sheets for the Main Street lending program, one for a New Loan Facility and one for an Expanded Loan Facility. The New Loan Facility applies to unsecured term loans made by eligible lenders to eligible borrowers on or after 8 April, 2020. The Expanded Loan Facility applies to upsizes of term loans originally made by eligible lenders to eligible borrowers on or before 8 April, 2020.

Debt

Under each Main Street facility, a Federal Reserve Bank will lend to a single common SPV on a recourse basis. The SPV will purchase 95% participations in eligible loans (either new term loans or upsized tranches of existing term loans) from eligible lenders. Eligible lenders must retain 5% of the loan. The Treasury Department, using funds appropriated to the Exchange Stabilization Fund under Section 4027 of the CARES Act, will make a $75 billion equity investment in the SPV in connection with the Main Street facilities. The combined size of the Main Street facilities will be up to $600 billion.

An eligible borrower can access one of the Main Street facilities, but not both. A borrower accessing either Main Street facility may not also be a borrower under the PMCCF. Borrowers under the Main Street program are also permitted to obtain PPP loans from the SBA.

Because the Main Street program is limited to term loans, and cannot be used to refinance existing debt (see below), borrowers will likely need to consider how to layer borrowing under the program into current capital structures, and, if necessary, request consents from existing lenders.

The SPV will cease purchasing participations in eligible loans no later than 30 September, 2020, unless the Federal Reserve Board and the Treasury Department extend the facilities. The Federal Reserve will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.

a. Eligible borrowers

The Main Street lending program is intended to provide loans to "eligible borrowers," which are defined as businesses with up to 10,000 employees or up to $2.5 billion in 2019 annual revenue. Each eligible borrower must be a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. The Federal Reserve press release that accompanied the term sheets indicates that the loans would be provided to borrowers that were "in good financial standing before the crisis."

b. Eligible lenders

"Eligible lenders" are defined as US insured depository institutions, US bank holding companies and US savings and loan holding companies. The term sheets exclude non-bank lenders.

c. Loan eligibility criteria common to both facilities

Debt

Under both Main Street loan facilities, an eligible loan must have the following features:

1. four year maturity;
2. Amortization of principal and interest deferred for one year;
3. Adjustable interest rate of SOFR plus 250-400 basis points;
4. Minimum loan size of $1 million; and
5. Prepayable without penalty.
6. New Loan Facility

Under the New Loan Facility, the maximum amount of a loan to any eligible borrower is the lesser of (i) $25 million, or (ii) an amount that, when added to the borrower's existing outstanding and committed but undrawn debt, does not exceed four times the borrower's 2019 EBITDA.

The New Loan Facility only extends to unsecured term loans.

Under the New Loan Facility, a lender will pay the SPV a facility fee of 100 basis points of the principal amount of the loan participation purchased by the SPV. The lender may require the borrower to pay this fee.

Under the New Loan Facility, the borrower will pay the lender an origination fee of 100 basis points of the principal amount of the loan. The SPV will pay the lender 25 basis points of the principal amount of its participation in the loan per annum for loan servicing.

d. Expanded Loan Facility

Under the Expanded Loan Facility, the maximum amount of a loan to any eligible borrower is the least of (i) $150 million, (ii) 30% of the borrower's existing outstanding and committed but undrawn bank debt, or (iii) an amount that, when added to the borrower's existing outstanding and committed but undrawn debt, does not exceed six times the borrower's 2019 EBITDA.

The Expanded Loan Facility extends to upsizes of both secured and unsecured term loans. Any collateral securing an eligible loan, whether such collateral was pledged under the original terms of the eligible loan or at the time of upsizing, will secure the Federal Reserve's loan participation on a pro rata basis.

Debt

Under the Expanded Loan Facility, the borrower will pay the lender a fee of 100 basis points of the principal amount of the upsized tranche at the time of upsizing. The SPV will pay the lender 25 basis points of the principal amount of its participation in the upsized tranche per annum for loan servicing.

e. Required attestations

The following attestations will be required with respect to each eligible loan or upsized tranche:

1. The lender must attest that the proceeds of the loan or upsized tranche will not be used to repay or refinance pre-existing loans or lines of credit made by the lender to the borrower, including, in the case of an upsizing, the pre-existing portion of the upsized tranche.
2. The borrower must commit to refrain from using the proceeds of the loan or upsized tranche to repay other loan balances. The borrower must also commit to refrain from repaying other debt of equal or lower priority, with the exception of mandatory principal payments, unless the borrower has first repaid the loan in full.
3. The lender must attest that it will not cancel or reduce any existing lines of credit outstanding to the borrower. The borrower must attest that it will not seek to cancel or reduce any of its outstanding lines of credit with the lender under the program or with any other lender.
4. The borrower must attest that it requires financing due to the exigent circumstances presented by the COVID-19 pandemic, and that, using the proceeds of the loan or upsized tranche, it will make reasonable efforts to maintain its payroll and retain its employees during the term of the loan or upsized tranche.
5. The borrower must attest that it meets the EBITDA leverage condition that is applicable to the facility.
6. The borrower must attest that it will follow the compensation, stock repurchase and capital distribution restrictions that apply to direct loan programs under Section 4003(c)(3)(A)(ii) of the CARES Act.
7. Each lender and borrower will be required to certify that it is eligible to participate in the facility, including in light of the conflicts of interest prohibition in Section 4019(b) of the CARES Act.

Debt

f. Comparison with CARES Act Treasury lending program aimed at mid-sized businesses

Section 4003(c)(3)(D) of the CARES Act directs the Secretary of the Treasury to implement a program or facility to provide financing to banks and other lenders to make direct loans to eligible businesses including, to the extent practicable, nonprofit organizations, with between 500 and 10,000 employees. The annualized interest rate applicable to the Treasury program is not to exceed 2% per annum. No principal or interest will be payable for the first 6 months.

The CARES Act requires that the Treasury financing program for mid-sized businesses must contain many significant restrictions that are not set forth in the term sheets for the Federal Reserve's Main Street lending program. The restrictions required by the CARES Act for the Treasury program include detailed requirements as to workforce retention and payment of benefits, restrictions on outsourcing and offshoring jobs, a prohibition on abrogating existing collective bargaining agreements and a commitment to remain neutral in any union organizing effort. In certain cases, these restrictions would apply for a period of time after the loan is repaid.

These details of the relationship between the Treasury financing program for mid-sized businesses and the Federal Reserve's Main Street lending program are not yet clear. Section 4003(c)(3)(D)(ii) of the CARES Act permits the Federal Reserve in its "discretion" to establish a Main Street lending program or other similar program or facility that supports lending to small and mid-sized businesses "on such terms and conditions as the Board may set consistent with section 13(3) of the Federal Reserve Act (12 U.S.C. 343(3)), including any such program in which the Secretary makes a loan, loan guarantee, or other investment under [Section 4003(b)(4)]."[4] Such language states that the Federal Reserve's discretion to set up such programs is not limited by the requirements of Section 4003(c)(3)(D).

5. Municipal Liquidity Facility

The Federal Reserve released a term sheet for the Municipal Liquidity Facility (MLF). The MLF is intended to support lending to US states and the District of Columbia (States), US cities with a population exceeding 1 million residents (Cities) and US counties with a population exceeding 2 million residents (Counties).

Under the MLF, a Federal Reserve Bank will lend to an SPV on a recourse basis. The SPV will purchase up to $500 billion in eligible notes directly from eligible issuers. The Federal Reserve Bank will be secured by all the assets of the SPV. The Treasury Department, using funds appropriated to the Exchange Stabilization Fund under Section 4027 of the CARES Act, will make a $35 billion equity investment in the SPV.

Debt

In addition to the MLF, the Federal Reserve stated that it would continue to closely monitor conditions in the primary and secondary markets for municipal securities and would evaluate whether additional measures are needed to support the flow of credit and liquidity to state and local governments.

a. Eligible issuers

The MLF is intended for the purchase of notes from "eligible issuers", which are defined as a State, City or County or a instrumentality that issues on behalf of a State, City or County for the purposes of managing cash flows. Only one issuer per State, City or County will be eligible.

b. Eligible notes

"Eligible notes" refer to tax anticipation notes, tax and revenue anticipation notes, bond anticipation notes and other similar short-term notes issued by eligible issuers, provided that such notes mature no later than 24 months from the date of issuance. The eligibility of the notes is subject to review by the Federal Reserve.

The maturity of the notes must be no later than 24 months from the date of issuance. The notes are callable by the eligible issuer at any time at par.

c. Limit per State, City and County

The SPV may purchase notes up to an aggregate amount of 20% of the general revenue from own sources and utility revenue of each applicable State, City or County government for fiscal year 2017. States may request that the SPV purchase eligible notes in excess of the applicable limit in order to assist political subdivisions and instrumentalities that are not eligible for the MLF.

d. Pricing and fees

The pricing of the notes will be based on the rating of the issuer at the time of purchase and the notes will be subject to an origination fee equal to 10 basis points of the principal amount of the eligible issuer's notes purchased by the SPV. Origination fees may be paid from the proceeds of the issuance.

e. Eligible use of proceeds

The proceeds of notes purchased by the SPV may be used by the issuer to help manage:

1. the cash flow impact of income tax deferrals resulting from an extension of an income tax filing deadline;

Debt

2. potential reductions of tax and other revenues or increases in expenses related to or resulting from the COVID-10 pandemic;
3. requirements for the payment of principal and interest on obligations of the relevant State, City or County.

In addition, proceeds of notes may be used to purchase similar notes issued by, or otherwise to assist, political subdivisions and instrumentalities of the relevant State, City or County for any of the foregoing purposes.

f. Termination

The SPV will cease purchasing eligible notes on 30 September, 2020 (subject to any extensions by the Federal Reserve or the Treasury Department). The Federal Reserve will continue to fund the SPV after 30 September, 2020 until all of the underlying assets of the SPV mature or are sold.

6. Other actions

The Federal Reserve has taken other steps to increase liquidity and address market dislocations that have resulted from the pandemic. The Fed reduced the target range for the federal funds rate to 0% to 0.25%. It reduced reserve requirements for banks to zero and has encouraged banks to borrow from its discount window to meet their liquidity needs.

The Federal Reserve has also revived two other programs that were put in place in response to the 2008 financial crisis (i) a commercial paper funding facility, and (ii) a primary dealer credit facility, which is analogous to a discount window for primary dealers.

In addition, the Federal Reserve will provide a Money Market Mutual Fund Liquidity Facility (MMLF), which is similar to a liquidity facility that was created in response to the 2008 financial crisis (the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility).

The MMLF will make loans to financial institutions to purchase assets that money market funds are selling to meet redemption requests.

The Fed has also announced increased purchases of Treasury securities and agency MBS, and the provision of term repos.

7. Emergency actions under Section 13(3) of the Federal Reserve Act

The PMCCF, the SMCCF, the TALF, the Main Street program, the MLF, the commercial paper funding facility, the primary dealer credit facility and the MMLF are being provided under Section 13(3) of the Federal Reserve Act. That section allows Federal Reserve banks expanded lending and discounting powers to non-banks if authorized by the Board of Governors of the Federal Reserve and the US Treasury Department during "unusual and exigent circumstances."

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Section 13(3) sets forth several requirements for financing programs undertaken thereunder. Among other things, the borrower cannot be insolvent, the program must have "broad-based eligibility," the Fed must have evidence that each "participant in any program or facility with broad-based eligibility is unable to secure adequate credit accommodations from other banking institutions," and that the Fed must ensure that "the security for emergency loans is sufficient to protect taxpayers from losses."

Section 13(3)(C) of the Federal Reserve Act provides that the Federal Reserve is to provide certain information to Congress relating to credit extended under Section 13(3) on a periodic basis. This information includes borrower identities and the material terms of the assistance provided to each borrower.

B. Treasury program

Assistance for mid-sized business under the CARES Act (Section 4003(c)(D)).

Section 4003(c)(D) of the CARES Act directs the Secretary of the Treasury to implement a program or facility to provide financing to banks and other lenders to make direct loans to eligible businesses including, to the extent practicable, nonprofit organizations, with between 500 and 10,000 employees. Any direct loans to such businesses would be subject to a 2% interest rate per year and would have no payable principal or interest for the first 6 months (or such longer period as the Secretary determines).

Eligible borrowers will need to make a good-faith certification that:

- the uncertainty of economic conditions as of the date of the application makes necessary the loan request to support ongoing operations of the borrower;
- the funds will be used to retain at least 90% of the workforce (including full compensation and benefits until 30 September, 2020);
- the borrower intends to restore not less than 90% of the workforce as of 1 February, 2020 and to restore all applicable compensation and benefits within 4 months after the termination date of the public health emergency declared by the Secretary of Health and Human Services on 31 January, 2020 related to COVID-19;
- the borrower is an entity or business that is domiciled in the United States with significant operations and employees located in the United States;
- the borrower is not a debtor in bankruptcy proceeding;

Debt

- the borrower is created or organized in the US (or under the laws of the US) and has significant operations in and a majority of its employees based in the US;
- the borrower will not pay dividends with respect to its common stock, or repurchase an equity security that is listed on a national securities exchange of the borrower or any parent company while the direct loan is outstanding, except to the extent required under a contractual obligation that is in effect as of the date of enactment of the CARES Act;
- the borrower will not outsource or offshore jobs for the term of the loan and 2 years after completing repayment of the loan;
- the borrower will not abrogate existing collective bargaining agreements for the term of the loan and 2 years after completing the repayment of the loan; and
- the borrower will remain neutral in any union organizing effort for the term of the loan.

The provisions under the CARES Act aimed at providing assistance to mid-sized businesses do not limit the ability of the Federal Reserve to establish a Main Street Lending Program or other similar program or facility that supports lending to small and mid-sized businesses.

Aviation

The CARES Act provides for a total of US$46 billion in loans and loan guarantees for passenger air carriers, ticket agents, MROs, cargo air carriers, and "businesses critical to maintaining national security."

On Monday, 30 March, 2020, the U.S. Treasury Department released preliminary Procedures and Minimum Requirements for the loans for the loans ("Procedures and Requirements") and Guidelines and Guidelines and Application Procedures for the grants.

The CARES Act appropriate the following for loans to be made by the US Treasury:

- Up to US$25 billion for "passenger air carriers" (defined in the Treasury guidance as an air carrier that, from 1 April, 2019 to 30 September, 2019, derived more than 50% of its air transportation revenue from the transportation of passengers), ticket agents, and MROs;
- Up to US$4 billion for "cargo air carriers" (defined in the Treasury guidance as an air carrier that, from 1 April, 2019 to 30 September, 2019, derived more than 50% of its air transportation revenue from the transportation of property or mail, or both); and
- Up to US$17 billion for "businesses critical to maintaining national security."

Debt

The CARES Act also provides for US$32 billion in direct grants available for passenger air carriers, cargo air carriers, and contractors, to be used exclusively for employee wages, salaries and benefits, as follows:

- Up to US$25 billion for passenger air carriers;
- Up to US$4 billion for cargo air carriers; and
- Up to US$3 billion for contractors (or subcontractors) performing services under contract with a U.S. passenger air carrier operating under 14 C.F.R. Part 121 (including, but not limited to, cargo services providers, contractors providing services to passengers with disabilities, security companies, caterers, ticketing/check-in agents, ground handlers, and cleaning services).

Additionally, airports are eligible for up to US$10 billion in grants to "prevent, prepare for, and respond to coronavirus." The CARES Act also suspends aviation excise taxes through the end of 2020, including taxes and fees on airline passenger tickets, cargo, and aviation jet fuel. Only U.S. companies are eligible to receive loans and grants.

While the CARES Act generally provides the aviation sector with the financial support it had publicly requested in recent days and weeks, the CARES Act establishes a number of conditions and oversight mechanisms to provide for transparency and accountability in how the grants and loans will be used.

Loans, Grants and Related Provisions

Loans

As directed under the CARES Act, the Treasury Department published preliminary Procedures and Requirements for the loans on 30 March, 2020. These will be supplemented with additional terms and an application form, and may be revised, modified, or waived by the Treasury Department.

As part of the loan application process, borrowers must provide certain financial, employment and operational information, as detailed in the Procedures and Requirements, and are encouraged to begin compiling this initial list of information to expedite loan applications. There is no deadline within the Act for when loan funds must be disbursed.

US

Debt

As restated in the Procedures and Requirements, the CARES Act enumerates a number of terms and conditions applicable to the loans, including:

- Loan interest rates, "to the extent practicable," will not be less than an interest rate based on market conditions for comparable obligations prior to the outbreak of COVID-19;
- The duration of the loan must be as short as practicable and in any case not longer than five years;
- Indebtedness may not be reduced through loan forgiveness;
- Through 30 September, 2030, borrowers must maintain employment levels as of 24 March, 2020, "to the extent practicable," but in any case may not reduce employment by more than 10% from the levels on that date;
- Borrowers may not pay dividends until one year after the loan or loan guarantee is no longer outstanding;
- Borrowers or any affiliates may not buy back stock (unless required under pre-existing contractual obligations) until one year after the loan or loan guarantee is no longer outstanding. The Secretary is authorized to waive this requirement if necessary to protect the interests of the Federal Government, but to do so the Secretary would have to testify before the Senate Banking Committee and the House Financial Services Committee to explain the reasons for the waiver;
- Companies seeking loans must be: 1) created or organized in the U.S.; and 2) have significant operations and a majority of employees in the U.S.;
- Limits on compensation for certain employees and officers beginning the date on which the agreement is executed and ending one year after the date on which the loan or loan guarantee is no longer outstanding; and
- The U.S. Secretary of Transportation may require, to the extent reasonable and practicable, that carriers accepting loans maintain air service to any point served before 1 March, 2020 through 1 March, 2022 at the latest, with special consideration given to small communities and to the maintenance of health care and pharmaceutical supply chains.

Debt

The CARES Act also contains the following oversight mechanisms:

- The Act creates a Special Inspector General For Pandemic Recovery ("Special Inspector General") within the Department of the Treasury, who will be appointed by the President with the advice and consent of the Senate. The Special Inspector General is charged with overseeing and auditing the making, purchasing, management, and sale of loans, loan guarantees, and other investments made by the Treasury Secretary under the Act and must submit detailed reports to "the appropriate committees of congress;" and
- The Act creates a bipartisan, five-member Congressional Oversight Commission that is charged with overseeing the implementation of the law, must release reports every thirty days, and is empowered to hold hearings, take testimony and receive evidence.

Grants

The CARES Act provides US$32 billion in grants for air carriers and eligible contractors/subcontractors, which must be used exclusively for employee wages, salaries, and benefits -- US$25 billion is allocated for passenger air carriers, US$4 billion is allocated for cargo air carriers, and US$3 billion is allocated for contractors/subcontractors.

On 30 March, 2020, the Treasury Department also released guidance for grant applicants. Air carriers and contractors are instructed to file by 5:00 p.m. EDT on 3 April, 2020. Among other terms and conditions detailed in the guidance, applicants must identify the total amounts they paid to employees in (a) wages and salaries, (b) benefits, and (c) other compensation, in each month between April 2019 and September 2019. Applications received after 3 April, 2020 will be considered but may take longer to process. Applications received after 27 April, 2020 may not be considered. Under the Act, initial payments to applicants must be made no later than 6 April, 2020.

The CARES Act enumerates the following conditions for grants:

- Each carrier or contractor is entitled to grant assistance in an amount equal to the salaries and benefits of its employees between 1 April, 2019 and 30 September, 2019;
- Grant recipients must agree not to conduct involuntary furloughs or reduce pay rates or benefits through 30 September, 2020;
- Grant recipients may not pay dividends or buy back shares of stock until 30 September, 2021, and must agree to limits on employee/officer compensation from 24 March, 2020 through 24 March, 2022; and

Debt

The U.S. Secretary of Transportation may require, to the extent reasonable and practicable, that carriers accepting grants maintain air service to any point served before 1 March, 2020 through 1 March, 2022 at the latest, with special consideration given to small communities and to the maintenance of health care and pharmaceutical supply chains.

Airports

The CARES Act allocates US$10 billion in grants for airports to "prevent, prepare or, and respond to coronavirus." The grants are only available to airport sponsors (i.e. public agencies and private owners of public-use airports) and must be for purposes directly related to airports. The airport grants will be allocated by formula -- US$3.7 billion will be allocated among all commercial airports based on each airport's percentage of calendar year 2018 enplanements; another US$3.7 billion will be allocated among all commercial service airports based on each sponsor's debt service and unrestricted reserves. In addition, the CARES Act reserves US$100 million for general aviation airports. Hub and primary airports receiving grants must continue to employ at least 90 percent of their current number of employees through 31 December, 2020 (excluding retirements or voluntary separations). The Secretary may waive this requirement upon determining that the airport is experiencing economic hardship as a result of the requirement, or that adherence to the requirement reduces aviation safety or security.

U.S. Government Ownership in Aid Recipients

Under the CARES Act, and as clarified in the loan Procedures and Requirements, the Treasury Department may not issue a loan to (1) a borrower that has issued securities that are traded on a national securities exchange unless the Treasury Department receives a warrant or equity interest in the borrower, or (2) any other borrower unless the Treasury Department receives, in the discretion of the Treasury Department, a warrant or equity interest in the borrower, or a senior debt instrument issued by the borrower. These requirements appear to give the Treasury Department considerable discretion in determining what warrants, equity interests, or senior debt instruments it will accept from borrowers. The loan Procedures and Requirements also instruct applicants to identify the financial instruments they propose to issue to the Treasury Department. For grants, the Secretary is not required to receive financial instruments in return, but "may" choose to receive warrants, options, preferred stock, debt securities, or other instruments which, in the Secretary's sole determination, "provide appropriate compensation" to the government. Secretary Mnuchin has reportedly indicated that the government will choose to take equity stakes in airlines receiving grants. Consistent with these reports, grant applicants are required by the application procedures released by the Treasury Department to identify financial instruments that will provide appropriate compensation to the Federal Government for the grants received

Equity	No (semi-) equity measures have been announced

Taxation

Corporate income tax

Post-TCJA Limitations on NOLs Relaxed: For NOLs taxpayers generate in taxable years beginning in taxable years beginning after 31 December 2017 and before 1 January 2021, the CARES Act allows taxpayers to use their NOLs without the TCJA's 80% limitation to taxable income. This approach fully preserves these deductions. The CARES Act also allows taxpayers to carry certain losses back five years. Taxpayers that wish to carry back NOLs to prior years may exclude the year that includes the Section 965 transition tax from the carry back and will not have to use their NOLs against the Section 965 inclusion, which is taxed at a lower rate. There are also special rules for REITs and life insurance companies. CARES Act §2303.

Taxpayers that wish to carry 2020 NOLs back to prior years must wait until they file their 2021 returns to do so.

Modification of Limitation on Losses for Non-Corporate Taxpayers: The CARES Act essentially eliminates the limitation on excess business losses under Section 461(l) for taxable years beginning in 2018, 2019, and 2020. This change delays the limitation of the use of excess business losses for three years from the effective date for the TCJA. The CARES Act fixes the carryforward rule for excess business losses, and takes certain deductions, capital losses, and capital gains out of the calculation for excess business losses. Further, any deductions, gross income, or gains attributable to any trade or business of performing services as an employee are disregarded in determining a taxpayer's excess business loss. CARES Act §2304.

Acceleration of Refundable Alternative Minimum Tax ("AMT") Credits: Rather than spreading refund claims for AMT credits over tax years beginning in 2018, 2019, 2020, or 2021, the CARES Act accelerates a taxpayer's ability to claim a refund of its AMT credits by making an election to claim the entire amount of the credit in their 2018 taxable year and, therefore, provides taxpayers with an opportunity for increased liquidity. Alternatively, instead of electing to claim the entire amount in the 2018 taxable year, a taxpayer may claim the refund in its 2018 and 2019 taxable years. The Act instructs taxpayers to file a tentative claim for refund and instructs Treasury to process those refund claims within 90 days of the date that the claim is filed. CARESAct §2305.

Charitable Contribution Limits: The CARES Act allows corporate taxpayers to elect to raise the limitation on qualifying charitable contributions under Section 170(c) from 10% of taxable income to 25% of taxable income. Contributions must be paid in cash during 2020 to qualifying organizations. CARES Act §2205.

Taxation

Temporary relaxation of the section 163(j) limitation: The CARES Act increases the interest limit from 30% of adjusted taxable income (ATI) to 50% of adjusted taxable income for tax years beginning in 2019 and 2020 and would allow taxpayers to substitute their (presumably higher) 2019 ATI for their 2020 ATI to further increase the amount of their interest deduction. A taxpayer may elect not to have the increased 50% limitation apply to any taxable year. Once an election is made, it cannot be revoked without the Secretary's consent. CARES Act §2306.

Special Rule for Partnerships — With respect to partnerships, the increase to 50% of ATI is limited to the 2020 taxable year, however a similar benefit is given for the 2019 taxable year directly at the partner level. For 2019, with respect to any excess business interest of the partnership allocated to the partner—(i) 50% is treated as business interest paid or accrued by the partner in the partner's first taxable year beginning in 2020 and which is not subject to the ATI limitations, and (ii) 50% is subject to the regular limitations of excess business interest allocated to the partner. The partner can elect not to have this special rule to apply.

Immediate Expensing of Qualified Improvement Property (Technical Correction): The CARES Act includes the 15-year recovery period for qualified improvement property, which encompasses the former definitions of qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property. Thus, QIP is "qualified property" under Section 168(k) and taxpayers can immediately expense the cost of QIP through their 2022 taxable year. The Act clarifies the definition of QIP to limit QIP so that it only includes improvements made by the taxpayer. Finally, for purposes of the alternative depreciation system, QIP is given a class life of 20 years.

Unless Treasury issues guidance providing a different mechanism, taxpayers may have to file an amended return to benefit from this change. CARES Act §2307.

Filing and Payment Extensions: Taxpayers required to file tax returns and make accompanying payments on or before 15 April 2020, must now file such returns or pay such taxes by 15 July 2020. There is no cap on the payment of tax that may be postponed, and taxpayers are not required to file Form 4868 or Form 7004 to take advantage of the postponement. Interest, penalties, and additions to tax will not accrue during the postponement period. Notice 2020-18.

On 24 March 2020, the IRS released Filing and Payment Deadlines Questions and Answers clarifying that the due date for estimated BEAT payments and Section 965(h) transition tax installment payments has also been delayed to 15 July 2020. First quarter estimated income tax payments for the 2020 tax year are similarly postponed from 15 April to 15 July. Notice 2020-18 includes special rules for tax-exempt organizations.

Taxation

On 25 March 2020, the IRS issued an additional FAQ extending the time for a Reporting Model 2 Foreign Financial Institution ("FFI") or a Participating FFI to file the FATCA Report (Form 8966) to the IRS. The filing deadline for Form 8966 is extended from 31 March 2020 to 15 July 2020. FFIs are not required to file an application for extension.

People First Initiative: On 25 March 2020, the IRS announced relief measures ranging from easing payment structures to postponing compliance actions in response to COVID-19. These measures include suspending any new audits. IR-2020-59.

Electronic Signature Relief: On 27 March 2020, the IRS issued a memorandum explaining that it will temporarily accept documents by email and digital signatures on certain documents. Such documents include: following documents: extensions of statute of limitations on assessment or collection, waivers of statutory notices of deficiency and consents to assessment, agreements to specific tax matters or tax liabilities (closing agreements), and any other statement or form needing the signature of a taxpayer or representative traditionally collected by IRS personnel outside of standard filing procedures (for example, a case specific Power of Attorney).

Social security/employment/wage taxes

Deferral of Employer Payroll Taxes: The CARES Act delays the payment due date for the employer share of social security taxes (the 6.2% tax borne by employers on wages up to the social security wage base) and railroad retirement act taxes, for the period from enactment until 31 December 2020. These taxes will be due 50% on 31 December 2021, and 50% on 31 December 2022. Deposit penalties will not apply due to the delayed payment. As currently drafted, the relief does not apply to taxpayers that have indebtedness forgiven under certain section 7(a) Small Business Act loans addressed or in connection with a short-term compensation agreement. CARES Act §2302.

Tax Credit for Employee Retention: The CARES Act provides a refundable payroll tax credit equal to 50% of the wages paid by employers to employees for each calendar quarter during the COVID-19 crisis. The credit applies to, and is limited to, the first USD 10,000 of compensation, including health benefits, paid to an eligible employee. The credit applies to wages paid from 13 March 2020 through 31 December 2020, and is allowed against the employer's share of social security taxes (the 6.2% tax borne by employers on wages up to the social security wage base) and railroad retirement act tax.

The credit is available to two categories of employers. The first is an employer with business operations in 2020 that are partially or fully suspended due to a government order limiting commerce, travel, or group meetings as a result of COVID-19. The second category is an employer with business gross receipts in a calendar quarter in 2020 that are less than 50% of the business gross receipts for the same calendar quarter in 2019. An employer that receives a Small Business Interruption Loan is ineligible for the credit.

Taxation

The credit is based on "qualified wages" paid to the employee. For employers with greater than 100 full-time employees in 2019, "qualified wages" are wages paid to employees when they are not providing services due to COVID-19-related circumstances. For eligible employers with 100 or fewer full-time employees in 2019, all employee wages qualify for the credit without regard to whether the employee is performing services during the relevant period.

The Act directs Treasury to issue forms, instructions, regulations, and guidance to allow the advance payment of the credit, recapture of the credit if an employer receives a Small Business Interruption Loan, application of the credit to third party payors, and application of the 50% business gross receipts test if the employer was not carrying on business in 2019. CARES Act §2301.

FAQs: Employee Retention Credit under the CARES Act released 31 March 2020:

Relief from Penalty for Failure to Deposit Unemployment Taxes: Notice 2020-22.

Paid Sick Leave Refundable Credit: The EPSLA requires Eligible Employers to provide employees with paid sick leave if the employee is unable to work (including telework) due to any of the following:

- the employee is under a Federal, State, or local quarantine or isolation order related to COVID-19;
- the employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
- the employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis;
- the employee is caring for an individual who is subject to a Federal, State, or local quarantine or isolation order related to COVID-19, or has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
- the employee is caring for the child of such employee if the school or place of care of the child has been closed, or the child care provider of such child is unavailable, due to COVID–19 precautions; or
- the employee is experiencing any other substantially similar condition.

Employment Tax Credits Under Family First Coronavirus Response Act: Employment tax credits for paid qualified sick leave and family leave wages under the Families First Coronavirus Response Act will apply to wages and compensation paid for periods beginning on 1 April 2020, and ending on 31 December 2020. Notice 2020-21; Families First Coronavirus Response Act: Questions and Answers.

Taxation

VAT

N/A

Excise / Import duties

Excise Tax Provisions: The CARES Act provides a waiver of the Federal excise tax on distilled spirits used for or contained in hand sanitizer that is produced and distributed in a manner consistent with Food and Drug Administration guidance. This waiver applies to spirits removed after 31 December 2019, and is effective only for calendar year 2020. CARES Act §2308.

On 26 March 2020, the TBB released additional guidance regarding production of hand sanitizer to address the COVID-19 pandemic at TTB G 2020-1A.

The Act also suspends the air transportation excise tax on amounts paid for transportation of both passengers and cargo from 27 March 2020 through 31 December 2020. CARES Act § 4007(a).

Tourist tax

N/A

DST

N/A

Other taxes

Gift and GST Tax Extension: The due date for filing the federal gift tax return (Form 709) and paying federal gift or generation-skipping transfer (GST) tax is automatically extended to 15 July 2020. No interest, penalty, or addition to tax for failure to file or pay tax will accrue until 16 July 2020, as a result of the extension. Taxpayers do not need to file Form 8892 to receive the extended due date for filing Form 709 and paying gift or GST tax until 15 July 2020. A taxpayer may choose, however, to file Form 8892 by 15 July 2020, to obtain an extension to file Form 709 by 15 October 2020. Any gift or GST tax postponed by the Notice, however, would still be due on 15 July 2020. Notice 2020-20.

Taxation

General comments

Treasury Is Authorized to Provide Up To USD 500 Billion in Liquidity: The CARES Act also grants the Treasury Secretary authority to provide up to USD 500 billion in loans, loan guarantees, and "other investments" to support qualifying businesses, states, and municipalities. This funding comes with restrictions. Among other things, loan recipients may not buy back stock or pay dividends until 12 months after the loan or loan guarantee is no longer outstanding. Loan recipients must also maintain employment at pre-24 March 2020 levels through 30 September 2020 "to the extent practicable." Even if maintaining employment at pre-24 March 2020 levels is not practicable, loan recipients may not in any case reduce employment by more than 10% below the level on 24 March 2020. Treasury was explicitly granted authority to issue guidance providing that any equity issued under this provision does not result in a Section 382 ownership change. CARES Act §4003.

Loans for Mid-Sized Businesses: The CARES Act provides for a program to aid mid-size businesses and non-profits with between 500 and 10,000 employees. These mid-sized businesses must make certain certifications regarding workforce retention, benefits, and pay, among other things.

Loans for Small Businesses: The CARES Act also provides for a program supporting certain tax-exempt organizations with fewer than 500 employees. Loan proceeds can be used for payments such as payroll support, mortgage payments, rent, utilities and debt obligations and include several lending incentives. This program cannot be used in conjunction with the retention credit and payroll tax deferral options previously mentioned. CARES Act

Asia Pacific

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- China
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Australia

Foreign Investment Restrictions	The Australian Government has announced temporary changes (effective from 29 March 2020) to its foreign investment review framework so as to protect the national interest in light of the economic implications arising from the spread of COVID-19. All proposed foreign investments into Australia subject to the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("the Act") will require FIRB approval, regardless of the value of the investment or the nature of the foreign investor, where the other conditions for notification are met. This reflects the monetary thresholds that apply to "foreign government investors", and private acquisitions in Australian media businesses, residential land proposals, mining and production tenements, and vacant commercial land proposals. While the dollar sum "threshold test" will be met in relation to all acquisitions in Australian entities, businesses or land, the other conditions of a significant or notifiable action must also be met. There is no change to the meaning of "significant action" and "notifiable action" as presently provided. As under the existing framework, acquisitions by private foreign investors of less than 20% in an Australian entity generally do not require approval (exceptions to this are Australian agribusinesses and land entities which require approval for acquisitions of more than 10%). This will continue to be the case. To ensure sufficient time for screening applications, FIRB will extend the statutory timeframes for reviewing applications from 30 days to up to six months. The new rules will not apply to agreements entered into prior to 10:30 pm AEDT 29 March 2020, including acquisitions that have not yet completed. FIRB has emphasized that the changes are temporary measures that will remain in place for the duration of the coronavirus crisis
Debt	To follow soon.
Equity	No (semi-) equity measures have been announced

Australia

Taxation

Corporate Income Tax

N/A

Social security/employment/wage taxes

- JobKeeper payments to employers - eligible businesses impacted by COVID-19 may be able to access a subsidy from the Commonwealth Government to assist with paying their employees, up to a fortnightly payment of AUD 1,500 per eligible employee for a maximum of 6 months.
- Payroll tax - most state and territory governments have proposed measures to assist taxpayers in meeting their payroll tax obligations (including waivers, deferrals, grants and changes in thresholds).

VAT

See Payment Deferrals in Comments.

Excise / Import duties

See Payment Deferrals in Comments.

Tourist Tax

N/A

DST

N/A

Other Taxes

N/A

Australia

Taxation

Comments

- The instant asset write-off (IAWO) threshold has been increased from AUD 30,000 to AUD 150,000 and is accessible to businesses with aggregated turnover below AUD 500 million.
- Accelerated depreciation deduction measures - businesses with aggregated turnover below AUD 500 million may be able to access allowable deductions including 50% of the cost of eligible assets.
- Cash flow payments to employers - businesses with an aggregated turnover of less than AUD 50 million may be eligible to receive up to AUD 100,000 in tax-free payments.
- Changes to monthly BAS reporting - businesses with a GST turnover of less than AUD 20 million are allowed to change to monthly BAS reporting to access BAS refunds faster.
- Payment deferrals - eligible businesses can apply to defer the payment date of amounts due through the BAS (including GST), income tax assessments, FBT assessments and excise by up to 6 months.
- Changes to monthly BAS reporting - businesses with a GST turnover of less than AUD 20 million are allowed to change to monthly BAS reporting to access BAS refunds faster.
- PAYG Concessions - the ATO has offered various PAYG concessions to eligible taxpayers including varying their instalments from the March 2020 quarter to 0.
- Remission of interest and penalties - the ATO will consider remitting interest and penalties incurred after 23 January 2020 to taxpayers affected by COVID-19.
- Low interest payment plans - taxpayers affected by COVID-19 may discuss entering into a low interest payment plan with the ATO to help pay existing and ongoing tax liabilities.
- Temporary and permanent cessation - the ATO has provided informal guidance for actions businesses should take should it cease its operations, either temporarily or permanently, including information for Single Touch Payroll (STP) reporters who have let employees go.

China

Foreign Investment Restrictions	▪ The Chinese foreign investment approval regulators have resumed their operation, but are not yet back to normal operation. They have issued certain circulars to encourage the use of electronic versions of application documents in lieu of the paper form application documents in order not to delay the application processes. We are not seeing any government order or action to prevent foreign takeovers.
Debt	**Debt financing relief:** The People's Bank of China (PBOC) and the Ministry of Finance (MOF) have promulgated measures (Measures) to provide financing support to the companies related to the controlling of COVID-19 (Qualified Borrower). PBOC will provide low cost capital to the PRC banks for the PRC banks to provide financing support to the companies related to the controlling of COVID-19. MOF will provide interest subsidization to the Qualified Borrowers. A Qualified Borrower is a company that produces epidemic prevention supplies (i.e. ventilators, disinfectant, protective clothing, masks, goggles, etc.). The Measures are not directly provided to companies - companies need to apply for the financing support from the PRC banks. Information page: http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3969065/index.html

China

Debt

Debt moratoria measures:

The below outlines the measures promulgated by the People's Bank of China (PBOC), the Ministry of Finance (MOF), China Banking and Insurance Regulatory Committee (CBIRC) and other departments of the Chinese government in providing financing support to counter the COVID-19.

If a small and micro enterprise is affected by the epidemic of COVID-19 and is not able to repay its loan, the financial institution providing the loan to the small and micro enterprise may not mandatorily require the borrower to repay the loan. The financing institution may consider, as appropriate, to lower the interest rate, extend the loan or provide refinancing.

The measures impact payments of both principal and interest.

Borrower qualification criteria – the borrower must be:

- in financial difficulties caused by the epidemic of COVID-19;
- a small and micro enterprise. Pursuant to the PRC regulations, small and micro enterprise means an enterprise which:
  i. its total assets value is under RMB 50 million;
  ii. its total employees are under 300; and
  iii. the amount of its taxable income is under RMB 3 million.

Other points to note:

- Provided that the debtor meets these requirements, the measures apply equally to regulated and unregulated debtors.
- The suspension of loan repayments only applies to financing agreements with borrowers who qualify as small and micro enterprises under the PRC law (outlined above).
- The measures are only applicable to domestic lenders (including the PRC subsidiaries established by foreign lenders which are subject to the supervisions of PBOC and CBIRC).

China

Debt

- The measures are not applicable to bonds.
- The measures are applicable to the loans borrowed by the PRC small and micro enterprises from the PRC lenders.

Equity

No (semi-) equity measures have been announced

Taxation

Corporate income tax

- Effective from 1 January 2020, a company's donation of cash and materials to support the prevention of COVID-19 can be fully deducted when calculating enterprise income tax (EIT). The incentive only applies if the company donates cash and materials through public welfare social organisations or governments at or above county level, or directly donates materials to hospitals undertaking COVID-19 prevention and control tasks.
- Effective from 1 January 2020, the carry-forward period of losses incurred in 2020 by a company in the transportation, catering, accommodation and tourism industries has been extended from 5 years to 8 years. Certain conditions apply.
- Effective from January 1, 2020, the relevant equipment newly purchased by qualified key enterprises for the production of guarantee materials in epidemic prevention and control to expand production capacity are allowed to be deducted at once before EIT..

Social security/employment/wage taxes

Social Security

- Effective from February 2020, the following measures regarding social security premiums apply:
  i. Hubei Province can exempt companies in Hubei from the companies' contributions for basic retirement insurance, unemployment insurance, and work injury insurance premiums (collectively, "social security premiums"). The exemption period cannot exceed five months.
  ii. Provinces other than Hubei can exempt middle-to-small scale companies from the companies' contributions for social security premiums. The exemption period cannot exceed five months.
  iii. Provinces other than Hubei can reduce the companies' contributions for social security premiums to 50% for large companies. The reduced-payment period cannot exceed three months..

China

Taxation

- Enterprises affected by COVID-19 with severe difficulties in production and operation may apply for deferred payment of social insurance premiums, and the deferred payment period shall not exceed six months.
- Effective from February 2020, each province can reduce the companies' contributions for basic medical insurance premiums to 50% for all companies. The reduced-payment period cannot exceed five months.
  i. The reduced-payment period cannot exceed five months.
  ii. Each province will release its specific policy

Personal Income Tax

- Effective from 1 January 2020, an employee's donation in prevention of COVID-19 can be fully deducted when calculating individual income tax (IIT). To enjoy this incentive, the employee can donate materials through public welfare social organisations or governments at or above the county level or directly to hospitals undertaking COVID-19 prevention and control tasks, but the employee can donate cash only through public welfare social organisations or governments at or above the county level.
- Effective from 1 January 2020, materials such as medicines, medical supplies and protective supplies provided to employees are not regarded as part of salaries and wages and thus are not subject to IIT.

VAT

- Effective from 1 January 2020, a company's donation of goods to support the prevention of COVID-19 is exempted from VAT and VAT surcharges. The incentive only applies if the company donates through public welfare social organisations or governments at or above county level, or to hospitals undertaking COVID-19 prevention and control tasks.
- Effective from 1 January 2020, a company's revenue generated from providing public transportation services, livelihood services and express (including transportation, pickup and delivery) services for residents' essential necessities is exempt from VAT and VAT surcharges. Certain conditions apply.
- Effective from 1 January 2020, a company's revenue from the transport of goods for epidemic prevention and control of COVID-19 outbreak is exempt from VAT and VAT surcharges. Certain conditions apply.

China

Taxation

- Effective from 1 January 2020, qualified key enterprises for production of guarantee materials for epidemic prevention and control can apply for a full refund of excess accumulated input VAT amount on a monthly basis. The excess accumulated input VAT amount refers to the increased amount of input VAT at the end of this month compared to the accumulated input VAT at the end of December 2019.
- Effective from 1 March to 31 May 2020, for small-scale VAT taxpayers which enjoys the 3% VAT collection rate:
  i. if located in Hubei province, their VAT is exempted;
  ii. if located in other provinces, their VAT collection rate is reduced to 1%.

Excise / Import Duties

- Effective from 1 January 2020 to 31 March 2020, the donation of imported materials for COVID-19 prevention and control is exempt from import tariffs, import VAT and consumption tax. Imported materials for COVID-19 prevention include reagents, disinfection articles, protective supplies, ambulances, epidemic prevention vehicles, disinfection vehicles and emergency command vehicles.
- Effective from 1 January 2020 to 31 March 2020, imported materials that are directly used for the prevention and control of COVID-19 and whose importations are organised by the competent department of health are exempt from tariff.

Tourist Tax

N/A

DST

N/A

Other taxes

- China encourages local government to reduce or exempt urban land use tax for the purpose of supporting the lessor to reduce rents of individual business. Local policies vary.

China

Taxation

Comments

- The PRC Ministry of Finance and the State Taxation Administration have released multiple tax incentives to support, and to incentivize companies and individuals to support those who are impacted by the coronavirus outbreak. Listed here are some incentives applicable to the business and employees of an MNC's China subsidiary. Please check with the China office for updates.
- Details can be found in Chinese on http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5145868/content.html.

Hong Kong

Foreign Investment Restrictions

COVID-19 has had no impact on Hong Kong's foreign investment review regime.

Debt

Debt Financing Relief

In response to the impact of the COVID-19 pandemic, the Government has introduced various debt financing relief measures to support businesses, employees and the public.

1. Enhancements to the SME Financing Guarantee Scheme

The SME Financing Guarantee Scheme (the "Scheme") was launched in 2011 and is conducted by the HKMC Insurance Limited ("HKMCI"), a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited. The Scheme aims at helping local small and medium-sized enterprises ("SMEs") and non-listed enterprises to obtain credit facilities from participating lenders, with the HKMCI providing guarantee coverage of 50%, 60% or 70%. With the Government's support and as time-limited special concessionary measures, the HKMCI introduced the 80% and 90% guarantee products (the "80% / 90% Product") in 2012 and 2019 respectively.

In response to COVID-19, the Government introduced a special 100% guarantee product (the "100% Product") on 26 February 2020, and further enhancement measures (the "Enhancement Measures") to the 80%, 90% and 100% Products on 8 April 2020.

Under the 100% Product of the Scheme: *Who are eligible?* – The borrower must have business operations in Hong Kong for at least three months, and be registered in Hong Kong under the Business Registration Ordinance (Cap. 310). It must have good loan repayment records. Publicly-listed companies, lending institutions and affiliates thereof are not eligible. In addition, the borrower has to prove that it has suffered at least a 30% decline in sales turnover in any month since February 2020 compared with the monthly average of any quarter in 2019.

What types of loan are eligible? – Applicable to loans of a non-revolving nature only. The credit facility must be used to pay wages and rents, or to meet imminent needs in working capital (but not to repay, restructure or repackage existing debts).

Hong Kong

Debt

2. Fixed-rate Private Residential Mortgage Pilot Scheme

As part of the 2020-2021 Budget, the Financial Secretary announced on 26 February 2020 that the Hong Kong Mortgage Corporation Limited ("HKMC") will introduce a pilot scheme for fixed-rate private residential mortgages for 10 years (2.75% p.a.), 15 years (2.85% p.a.) and 20 years (2.95% p.a.). The maximum limit per loan transaction is HK$10 million, and the total loan amount available under this pilot scheme is $1 billion, subject to review based on market response.

At the end of the fixed-rate period, the borrowers may either re-fix the mortgage rate under fixed-rate mortgages or convert the mortgage to a floating rate loan.

Offered through banks, the pilot scheme aims to provide an alternative financing option to homebuyers for mitigating their risks arising from interest rate volatility, thereby enhancing banking stability in the long run. Further announcement will be made on the participating banks and the date of receiving applications upon finalisation.

Debt Moratoria Measures

The Hong Kong Monetary Authority ("HKMA") has asked banks in Hong Kong to consider introducing voluntary debt moratoria measures to support SMEs in addressing cash-flow problems, as the COVID-19 outbreak continues. These measures include:

automatically offering extensions of loan tenor or principal repayment holidays to qualified SMEs without requiring them to make an application;

allowing SME customers in the import-export and manufacturing sectors facing cash-flow pressure due to delays in shipments to further extend the repayment period of trade financing facilities; and

allowing more customers to apply to convert trade financing lines into temporary overdraft facilities so that customers can manage their cash flow more flexibly.

Equity

No (semi-) equity measures have been announced

Taxation

Corporate Income Tax

A reduction of 2019/20 profits tax payable by 100% (capped at HKD 20,000) is proposed in the 2020-21 Budget.

The Inland Revenue Department ("IRD") will issue 2019/20 profits tax returns to active companies on May 4 (around a month later than usual). Profits tax returns in unrepresented cases are due for filing within one month of issue. Companies that are represented will get extensions under the IRD's block extension scheme. Special extensions are available this year under the block extension scheme for "N-code" companies (i.e., with accounting year end dates fall within 1 April to 30 November). For N-code companies represented by tax representatives, filings are due by 30 June.

Social Security/Employment/Wage Taxes

One-off reductions of salaries tax and tax under personal assessment for the year of assessment 2019/20 by 100% (capped at HKD 20,000 per case). The proposed reductions will be reflected in taxpayers' final tax payable for the year of assessment 2019/20. The proposed tax reduction is not applicable to property tax. Individuals with rental income, if eligible for personal assessment, may be able to enjoy such reduction under personal assessment.

The IRD will issue 2019/20 individual tax returns on 1 June (around a month later than usual). Taxpayers are required to file by 30 June. Taxpayers who elect for electronic filing via eTAX receive an automatic one month extension.

VAT

N/A

Excise / Import duties

N/A

Tourist Tax

N/A

DST

N/A

Hong Kong

Taxation

Other Taxes

- Extension of deadline to 1 June 2020 to provide the notification through Hong Kong's country-by-country reporting portal for taxpayers whose relevant accounting period ended between 31 December 2019 and 29 February 2020.
- Deadlines for tax payments, lodgement of objections and holdover applications, and submission of tax returns and information that fall between March 23 and May 2 are automatically extended to May 4.
- Automatic extension of deadlines by 3 months for payment of Salaries Tax, tax under Personal Assessment ("PA") and Profits Tax for the 2018/19 assessment year that will be falling due in April to June 2020. No application by taxpayers is required for the relief. For taxpayers who have promptly settled the first instalment of their respective demand notes under Salaries Tax, PA and Profits Tax for the 2018/19 assessment year, the deadline for tax payment for the second instalment will be automatically extended for 3 months from the due date of the second instalment as specified on the demand note. If the extended deadline falls on a Saturday, Sunday or public holiday, the deadline will be the next working day. The above relief measure is not applicable to taxpayers who have to settle their tax liabilities before departing Hong Kong and taxpayers paying Property Tax.

Comments

N/A

Japan

Foreign Investment Restrictions	The Japanese Government reportedly is in the direction of extending its foreign investment regulations to pharmaceuticals and medical devices. Media has reported on April 22 that the government intends to include companies that operate in the fields of vaccines, medicine and advanced medical equipment on its list of sectors deemed critical to national security. The addition will likely be reflected as amendment to the notification regarding the amended Foreign Exchange and Foreign Trade Act.
Debt	On April 7, 2020, the Japanese government announced an unprecedented economic stimulus package of JPY 108 trillion (approximately US $989 billion), which is equal to 20 percent of Japan's GDP. It appears the stimulus will include (among other items) (i) cash benefits of more than JPY 6 trillion to low-income households and small and medium-sized businesses whose sales have fallen sharply, and (ii) a moratorium on approximately JPY 26 trillion in taxes and social insurance premiums. The Development Bank of Japan (DBJ) will establish a JPY 400 billion investment and loan facility for large companies, and other corporate funding measures of more than JPY 40 trillion to companies. Further, approximately JPY 243.5 billion (including both subsidies and direct loans) is being set aside to assist (i) manufacturers: shifting production from their existing jurisdiction to Japan (JPY 220 billion), and (ii) Japanese manufacturers diversifying their supply chain through capital investment, feasibility studies, and digital network construction (JPY 23.5 billion). Very few other details of the stimulus have been announced yet. Apart from the proposed stimulus, some other COVID-specific measures for specific industries are already (or will shortly be) in place, including: a. Certain types of "environmental health" companies (which includes public baths, hair salons, cleaning services, hotels, meat shops, restaurants, etc.) with sales declines of more than 5% may be eligible for special loans with a .9% reduction in interest rates (for the first three years of repayment). b. Restaurants and hotels (with sales declines of more than 10%, but recovery is expected in the future) may be eligible for special loans of up to JPY 10,000,000 and JPY 30,000,000, respectively- see https://www.meti.go.jp/covid-19/pdf/pamphlet.pdf (Japanese only) c. Agricultural / forestry / fishery workers may be eligible for collateral-free, interest-free (for the first five years) loans- see https://www.maff.go.jp/j/saigai/n_coronavirus/attach/pdf/index-7.pdf (Japanese only)
Equity	No (semi-) equity support measures have been announced.

Taxation

Corporate Income Tax

1. Extension of tax filing / tax payment deadlines

Extension of corporate income tax filing / tax payment deadlines may be granted for businesses impacted by COVID-19. Generally, applications to the National Tax Agency will be considered on a case-by-case basis. Based on the announcement from the National Tax Agency on 8 April 2020, an extension of corporate tax return filing / tax payment deadlines would be available by submitting a tax return, within two months after the event cited as the reason for extension ceases, by including prescribed words indicating that the delay in tax filing is due to COVID-19.

Events that could be treated as reasons for the extension include, for example, (i) inability to sustain the company's business operations ' (ii) the need to cut back on the company's business activities; and (iii) closing of the accounting book takes time, making it difficult for the company to meet filing deadlines, for the following reasons:

- a director or an employee of the company and/or a business contact remains indoors due to being unwell
- a director or an employee of the company and/or a business contact lives in an area where the local government requires work from home during weekdays
- a director or an employee of the company and/or a business contact works from home according to the company's decision to help prevent epidemic
- a director or an employee of the company and/or a business contact remains indoors in order to avoid the epidemic.

Extension of tax payment deadlines for the period from 1 February 2020 to 31 January 2021 without any collateral or interest tax is allowed if the company's revenue drops sharply (i.e., 20% compared to the previous year) and if the tax liability is considered difficult to pay at the time. To enjoy the extension, the taxpayer must file the application within two months after the relevant laws are enforced or by the original due date, whichever is later. (Note 1)

Taxation

2. Loss carryback

Under the current rule, the loss carryback for one year can be availed only by an SME (a company (i) whose paid in capital is JPY 100 million or less, and (ii) which is not wholly controlled by a company whose paid-in capital is JPY 500 million or more). The scope will be expanded to include a company (i) whose paid-in capital is JPY 1 billion or less, and (ii) which is not wholly controlled by a company whose paid-in capital is over JPY 1 billion (Note 1).

Social Security/Employment/Wage Taxes

1. Social Contributions

According to the relevant laws, employers may apply for an extension of the social insurance premium payment deadline for up to two months if there is an inevitable reason.

2. Withholding tax

Extension for withholding tax payment deadlines may be granted to businesses impacted by COVID-19. Generally, applications to the National Tax Agency will be considered on a case-by-case basis. Based on the National Tax Agency's announcement on 8 April 2020, an extension of withholding tax payment would be available by tax payment, within two months after the event cited as the reason for extension ceases, by including prescribed words on the tax payment slip to indicate that the delay in tax filing is due to COVID-19. Please refer to "CIT/EIT" above for the events that could be cited as reasons for the extension.

Extension of tax payment deadlines for the period from 1 February 2020 to 31 January 2021 without collateral or interest tax is allowed if the company's revenue drops sharply (i.e., 20% compared to the previous year) and the tax liability is considered difficult to pay at the time. To enjoy the extension, the taxpayer must file the application within two months after the relevant laws are enforced or by the original due date, whichever is later. (Note 1)

Taxation

VAT

1. Extension of tax filing / tax payment deadlines (for individuals)

Japanese Consumption Tax ("JCT") filing and payment deadlines (for individuals) have been extended to 16 April 2020. For individuals who are affected by COVID-19 and cannot meet the filing deadlines due to certain reasons, e.g., remaining indoors due to feeling unwell, filing and payment deadlines of the returns are further extended until they are able to file the return.

2. Extension of tax filing / tax payment deadlines (for enterprises)

Extension of JCT filing / payment deadlines may be granted to businesses impacted by COVID-19. Generally, applications to the National Tax Agency will be considered on a case-by-case basis. Based on the National Tax Agency's announcement on 8 April 2020, the JCT filing / payment may be extended by submitting a tax return, within two months after the event cited as the reason for extension ceases, by including prescribed words indicating that the delay in tax filing is due to COVID-19. Please refer to "CIT/EIT" above for the events that could be cited as reasons for the extension.

Tax payment deadlines for the period from 1 February 2020 to 31 January 2021 may be extended without collateral or interest tax if the company's revenue drops sharply (i.e., 20% compared to the previous year) and the tax liability is considered difficult to pay at the time. To enjoy the extension, the taxpayer must file the application within two months after the relevant laws are enforced or by the original due date, whichever is later (Note 1).

3. Voluntary consumption taxpayer

Generally, the taxpayer cannot become a voluntary consumption taxpayer unless it submits a tax report expressing its intent to become a voluntary consumption taxpayer before the end of the fiscal year in which the taxpayer wants to become a voluntary taxpayer. Permission of late filing the tax report to become a voluntary consumption taxpayer will be available for enterprises that experience a large drop in revenue (i.e., 50% compared to sales for the same month in the previous year). Once the tax report to become a voluntary consumption taxpayer is filed, the consumption taxpayer status cannot be terminated for two years. However, under the proposal, the consumption taxpayer status can be terminated within the fiscal year in which the tax report is filed (Note 1).

Japan

Taxation

Excise / Import duties

N/A

DST

Digital Service Tax has not been introduced in Japan.

Other Taxes

1. Extension of individual tax and gift tax filing / tax payment deadlines (for individuals)

Filing and payment deadlines for individual tax and gift tax have been extended to 16 April 2020. For individuals who are affected by COVID-19 and cannot meet the filing deadlines due to certain reasons, e.g., remaining indoors due to feeling unwell, filing and payment deadlines for the returns are further extended until they are able to file the return.

2. Exemption from stamp duty

The special loan agreement between banks, etc. and enterprises whose businesses suffer damages due to the COVID-19 situation will not be subject to the stamp duty (Note 1).

3. Exemption or 50% exemption from fixed assets taxation

A 50% exemption from fixed assets taxation for 2021 is available to enterprises with a stated capital of JPY 100 million or less that have no more than 1,000 employees for three months in the period from February 2020 to October 2020 and whose sales decreased by 30% or more, but more than 50%, compared to the sales for the same three–month period in the previous year. If the company's sales decreased by 50% or more, exemption from the fixed assets taxation for 2021 is also available. To enjoy the exemption, the taxpayer must obtain permission from the Support Agency for Business Innovation with METI and file the fixed assets tax return by 31 January 2021 (Note 1).

Taxation

Comments

Note 1: These tax measures are based on the announcement of The Ministry of Finance and Ministry of Internal Affairs and Communications with regard to the emergency economic measures warranted by the COVID-19 situation, as approved by the cabinet on 7 April 2020. Those proposals will officially be proposed to the Diet and are expected to be enacted in May 2020.

In addition to the tax measures listed here, the Japanese government has introduced a number of economic measures in response to the COVID-19 pandemic. Please contact us to obtain updates.

Singapore

Foreign Investment Restrictions	COVID-19 has had no impact on Singapore's foreign investment review regime.
Equity	No (semi-) equity measures have been announced

Taxation

Corporate income tax

Singapore has introduced a number of temporary enhancements to the income tax regime to help local businesses with their cash flow in the short term, as follows:

- taxpayers may carry back current year unabsorbed capital allowances and trade losses for the year of assessment (YA) 2020 to offset against their assessable income for up to three immediate preceding YAs (capped at SGD 100,000), rather than just the immediate preceding YA;
- taxpayers who incur capital expenditure to acquire plant and machinery during the basis period for YA 2021 can exercise an irrevocable option to write off the expenditure incurred over two years, at 75% of the cost incurred in YA 2021 and the remaining 25% in YA 2022;
- taxpayers who incur qualifying expenditure for renovation and refurbishment during the basis period for YA 2021 can exercise an irrevocable option to claim a deduction for such expenses in one YA instead of over three YAs (subject to the existing cap of SGD 300,000 for every relevant period of three consecutive YAs);
- companies are granted a corporate income tax rebate of 25% of tax payable for YA 2020 (capped at SGD 15,000);
- companies that pay corporate income tax by GIRO can automatically enjoy an additional two months of interest-free instalments when they file their estimated chargeable income within three months from their financial year-end; and
- companies with corporate income tax payments due in April, May and June 2020 will be granted an automatic three-month deferment for these payments to July, August and September 2020 respectively, and self-employed persons will have their personal income tax payments due in May, June and July 2020 deferred to August, September and October 2020 respectively.

The Inland Revenue Authority of Singapore (IRAS) has also released guidance on the following:

Tax residence status of a company

Where a Singapore tax resident company is not able to hold its board of directors meeting in Singapore due to COVID-19 related travel restrictions, IRAS is prepared to consider the company as a tax resident for YA 2021, provided the company satisfies all the following conditions:

a. the company is a Singapore tax resident for YA 2020;
b. the economic circumstances (e.g. principal activities, usual locations in which the company operates) of the company have not changed; and
c. the directors are obliged to attend board meeting(s) held outside Singapore or participate electronically (via video conference) due to their movement being restricted by COVID-19 related travel restrictions.

Taxation

Conversely, where a company is not tax resident in Singapore for YA 2020, IRAS will continue to consider the company to be a non-resident for YA 2021, provided it meets all the following conditions:

a. the company is obliged to hold its board of directors meeting(s) in Singapore due to COVID-19 related travel restrictions; and

b. the economic circumstances of the company have not changed.

The company should maintain relevant documentation (e.g. meeting minutes or papers stating why the directors were taking part in board meetings from their respective locations) to substantiate its claim.

Permanent establishment

Provided that the following conditions are met, IRAS will not consider the unplanned presence of employees of a foreign company (that is resident in a treaty jurisdiction), who had to remain in Singapore due to COVID-19 related travel restrictions, as resulting in the creation of a permanent establishment in Singapore:

a. the foreign company does not have a permanent establishment in Singapore for YA 2020;

b. the economic circumstances of the company have not changed;

c. the unplanned presence of the employees in Singapore is due to COVID-19 related travel restrictions and their physical presence in Singapore is temporary; and

d. the activities performed by the employees during the unplanned presence would not have been performed in Singapore if not for the travel restrictions.

The company should maintain the necessary documentation to substantiate its claim that it has no permanent establishment in Singapore.

Social security/employment/wage taxes

All employees (other than employees of foreign employers and non-Singapore citizen employees who have sought tax clearance) can apply to defer their income tax payments due in May, June and July 2020. Where the application is approved, income tax payments will resume in August 2020 and the end date for the tax instalment plan (if opted for by the taxpayer) will be extended by three months.

The filing deadline for individual income tax returns for YA 2020 has been extended to 31 May 2020.

Singapore

Taxation

Employers seeking tax clearance for their employees in April are given one month's extension.

In addition, subject to conditions, IRAS is prepared to treat individuals who have been exercising employment overseas, but are now working remotely from Singapore due to COVID-19 related travel restrictions, as not exercising employment in Singapore.

VAT

The filing deadline for all GST returns for accounting period ended March 2020 has been extended to 11 May 2020. The payment date has also been extended to 11 May 2020, except for those on GIRO for which the deduction date remains as 15 May 2020.

Excise/import duties

N/A

DST

N/A

Other taxes

Property Tax

Non-residential properties will be granted property tax rebate for the period from 1 January 2020 to 31 December 2020:

- The following premises will receive a 100% rebate:
  - Accommodation and function room components of qualifying hotel buildings and serviced apartment buildings;
  - MICE premises of Suntec Singapore Convention and Exhibition Centre, Singapore EXPO and Changi Exhibition Centre;
  - Changi Airport, Singapore Cruise Centre, Marina Bay Cruise Centre Singapore and Tanah Merah Ferry Terminal;
  - Premises that provide accommodation but are not registered hotels (e.g., hostels, boarding houses and hotels that are not a registered hotel);
  - Retail-related premises (e.g., shops, restaurants, amusement centres, cinema, theatre);

Singapore

Taxation

  - Premises that provide medical facilities (e.g., medical clinic, hospital, nursing home, hospice, rehabilitation centre or convalescent home);
  - Premises that provide education (e.g., childcare centre, kindergarten, school, driving school);
  - Purpose-built workers' dormitory; and
  - Tourist attractions.
- All premises at Marina Bay Sands and Resorts World Sentosa will receive a 60% rebate.
- Other non-residential properties (e.g., offices, warehouses, premises used for an industrial purpose or agricultural purpose, petrol stations) will receive a 30% rebate.

Withholding tax

The deadline for all Section 45 withholding tax forms filing and payments due in April 2020 has been extended to 15 May 2020. However, the deduction date remains at 25 April 2020 for those on GIRO and who file by 15 April 2020.

Comments

In addition to the tax measures listed here, the Singapore government has introduced a wide range of economic measures to build long term capabilities, as well as short term reliefs to counter the impact of COVID-19 on individuals and businesses.

The targeted economic relief packages introduced through Budget 2020 on 18 February 2020, the Resilience Budget on 26 March 2020, and the Solidarity Budget on 6 April 2020 amount to one of the largest that we have seen in the Asia Pacific region to date. An array of economy-wide measures and sector-specific support packages have been introduced. Measures put in place are not just limited to the tourism, aviation, and food and beverage industries, but also extend to the arts, culture, and land transport sectors. This will ensure the diversification of Singapore's economy, and that sectors not immediately impacted by COVID-19 are similarly positioned for long term growth. Also, a number of measures have been put in place to minimise unemployment and to cushion the economic blow to those who may be retrenched, as well as the self-employed.

Taiwan

Foreign Investment Restrictions	COVID-19 has not had an impact on foreign investment law. However, to facilitate the foreign investment cases, the competent authority, Investment Commission, has issued a notice on April 9, 2020, allowing the POA that must be notarized, apostilled or legalized overseas for foreign investment applications can be submitted within 6 months of the approval as long as a scanned copy can be filed for review.
Debt NEW	The government announced on February 25, 2020 the Special Act for Prevention, Relief, and Revitalization Measures for Severe Pneumonia with Novel Pathogens (the Act), authorizing relevant industry authorities to provide various support measures such as debt financing, subsidies to businesses/employees, etc. The Act was amended on April 21, 2020 and the maximum amount of funding required for the Act was increased from TWD 60 billion to TWD 210 billion (approximately USD 2 billion to USD 7 billion). The responsible authorities and relevant banks have established standards and application forms to offer urgent and timely support to affected businesses and individuals.
Equity	No (semi-) equity support measures have been announced.

Taiwan

Taxation

Corporate Income Tax

- In certain circumstances, taxpayers affected by COVID-19 may apply for deferral of tax payments, or to pay in instalments.
- Extension of certain filing and payment deadlines for affected taxpayers in certain circumstances (e.g., if the representative person is self-isolating or under quarantine).
- Double deductions for salary expenses incurred in certain circumstances.

Social Security/Employment/Wage Taxes

- In certain circumstances, taxpayers affected by COVID-19 may apply for deferral of tax payments, or to pay in instalments.
- Extension of filing and payment deadlines for affected taxpayers in certain circumstances (e.g., if the taxpayer is self-isolating or under quarantine).

VAT

N/A

Excise / Import duties

Customs exemptions on certain medical supplies such as face masks.

Tourist Tax

N/A

DST

N/A

Other Taxes

Temporary reliefs for house taxes and vehicle license taxes.

Comments

It is expected that more tax and economic measures will be introduced. Please contact us to obtain updates.

Foreign Investment Restrictions

Regarding investment licensing issues

On 31 March 2020, the Prime Minister issued Directive No. 16/CT-TTg ("Directive 16") to start nationwide social distancing from 01 April to 15 April 2020. Accordingly, the implementation of nationwide social distancing for 15 days was effective from 0:00 on 01 April 2020 on a national scale. This social distancing has been extended until 22 April 2020 in 12 provinces and central cities, including Hanoi and Ho Chi Minh City. From the issuance of Directive 16, the foreign investment licensing authorities in Hanoi and Ho Chi Minh have switched to work from home mode and maintained minimal team in the office. Specifically, in Ho Chi Minh the online filing and postal delivery submission for both investment registration procedures and enterprise registration procedures are now implemented. The procedures are newly implemented and unprecedented, and therefore may cause confusion to investors.

In Hanoi, investment registration procedures are still conducted through physical submission mode while the enterprise registration procedures are conducted through the on-line systems and hard copies of the documents will be submitted by post.

Due to the online filing regime and work from home arrangement, the filing process has been impacted. Specifically, at this time it is very challenging to arrange a meeting with the authorities to discuss, explain and clarify with them about the content of the applications if they issue any request for supplement or further explanation and the process timelines would also prolong.

Regarding support from the Government

During the social distancing period, the licensing authorities in Ho Chi Minh City (i.e., the Department of Planning and Investment and the Department of Industry and Trade) have been supportive to allow enterprises delay filing the application dossiers and not impose administrative penalties on the applicants for such delayed filing.

Additionally, the Department of Planning and Investment and Postal Office in Ho Chi Minh City have agreed a 20% discount of postal fee for all applications.

Debt

In recognition of the growing complexity and unpredictability of the Coronavirus (COVID-19) pandemic worldwide and locally, the State Bank of Vietnam ("SBV") has issued guidance and various recommendations for credit institutions and branches of foreign banks ("FIs").

Annual key targets for the economy in general and for the banking and finance sectors in particular shall remain unchanged, especially regarding the stabilization of the financial market, inflation control, growth support and restructuring together with resolution of nonperforming loans of FIs. Accordingly, the Government maintains average inflation below 4%, increasing credit limit of 14% and the increasing total payment means of 13% in 2020. In addition, so far the State Securities Commission confirmed that the stock exchanges of Vietnam will be open per normal regardless of Coronavirus. Online banking and virtual conferences are encouraged.

On 4 March 2020, the Government has issued Directive No. 11/CT-TTg regarding urgent objectives and solutions for assisting businesses facing difficulties and assurance of social security for COVID-19 pandemic situation ("Directive No. 11/CT-TTg"). Accordingly, the Government requests the SBV to implement the following requirements, among others:

Timely guide the FIs to balance, fully and promptly meet capital needs for production and business, accelerate administrative procedure reform, shorten the time for loan approval, improve the access to the loans for customers; promptly apply supportive measures, i.e., rescheduling payment term, considering reduction of interest rate, keeping the debt group, reducing fees, etc. for customers who are in difficulties due to the effects of COVID-19 (firstly, the credit support package is about VND250 trillion).

Coordinate with the Ministry of Planning and Investment, the Ministry of Finance and relevant State agencies to urgently propose appropriate credit policies to remove difficulties for those who are affected by COVID-19 and report to the Prime Minister in March 2020.

Pursuant to the Directive No. 11/CT-TTg, the SBV has issued Circular No. 01/2020/TT-NHNN dated 13 March 2020. In general, customers who are (i) under obligation to repay the principals and/or interest arising between 23 January 2020 and the following day after 03 months from the date the Prime Minister announces the end of the COVID-19 pandemic; and (ii) are unable to pay the debts and/or interest in due time because of decreases in revenues and incomes caused by the impacts of the COVID-19 pandemic are entitled to the credit support by FIs ("COVID-19 Affected Customers"):Exempt or reduce interest: FIs to waive or reduce the interest applicable to the COVID-19 Affected Customers in alignment with the FIs' internal regulations for the outstanding loans arising from credit extension operations (except for activities of buying and investing in corporate bonds);Maintain classification with regard to the debt balances subject to loan repayment rescheduling, interest and/or fee exemption and reduction of the eligible debts affected by the COVID-19 outbreak. FIs should review and set up risk provisions for the restructured terms; but no need to escalate to the debt groups with higher risk levels. Provide credit extension for business stabilization in accordance with the laws.

Debt	However, the extension for each loan should not be over 12 months as from the original maturity date. FIs shall have great flexibility in determining customers being affected from the COVID-19 Affected Customers, including among others, the criteria regarding the customers' revenues and incomes reduced because of COVID-19 pandemic. For the time being, the SBV has no further instructions on the key criteria for such assessment. Furthermore, the SBV reduced several interest rates to boost the economic activity in responding the revolution of the Coronavirus pandemic: Refinancing rate being cut from 6.0% p.a to 5.0% p.a. Discount rate being reduced from 4% p.a to 3.5% p.a. Overnight lending rate in the interbank market being decreased from 7% p.a to 6% p.a. The overnight interbank interest rate updated on 8 April 2020 is 2.7% p.a. Maximum VND banking lending interest rate for short-term loans being lowered from 6% p.a to 5.5% p.a. Interest-rate cap for VND deposits with maturities of one month to less than 6 months being trimmed down from 5% p.a to 4.75% p.a. The SBV also issued Circular No. 04/2020/TT-NHNN on 31 March 2020, amending Circular No. 26/2013/TT-NHNN, to reduce minimum settlement fees by 50 percent via the interbank electronic payment system in the period from 1 April 2020 to 31 December 2020. As provided in Directive No. 02/CT-NHNN dated 31 March 2020 of the SBV, banks is requested, among others, not to pay cash dividends and to cut back operating expenses to procure efficient capital for the reduction of lending interests for current and new lending activities. It is worth noting that in early April, other Ministries has proposed various financial solutions to mitigate the impact of the COVID-19 pandemic on the economic: Ministry of Planning and Investment proposed a draft Resolution on the Government's fiscal package to support poor and low-income households. The package mounted to VND61,500 billion (approx. US$2.6 billion) and would be distributed as cash payments during a three-month period from April to June to six eligible groups.Ministry of Finance proposed for extension of tax and land lease payment deadlines with a total sum of VND180 trillion (approx. US$7.82 billion) for entities affected by the COVID-19 in 20 sectors, more than double the VND80 trillion (approx. US$3.47 billion) proposal made on March 2020. Ministry of Industry and Trade proposed a 10 percent discount on electricity rates in the period of 3 months in order to reduce difficulties for entities, households affected by the COVID-19.
Equity	No (semi-) equity measures have been announced

Taxation

Corporate Income Tax

The Prime Minister issued Directive No. 11/CT-TTg ("Directive No. 11") on 4 March 2020 to assign the relevant ministries to implement action plans to support businesses experiencing difficulties due to the impact of COVID-19. Among those, the Ministry of Finance (MOF) is required to present action plans on the following:

- granting the deferral of tax payments;
- granting tax and fee exemptions or reductions;
- developing certain corporate income tax policies for small and medium enterprises; and
- simplifying tax administrative procedures.

Following Directive No. 11, the Government issued Decree No. 41/2020/ND-CP ("Decree No. 41") with immediate effect from 8 April 2020. Decree No. 41 grants deferral of tax and land rent payments to a number of business sectors that belong to one of the following groups:

- Group 1, which includes enterprises, organizations, households and individuals conducting agricultural, forestry and aqua cultural manufacturing; foodstuff production and processing; textile; apparel production; leather processing and related products; lumber processing and products made from wood, bamboo (except beds, closets, tables, chairs); products made from straw, braided materials; paper processing and paper products; rubber and plastic products; products made from non-metal minerals; metal processing; mechanical processing; metal coating; electronics, computers and optical products; automobiles and other motor vehicles; manufacture of beds, closets, tables, chairs; and construction.
- Group 2, which includes enterprises, organizations, households and individuals conducting business in transportation and warehousing; accommodation and catering; education and training; healthcare and social support activities; real estate; employment service; travel agency, travel services and auxiliary services relating to promotion and organization of travel tours; art and entertainment; libraries, archives, museums and other cultural activities; sports, recreation and entertainment; and cinemas.
- Group 3, which includes enterprises, organizations, households and individuals manufacturing prioritized supportive industrial products and major mechanical products.

Vietnam

Taxation

- Group 4, which includes small and ultra-small enterprises; and
- Group 5, which includes credit institutions, foreign bank branches implementing measures to support enterprises, organizations and individuals affected by the COVID-19 pandemic, as announced by the State Bank of Vietnam.

Decree No. 41 grants a five-month deferral of CIT payment for the remaining FY 2019 tax finalization and provisional tax payment of Quarter 1 and Quarter 2/2020. If the remaining FY 2019 tax finalization amount has been paid, it can be offset with other tax payables.

Social Security/ Employment / Wage Taxes / Personal Income Tax

The Ministry of Finance proposed an increase in deductions for personal income tax purposes. Particularly, the deduction for the taxpayer is proposed to increase to VND 11 million/month from the current VND 9 million/month and deduction for dependents is proposed to increase from VND 3.6 million to VND 4.4 million/dependent/month

Personal Income Tax

PIT and VAT - business households and individuals are allowed to defer any tax payables for 2020 until 31 December 2020.

VAT

Eligible taxpayers of the above groups will enjoy a five-month deferral of VAT payments for March, April, May, and June 2020 (for monthly VAT declaration) or Quarter 1 and Quarter 2/2020 (for quarterly VAT declaration). However, VAT declarations must still be filed in accordance with the timeline. This deferral also applies to branches and subordinates of similar business lines located in other provinces.

Excise / Import duties

Under Directive No. 11, the Ministry of Finance is required to present action plans on suspending periodical customs inspections (and also tax inspections) during 2020 on enterprises which have no sign of non-compliance, as well as simplifying customs admin.

Tourist Tax

N/A

Vietnam

Taxation

DST

Vietnam has no DST

Other Taxes

Under Directive No. 11, the Ministry of Finance is required to present action plans on granting deferral of land rent payments.

Eligible businesses in any of the five groups that lease land directly from the State can defer the first payment of annual land rent for five months until 31 October 2020.

Comments

Business entities and individuals engaged in multiple business lines, including those specified in Groups 1, 2, 3 and 5, are entitled to full payment deferral of their payable tax amounts (VAT, CIT and PIT).

To benefit from the tax and land rent payment deferrals, eligible taxpayers are required to submit a prescribed deferral payment request (form attached to Decree No. 41) via electronic or other means to the local tax authority at the monthly or quarterly tax filing but no later than 30 July 2020. Beyond this date, no deferral requests will be granted. This form is filed only once for the whole deferral period. Taxpayers are responsible for self-assessing their eligibility for the deferral. Tax authorities are not required to issue notices to accept the deferral.

It is expected that the Government will issue specific rules to implement more tax relief measures in the coming months.

Please contact us to obtain updates. Please see here our client alert.

Baker McKenzie.