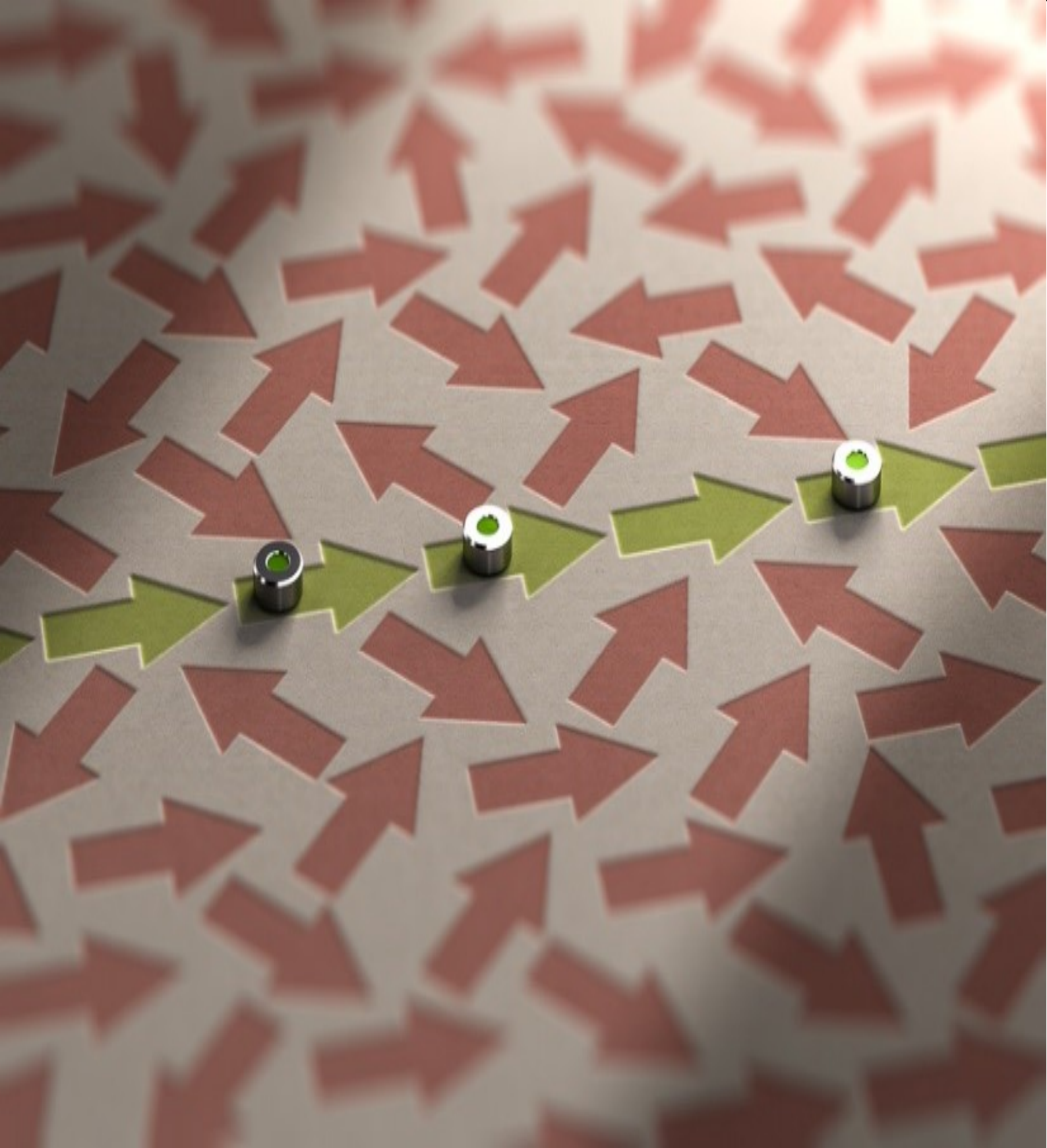


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Coronavirus (COVID-19)

Status update | Nordic-Baltic region
28.5.2020



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1. DENMARK

Latest news:

- The second phase of the reopening of Denmark began yesterday, 27 May 2020. This includes the reopening of cultural activities and most schools and universities as well as various events such as exams.
- The Danish government also agreed to gradually ease the assembly ban over the summer. In connection with phase 3, the assembly ban will be raised to 30-50 people with various recommendations for weddings and other events during the summer.
- The Danish government is currently in dialogue with neighboring countries and will decide on the temporary border control and entry ban. In this regard the government is proposing a plan for controlled and gradual reopening in order to support the tourism industry. The plan will be announced on 29 May 2020.
- The Danish government has also decided to extend the list of recognized purposes for entry into Denmark as of 25 May 2020. The extension will apply to permanent residents in the Nordic countries and Germany, who can enter for a number of purposes, including owners of summerhouses in Denmark, girlfriends, fiancé, grandparents, etc. Furthermore, a resumption of business travel to and from Denmark will be opened in accordance with the guidelines of the government.

Country overview:

1.1 Direct business support

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

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

PAYMENT OF WAGES FOR SICK LEAVE DUE TO COVID-19 INFECTION OR ORDERED QUARANTINE

If employees are sick due to an infection with the Sars-CoV-2 virus the employer is entitled to reimbursement of daily sickness benefits from the first day of sickness.

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

This right to reimbursement applies to employees who are on sick leave due to an infection with the virus, as well as to employees who have been quarantined by the doctor.

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

On 20 May 2020, a supplementary provision was adopted, which means that persons in the special risk group for COVID-19 and their relatives are guaranteed the right to sickness benefit if, after agreement with their employer, they will stay home from work during the reopening of Denmark if it is considered too risky to attend work. These persons will in other words receive pay or sickness benefit until 31 August 2020. Employers will receive sickness benefit reimbursement throughout the period. The new rules include persons in the special risk group or relatives of persons in the special risk group, for whom it is not possible to organize the workplace so that work is not considered a risk to the person and where working from home is not possible.

POSTPONE HOLIDAY

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

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

- Holidays to be held in the 2019/2020 may be postponed to the shortened holiday year from 1 May 2020 to 31 August 2020.
- Holidays to be held in the shortened holiday year may be postponed to the subsequent period from 1 September 2020 to 31 December 2021.

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

SALARY-COMPENSATION FOR COMPANIES THAT ARE FACING DISMISSAL OF EMPLOYEES

The Danish government together with the Danish labour market parties (unions and employer associations) agreed on a fixed-term compensation scheme to companies that suffer from lack of work to counter impending layoffs in the private sector.

Employers who would have to lay off more than 30 percent of their workforce or more than 50 employees due to lack of work or other corona-related consequences can receive a state salary compensation for a maximum of four months if, in return, they commit to not terminating any employees and instead send the employees home during the period while continuing to pay full salary.

The following state salary compensation can be applied for:

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

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

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

COMPENSATION FOR SELF-EMPLOYED

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

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

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

A compensation scheme has also been introduced for self-employed without a CVR-number who, as a result of COVID-19, expects a loss of income of at least 30 percent and who have had a turnover of min. 10.000 DKK a month in a preceding period of minimum 3 months. The self-employed can receive 75 percent of the expected B-income loss, however a maximum of 20.000 DKK per month.

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

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

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

COMPENSATION FOR FIXED COSTS

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

The following fixed costs compensation is planned:

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

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

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

However, no compensation can be applied for if the fixed expenses are less than 12.500 DKK during the period from 9 March 2020 - 9 June 2020. The regulation applies for the period from

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9 March 2020 to 8 July 2020. The application for compensation for fixed expenses will be made through a separate application for the period 9 June – 8 July 2020.

COMPENSATION FOR ORGANIZERS

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

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

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

However, the compensation must not lead to a profit.

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

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

The parliament has also passed legislation seeking to support the travel business economically and to secure and supplement investments in start-ups and growth-companies besides the ordinary economic aid packages. The Danish Business Authority reports followingly that about 45.000 compensation payments have been made to businesses so far.

1.2 Contracts, debts and civil law

GOVERNMENT MEASURES TO SUPPORT THE ECONOMY

- Temporary suspension of the wage tax period by 4 months
- Temporary suspension of the VAT payment deadline
- State guarantees for existing or new entrepreneur loans from Danish banks
- Compensation for organizers with events of over 1.000 people that are cancelled
- Extended access to export credits
- Public purchases that support companies
- State guarantee for the travel guarantee fund
- Extended loan options for students

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

VAT PAYMENTS

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

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

- Quarterly reports (annual turnover over 5 million DKK / over 671,000 euros): The payment period for the first quarter of 2020 was 2 June 2020. This deadline will be postponed to 1 September 2020;

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

The registration deadlines for VAT is unchanged.

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

INCOME TAX AND LABOR MARKET CONTRIBUTION

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

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

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

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

POSTPONEMENT OF THE DEADLINE FOR TAX RETURN

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

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

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

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

POSTPONEMENT OF THE DEADLINE FOR ANNUAL REPORTS

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

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

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

The companies are also given the opportunity to derogate from the statutory requirements for holding an ordinary general meeting at a specific time, as well as the possibility of holding a

full electronic general meeting, even if the company does not have a specific provision in the articles of association allowing this.

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

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

1.3 Regulatory response

- Traveling
- Business closure

TRAVELING

The Danish Ministry of Foreign Affairs has advised against all unnecessary trips abroad. The Danish borders are temporary closed and will remain closed until at least 10 May 2020. Citizens of countries other than Denmark can only enter if they have a valid reason. This includes people who live or work in Denmark as well as people who deliver goods to/from Denmark or provide services in Denmark. Normal business trips are not a valid reason.

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

BUSINESS CLOSURE

The following restrictions apply:

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

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

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

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

The following measures have been taken:

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

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

The Danish Parliament has now agreed upon the second and third phase of the gradual reopening of Denmark.

The second phase includes a full reopening of the retail sector from 11 May 2020 and a gradual opening of restaurants and cafés from 18 May 2020 provided that certain guidelines are followed. Furthermore, employees from the private sector can now come back to their workplace. Finally, the temporary closing of borders will be reconsidered, and the government will in this respect announce it 1 June 2020.

The third phase of reopening is expected to commence from 8 June 2020, where the ban of gatherings will be changed to 30-50 people and cultural activities will be allowed such as the opening of museums. The government notes that it will adjust accordingly to the health recommendations given by the Danish health authorities during the process.

1.4 Working

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

REMOTE WORK FOR PUBLIC SECTOR

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

REMOTE WORK FOR PRIVATE SECTOR

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

SHORT-TIME WORK (KURZARBEIT)

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

Following short-time work is possible:

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

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

1.5 Contact in Denmark



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2. ESTONIA

Latest news:

- On 21 May, the government decided to continue with the subsidies until the end of June, however, with more strict conditions.
- Currently, the government is considering allowing Schengen area tourists to enter Estonia from June. Specific details concerning the easing of restrictions regarding foreign tourism are still being discussed.
- If a person comes to Estonia from a third foreign country via, for example, Latvia or Lithuania, they must be quarantined for 14 days upon arrival, just as people coming from elsewhere.
- Also, it has been specified that travelling without a 14-day quarantine between Finland is allowed for Estonian people who do not have symptoms of illness, if they have not been in a third foreign country within two weeks prior to crossing the border.
- From 1 June, catering establishments can reopen without restrictions. The 2 + 2 rule must be observed, and disinfectants must be made available. From the same date, catering establishments may also sell alcohol after 10 p.m.
- From 1 June, casinos and arcades can be opened again, but establishments must comply with the 50 per cent capacity requirement, disinfectant requirement and no more than 50 visitors are allowed on the premises.
- From 1 June, the retail sale of alcohol will be allowed as before the emergency situation.
- From 1 June, the 10-person limit for visiting groups will be waived for museums and exhibitions. From 1 July, sports competitions can be held with spectators indoors and outdoors, provided that the 2 + 2 rule is observed, the organizers comply with the 50 per cent capacity requirement, and no more than 500 persons can take part in the event.
- From 1 June, public events, such as film screenings, theatre performances, fairs, festivals, conferences, etc., will be allowed both indoors and outdoors.

Country overview: 2.1 Direct business support

TAX-SUPPORT

In order to alleviate the financial situation of companies, the Estonian Tax and Customs Board has decided to suspend the calculation of interest on corporate tax debts during the emergency situation; interest relief is applied retroactively from 1 March 2020 up to the end of the emergency situation on 17 May. Businesses must continue filing timely and correct tax returns; a company in difficulty must reschedule the payment of tax arrears in the e-environment of the Tax and Customs Board (ETCB).

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

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

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

During the emergency situation, the employer is exempted from paying the minimum foreseen monthly social tax rate, including if the employee is on unpaid leave and works part-time. Despite the temporary waiver of the minimum social tax obligation, the health insurance, which is connected with the payment of social tax, will remain effective also for members of the management board, persons providing services under a contract on the basis of the law of obligations, and business account holders. The exemption is established for a limited period and the minimum social tax liability shall not be paid on the wages paid in March, April and May 2020, i.e. on tax return TSD filed for those months.

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

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

TEMPORARY SUBSIDY PROGRAM OF THE UNEMPLOYMENT INSURANCE FUND

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

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- 1) The temporary subsidy is available to any qualifying employer for a period of two months from 1 March to 31 May 2020, payments will be made up to 30 June 2020.
- 2) The amount of the subsidy will be 70 percent of the average monthly wage of the employee. The maximum amount of the subsidy is 1,000 euros (gross amount). In addition to that, the employer must pay a wage of at least 150 euros to the employee.
- 3) The Estonian Unemployment Insurance Fund shall pay from the subsidy and the employer shall pay from the employee's remuneration all taxes i.e. social tax, unemployment insurance, funded pension premiums and income tax.
- 4) The subsidy shall be paid, if at least two of the following conditions are applicable:
 - The turnover or income of the employer for the month in respect of which the benefit is applied for has fallen by at least 30 percent compared to the turnover or income for the same month in the previous year;
 - The employer cannot provide work to at least 30 percent of his employees in the agreed scope;
 - The employer has reduced the salaries of at least 30 percent of his employees by at least 30 percent or down to the minimum wage.
- 5) Applications for the subsidy can be submitted by the employer in the e-environment of the Unemployment Insurance Fund (e-töötukassa) starting from 6 April. On the application, the employer must indicate the criteria for applying for the subsidy and append the relevant verifying documents. The Unemployment Insurance Fund shall pay the subsidy directly to the employee.

Estonian Unemployment Insurance Fund made a proposition to the Government of the Republic to continue with the subsidy measure in June.

On 21 May, the government decided to continue with the subsidies until the end of June, however, with more strict conditions:

- Turnover or revenue of the company must have decreased by at least 50 percent compared to June of the previous year;
- Additionally, an employer must meet one out of two following conditions:
 - 1) the company is in a situation where it does not have work to give in the agreed amount to at least 50 percent of employees.
 - 2) the wages of at least 50 percent of the company's workers have been lowered at least 30 percent or to the minimum wage.

Principles of paying the subsidies in June:

- In June, the Unemployment Insurance Fund will compensate to the employee 50 percent of their previous average wage, but no more than 800 euros a month gross, and no less than the minimum wage.
- The employer is obliged to pay the employees receiving the compensation a gross pay of at least 150 euros a month, which must be paid out before the application is filed.
- The employer will not make an employee redundant for at least the next two months (earlier: 1 month). Otherwise, the employer must return the full amount of the subsidy to the Unemployment Insurance Fund.

Who can apply:

- Companies that do not have tax arrears or that have deferred their tax arrears.
- Companies for people working under an employment contract whose employment contract has been concluded before 1 March 2020.
- Companies which have received subsidies from April to June.

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

OTHER GOVERNMENT MEASURES

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

- From March to May, the state shall compensate an employee's first three sickness days with regard to all sick leave certificates;
- Rural businesses can apply to the Rural Development Foundation for a guarantee (up to 50 million euros), a working loan (up to 100 million euros) or land capital (up to 50 million euros);
- Contributions to the mandatory pension fund of the 2nd pension pillar by the state (4 percent) will be suspended from 01.07.2020 to 31.08.2021. The payment of contributions by the obligated persons/employees (2 percent) shall continue. As an exception, the payment of the pension scheme 2 percent + 4 percent will continue in case of persons born between 1942 and 1960. In October 2020, the obligated persons can submit an application to waive also the payment of their share of funded pension payments (2 percent) for the period from 01.12.2020 to 31.08.2021.
- Direct costs of cultural and sports events which were scheduled for March-April and cancelled due to COVID-19 shall be compensated in part.

The size of the crisis package in the field of culture and sport is 25 million euros. Applications are being accepted from 8 May through online application system of Estonian Ministry of Culture. The areas that are being supported are: museums, theatres, music, sports and physical activity events, film, visual art and design.

SUPPORT MEASURES PROVIDED BY STATE-OWNED FINANCIAL INSTITUTION KREDEX

Exceptional loan guarantee to relax the repayment schedules of existing bank loans and to issue new loans: If the bank relaxes the repayment schedule for an existing bank loan not backed by KredEx or is willing to issue a new loan to the undertaking, KredEx will give its guarantee to that loan.

Extraordinary loan: If banks are no longer financing undertakings, KredEx will, if necessary, provide the undertaking with an extraordinary working capital loan to overcome the liquidity problems caused by the coronavirus outbreak or an investment loan to take advantage of the new business opportunities created by the coronavirus outbreak as well as other new business opportunities.

Additional guarantee fund for the provision of loan guarantees: While the maximum guarantee amount for KredEx thus far was 2-5 million euros, depending on the nature of the project, the maximum guarantee amount for all projects will now be raised to 5 million euros.

SUPPORT MEASURES PROVIDED THROUGH ENTERPRISE ESTONIA

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

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

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

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

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

RENT SUPPORT MEASURE

Enterprise Estonia will open a new subsidy in the next few weeks to provide a one-off, non-refundable subsidy to stores and service providers in shopping malls, that were closed due to the emergency situation from 24 March and that rent premises or operate a children's playroom in shopping malls, in order to compensate the losses of the crisis.

The shopping mall also must make a discount to the retailer and the retailer themselves must pay a part of the rent. Stores will be provided with rent payment aid equaling the reduction in rent by the owner of the rental space but no more than 25 percent of the total rent payment.

Food stores, pharmacies, bank offices, sales points of telecommunications companies, parcel stations and post offices situated in shopping malls are not eligible for support as they remained open during the emergency situation.

EXCISE DUTIES TO BE REDUCED TEMPORARILY

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

2.2 Contracts, debts and civil law

SPECIAL MEASURES TO SUPPORT ENTREPRENEURS IN TALLINN

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

- The bills of services provided, and goods received will be paid within 10 calendar days, instead of the current 21 or 30 calendar days, in order to improve the cash flows of the companies. The city shall also waive contractual sanctions in the event of difficulties that occur due to the ongoing situation when fulfilling the order or delivery, the deadlines shall be extended by a reasonable time. If possible and necessary, payments in long-term contracts can be spread on a wider period of time;
- The government of Tallinn has also decided to reduce advertising tax by 50 percent, as the market of outdoor advertising has come to a standstill. Advertisements on the contracts for the use of the building spaces put out for the purpose of advertising and information display are exempted from paying rent;
- The city reduces the rental and usage fees of the contractual partners depending on the field of activity of the contractual partner and the extent to which the emergency situation affects the activity of the contractual partner. All tenants of the city,

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including catering, commercial, service, educational, sports, hobby, arts and cultural institutions and outdoor media companies, are exempted from paying rent 100 percent;

- Tenants belonging under the Tallinn Market's administration are exempted from paying rent. Tenants who use the city space as office space, will have their rental price reduced by 20 percent. The benefits do not extend to the payment of utility costs;
- Tallinn will continue to pay subsidies meant for supporting sports activities and will not collect rent from the various sports venues belonging to the city;
- The costs of cancelled conferences, cultural and sporting events will be reimbursed to the extent that the company has already paid for them. The decision affects companies that have applied to the city for partial support for the event, have received the support, but have been forced to either cancel or postpone the event due to an emergency situation.

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

GOVERNMENTAL MEASURES WITH REGARD TO THE SUPPLEMENTARY BUDGET FOR 2020

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

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

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

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

PARLIAMENT OF ESTONIA PASSES LAW TO AMEND 33 LAWS

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

The law establishes the following amendments:

- 1) Temporary exceptions during the emergency situation:

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

2) Changes of a permanent nature:

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

AMENDMENT OF BANKRUPTCY ACT

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

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

DATE OF SUBMISSION OF ANNUAL REPORT

On 18 May the Parliament of Estonia passed a law extending the submission of annual report 2019 of all legal persons to 31 October this year. The law also extends the possibilities to organize electronic meetings for legal persons and thereby simplifies the decision-making process for companies.

2.3 Regulatory response

- Travelling and movement
- Conducting of business
- Export

RESTRICTIONS ON BORDER CROSSING

The emergency situation came to an end on 17 May, but the health care emergency in Estonia continues, the restrictions on border crossing for foreign nationals remain in force, however, excluding (now as before):

- Transport of food and medical supplies as well as persons providing essential services such as fuel transport;
- People who hold an Estonian residence permit or right of residence, or have family members in Estonia;
- Foreigners with diplomatic immunity and privileges, persons serving in military units of NATO countries, service personnel and their family members;
- Foreigners who are directly involved in the transport of goods and raw materials, including the loading of goods or raw materials;
- Foreigners directly involved in the international carriage of goods or passengers, including crew members, and persons engaged in repair, warranty or maintenance work;

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- Foreigners who serve travel groups and are directly involved in the provision of passenger transport services;
- Foreigners whose purpose of arrival in Estonia is related to ensuring the continuity of a vital service;
- Foreigners whose arrival in Estonia is related to the maintenance, repair, warranty work or information and communication technology work of a company operating in Estonia, if this is necessary for the operation of the entity;
- Foreigners whose purpose of border crossing is to move to or from work between the Republic of Estonia and the Republic of Latvia.

Other foreigners are still only allowed to transit through Estonia on their way home to their country of residence if they do not show symptoms of COVID-19.

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

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

Currently, the government is considering allowing Schengen area tourists to enter Estonia from June. Specific details concerning the easing of restrictions regarding foreign tourism are still being discussed.

MOVEMENT ACROSS THE BALTIC STATES

As of 15 May 2020, free movement across the Baltic States is restored for Estonian, Latvian and Lithuanian residents and other persons legally staying in these countries.

The temporarily restored border control and surveillance of the state borders at the border between Estonia and Latvia has ceased. It has been specified that people arriving from Latvia and Lithuania to Estonia will not have to stay at home for 14 days, unless they **have been in a third foreign country within two weeks prior to crossing the border. If a person comes to Estonia from a third foreign country via, for example, Latvia or Lithuania, they must be quarantined for 14 days upon arrival, just as people coming from elsewhere.**

At the same time, people crossing the border must continue to comply with the orders issued to prevent the spread of the coronavirus, such as the obligation to wear masks where necessary, or observance of 2-by-2 rule, according to which no more than 2 persons can be together in the public space, keeping at least 2-metres distance from other people.

MOVEMENT BETWEEN ESTONIA AND FINLAND

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

From 14 May, it is permitted to cross the border from Estonia to Finland according to employment relationships or duties and visiting family members is also allowed. Border checks continue at ports and airports, where passengers must be ready to show proof of the purpose of their trip. The same conditions apply to passengers in both directions. Crossing the border is also allowed for people studying in Finland.

A person entering Finland must stay in quarantine-like conditions for 14 days. This means that movement is allowed between the workplace and the place of residence, but unnecessary movements and contacts should be avoided. The quarantine does not have to be observed by first responders and rescue workers, border guards and customs officers.

People arriving from Finland to work or study in Estonia or for unavoidable family reasons will not need to self-quarantine upon arrival in Estonia. However, it is recommended that people

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arriving in Estonia should avoid contacts with other people within two weeks, (except going to work or other unavoidable contacts). **Also, it has been specified that travelling without a 14-day quarantine between Finland is allowed for Estonian people who do not have symptoms of illness, if they have not been in a third foreign country within two weeks prior to crossing the border.**

At the Finnish border, random border controls are still carried out to identify the person crossing the border and the purpose of their journey.

MEASURES TO BE APPLIED IF DIAGNOSED WITH COVID-19

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

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

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

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

EASE OF RESTRICTIONS IN BUSINESS

After the end of the emergency situation the following applies:

- Catering establishments need to close from 22:00 but take-away purchases are allowed. **From 1 June**, catering establishments can be open without restrictions. **The 2 + 2 rule must be observed, and disinfectants must be made available. From the same date, catering establishments may also sell alcohol after 10 p.m.**
- As of 1 June, certain entertainment establishments may open, such as bowling, billiards, and playrooms for children. The service provider must ensure that the establishment follows the 50 percent capacity requirements on the premises, provides disinfectants, and observes rules regarding the provision of disinfection.
- Saunas, spas, swimming pools, and water centres can open as of 1 June. Compliance with the 2+2 rule, the requirement for dispersion of people, the requirement for 50 percent capacity, and the requirement for disinfection must be guaranteed.
- **From 1 June, casinos and arcades can be opened again, but establishments must comply with the 50 per cent capacity requirement, disinfectant requirement and no more than 50 visitors are allowed on the premises.**

The sale of alcohol is also restricted after the end of the emergency situation at all places selling alcohol, including restaurants and bars, from 22:00 to 10:00. The restrictions do not apply on board of a ship or an aircraft used for international passenger transport and to a sales premises located in the security area of the international airport or port. The restriction on the sale of alcohol applies to catering establishments, including bars and other similar sales premises until 1 June. **From 1 June, the retail sale of alcohol will be allowed as before the emergency situation.**

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PEOPLE-TO-PEOPLE DISTANCE

In public places and indoor premises, the so-called 2+2 rule remains in force also after the end of the emergency situation, which means that both outdoors and indoors up to two people may be together, keeping a distance of 2-metres from other people. The rule does not apply to families or at homes. The rule applies to all activities in Estonia that do not take place in domestic conditions.

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

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

- Culture: From 11 May, museums and exhibition halls may reopen their indoor premises and exhibitions in open-air museums and outside premises for visitors if they guarantee compliance with the special requirements. Indoor premises of museums and exhibition areas may be open if they only allow visitors in groups of up to 10 people. Interactive exhibits require either implementing special measures or remain closed. **From 1 June, the 10-person limit for visiting groups will be waived for museums and exhibitions.**
- Education: As of 15 May, regular educational activities may be continued in educational institutions and hobby and recreational activity schools under special conditions. During the time when emergency restrictions are being eased, educational activities may be organised on school premises for groups of up to 10 people. The restriction does not apply to examinations if they are organised in large rooms, such as in assembly halls, gyms, or larger auditoriums.
- Professional athletes: As of 5 May, teams of professional adult athletes may begin training again, indoors and outdoors. The availability of disinfectants must be ensured. On 7 May, the government decided to extend the training opportunities for big league teams of team sports to start training in open air. Separate restrictions are applied for different competitive sports, because currently, a maximum of ten athletes are allowed to train together. The sizes of teams are established in respective international competition regulations. The 2 + 2 rule will not apply in these trainings.
- Requirements for using gyms, swimming pools, spas, saunas and organizing sports competitions are being eased gradually. It must be ensured that the compliance with 2+2 requirements is guaranteed, no more than 50 percent of the capacity of the space is filled, and that disinfectants are available. From 18 May, it is allowed to:
 - reopen sports clubs and organize training sessions indoors if the number of participants is no more than 10 people. As of June 1, the size of the group is no longer limited, but the 50 percent capacity and 2+2 rule must be still observed;
 - organize sports competitions in open air, provided there are no spectators and there are no more than 10 participants and as of 1 July no more than 100 participants;
 - Saunas, spas, swimming pools, and water centres can open as of 1 June;
 - **From 1 July, sports competitions can be held with spectators indoors and outdoors, provided that the 2 + 2 rule is observed, the organizers comply with the 50 per cent capacity requirement, and no more than 500 persons take part of the event. It is allowed to organize a sports competition outdoors with up to 1,000 participants if the rules are followed. The total number of participants includes both competitors and spectators.**

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RESTRICTIONS EASED IN SHOPPING CENTRES

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

Catering facilities in shopping centres that until now were only allowed to sell takeout can start serving food on the spot from 11 May as well. The restriction on serving food on the spot after 10 p.m. remains in force until 1 July to prevent evening gatherings in restaurants, cafés, and bars.

Sports, entertainment and amusement facilities which are located in shopping centres may reopen as of 1 June. Compliance with the 2+2 rule, the requirement for dispersion of people, the requirement for 50 percent capacity, and the requirement for disinfection must be guaranteed.

PUBLIC EVENTS AND MASS EVENTS

Based on the decision of the Government of the Republic there will be no public events held in Estonia in May and June.

As of 15 May, public events can be held where the visitors are in the car during the whole event, for example drive-in movie-theatre viewings or drive-in concerts. Special conditions apply. Up to 2 people may be in one car, except if the persons in the car are members of the same family. There must be sufficient distance between cars, people are not allowed to step out of their cars (except for health reasons or toilet visits), all employees and performers must observe the 2+2 rule at the event. Ticket sales must take place online, ticket control will take place through the window. If catering is provided, the menu selection and payment must take place through the smartphone application and the order must be brought to the car. Other recommendations and requirements (wearing masks, availability of disinfectants) also apply. **Drive-in cinemas and concerts may be held in suitable indoor conditions. As with outdoor events, the distance-keeping and disinfectant requirements must be followed.**

From 1 June, public events, such as film screenings, theatre performances, fairs, festivals, conferences, etc., will be allowed both indoors and outdoors. However, the organizer must ensure compliance with the 2 + 2 rule and the 50 per cent capacity requirement, and no more than 50 persons may take part in the event. Public events held outdoors may not be attended by more than 100 persons.

As of July, the limit of a public open-air event is 1,000 persons, and indoor public event limit is 500 persons. When holding an indoor event, only 50 percent of the capacity of the space is allowed to be occupied.

BROADER RIGHTS FOR HEALTH BOARD AND GOVERNMENT IN EMERGENCY SITUATIONS

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

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

2.4 Working

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

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

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

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

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

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

RESTRICTIONS ON FOREIGN WORKERS

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

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

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

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

Pursuant to the Government's decision the restrictions concerning foreign workers will remain in force also after the end of the emergency situation on 17 May. Third country nationals who are currently staying abroad cannot enter Estonia yet. The aim of keeping the restrictions in force is to reduce the possibilities of the virus spreading.

2.5 Contact in Estonia



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3. FINLAND

Latest news:

- Companies can request the VAT they have paid at the beginning of 2020 to be returned to them. In practice, the company requests a payment arrangement and will pay the returned VAT back to the Tax Administration later as part of the payment arrangement. If the VAT tax period is one year, 25 percent of the 2019 VAT can be claimed for a refund.
- The Parliament has approved a support package for the food and beverage service sector.
- Entry into Finland as foreign seasonal workers is permitted to citizens of the Schengen area, other EU countries and the United Kingdom under the same conditions as travel for contractual or assignment-based employment.
- Seasonal workers who are citizens of third countries (e.g. Ukraine, Belarus, Thailand) are allowed to enter the country if they have the necessary permits for entry into the country and for working, and their employer has filled in the form proving the necessity of their entry into the country.

Country overview:

3.1 Direct business support

TAX-SUPPORT

Companies can request the VAT they have paid at the beginning of 2020 to be returned to them. In practice, the company requests a payment arrangement and will pay the returned VAT back to the Tax Administration later as part of the payment arrangement. If the VAT tax period is one year, 25 percent of the 2019 VAT can be claimed for a refund.

The Parliament has approved a support package for the food and beverage service sector. The approved law includes support for re-employment and compensation for restrictions on activities. The compensation is to be paid in such a way that, as a general rule, the application procedure would not be necessary. The aid package may not be put into effect until it has been approved by the European Commission.

The maximum amount of support is based on the number of full-time workers who worked for the company before the start of the crisis. The support may be granted to an enterprise with a staff of a maximum of 800 persons. Under the State aid rules, no enterprise may receive more than 0.8 million euros in support for employment.

An appropriation of 123 million euros is proposed for supporting food and beverage service businesses, to be used for compensating these businesses for the restrictions imposed on their activities, and to support the re-employment of their staff.

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

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

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

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

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

The changes in the grounds and terms for payment arrangements will enter into force along with the legislative amendment. These changes will apply to payment arrangements that have been requested between 25 March 2020 and 31 August 2020.

- According to the new terms, the first instalment of the payment arrangement will fall due in three months after the arrangement has become active, as opposed to just one month.
- The Tax Administration will automatically include in the arrangement any new tax debts that form after the payment arrangement has been taken into use until 31 May 2020.
- According to the legislative amendment, the rate of late-payment interest on taxes included in a payment arrangement would be lowered from 7 percent to 4 percent. The lowered interest rate would only apply to taxes that are included in a payment arrangement and that fall due after 1 March 2020.

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

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

OTHER GOVERNMENTAL MEASURES

The measures include:

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

- An amount of 200 million euros is proposed for non-specific expenditure relating to exceptional circumstances.

3.2 Contracts, debts and civil law

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

3.3 Regulatory response

- Travelling and movement
- Conducting of business
- Export

TRAVELING AND MOVEMENT

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

- As of 14 May 2020, the statutory restrictions on border traffic will be lifted in cross-border traffic across the Schengen internal borders by allowing employment or commission-related commuting and other essential traffic.
- Persons arriving from abroad to work in Finland must be prepared to prove their work-related grounds for entry in connection with border checks. These restrictions and those decided on earlier concerning external border traffic will remain in force until 14 June.
- **Entry into Finland as foreign seasonal workers is permitted to citizens of the Schengen area, other EU countries and the United Kingdom under the same conditions as travel for contractual or assignment-based employment.**
- **Seasonal workers who are citizens of third countries (e.g. Ukraine, Belarus, Thailand) are allowed to enter the country if they have the necessary permits for entry into the country and for working, and their employer has filled in the form proving the necessity of their entry into the country.**
- For the time being, recreational travel abroad is not recommended, and the travel advice issued by the Ministry for Foreign Affairs will be extended accordingly. The Ministry of the Interior will draft more specific guidelines on the gradual opening of border traffic.
- Ticket sales for maritime passenger traffic will be reopened. Tickets may be sold to anyone who has the right of entry. The conditions for entry will be verified at the port.
- The gradual opening of restaurants will begin on 1 June 2020, provided that this is supported by the effects of lifting the current restrictions and by the subsequent general epidemiological assessment.
- Outdoor recreational facilities will be opened as of 14 May, subject to the restrictions on gatherings.
- Sports competitions and series can be resumed with special arrangements on 1 June.
- The borrowing of books and other material from libraries will be immediately permitted.

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- Large public events with more than 500 people are prohibited until 31 July 2020 in line with the Government's decision.
- Restrictions on gatherings are still necessary. Based on an epidemiological assessment, it will be possible to ease the restrictions on the number of persons from the current 10 to a maximum of 50 from 1 June until further notice. The situation will be reviewed again by the end of June.
- The 50-person limit applies not only to public gatherings (the recommendation-based guideline) but also to events organized by private and third-sector operators, to cultural, recreational, exercise and sports events and to religious events.

WORKER MOBILITY

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

3.4 Working

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

REMOTE WORK FOR PUBLIC SECTOR

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

REMOTE WORK FOR PRIVATE SECTOR

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

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

A foreign employee can apply for a tax number without visiting the tax office in person. Tax number can be applied by calling the tax administration's telephone service. In this case, the person receives an artificial identity number, which is only valid for obtaining a tax number, not for any other transaction with the Finnish authorities.

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

The Government issued a decree under the Emergency Powers Act to allow employers to respond to personnel shortage caused by the virus epidemic in critical functions of society.

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The arrangements concern working hours and annual holidays as well as notice periods in case of employee resignation.

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

The arrangements mean in practice the following:

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

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

The government has proposed changes in labour law and unemployment protection. The amendments entered into force on 1 April and remain in force until 30 June 2020. The changes are as follows:

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

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

The changes affect these agreement sectors:

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

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

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

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

3.5 Contact in Finland



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4. LATVIA

Latest news:

- June is the last month for which downtime compensations will be available, therefore all employers should evaluate eligibility for downtime compensation prior to making any decisions with regard to its personnel.
- As of 1 June 2020, several restrictions will be lifted with regard to educational, cultural and physical activities as various events such as state exams, educational institution admission exams and rehearsals of amateur artist collectives will be allowed to take place in person. However, the prohibition for gathering of more than 25 people is still in full effect and has not been lifted yet.

Country overview:

4.1 Direct business support

June is the last month for which downtime compensations will be available, therefore all employers should evaluate eligibility for downtime compensation prior to making any decisions with regard to its personnel.

On 20 March 2020, Latvian parliament (Saeima) adopted the law "On measures for the Prevention and Suppression of Threat to the State and its Consequences Due to the Spread of COVID-19", aimed to support all enterprises affected by the COVID-19 crisis.

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

- Due to spread of COVID-19, company's income in March, April, May or June of 2020 has decreased by at least 30 percent in comparison to average monthly income in 2019;
- Due to spread of COVID-19, company's income in March, April, May or June of 2020 has decreased by 20 percent in comparison to average monthly income in 2019, and the company meets at least one of the following additional criteria:
 - 1) Company's export in 2019 made up 10 percent of the company's total turnover in 2019 or is not less than 500 000,00 euros;
 - 2) Company's average paid out monthly gross salary in 2019 was not less than 800,00 euros;
 - 3) On 31 December 2019, company's long-term investments in company's fixed assets were at least 500 000,00 euros.

DOWNTIME COMPENSATIONS

- If an employer – company severely affected by the COVID-19 crisis – sends its employees on downtime due to not being able to provide work, the affected employees

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will be entitled to receive a monthly downtime compensation in an amount of 75 percent, with a maximum limit of 700 euros per one employee. Downtime compensation will not be liable to personal income tax (PIT) and mandatory state social insurance contributions. In addition, if a company will increase the number of employees while receiving downtime compensations, the payments will be terminated. Upon applying for downtime compensation, the Employer shall certify that he will not release the employee at least a month after submitting the application;

- If a company, who applies for downtime compensation has a tax debt exceeding 1000 euros, and hasn't received an official payment deadline extension, or hasn't reached a special agreement with the State Revenue Service, such company does not qualify for downtime compensation, but may still apply in order to ensure that employees receive downtime compensation from State Social Insurance Agency;
- In order to apply for the downtime compensation, the employer must submit an application to the State Revenue Service. Downtime compensation will be transferred directly to the employee's bank account, indicated in the application;
- Employer is allowed to partially compensate to his employees the difference between the downtime compensation and the average salary amount;
- Downtime is limited to a time period from 14 March 2020 until 30 June 2020.

As of 16 May 2020:

- Applications for downtime compensation for previous month/-s will be refused. From now on, applications for downtime compensation can only be submitted for the current month (for May – no later than until 31 May 2020, for June – from 1 June 2020 to 31 June 2020);
- Employees of companies that are not eligible for downtime compensation will be evaluated by State Social Insurance Agency and will be able to receive downtime compensation. Consequently, all employers are advised to and can apply for downtime compensation.

As of 9 May 2020:

- an employer can apply for a downtime compensation only for the current month;
- employees returning from parental leave are also entitled to receive downtime compensation;
- employees who are simultaneously carrying out other commercial activities are also entitled to receive downtime compensations if monthly income from said commercial activity does not exceed 430 euros.
- the employer is required to inform the State Revenue Service in case the employee no longer qualifies for downtime compensation or downtime has stopped;
- penalty for submitting false information to the State Revenue Service regarding reception of downtime compensation can be imposed.

Self-employed persons and micro-enterprises can apply for downtime compensation if they have not received any income from their activity during the period from 14 March 2020 until 30 June 2020.

On 23 April 2020, the Cabinet of Ministers adopted regulations for support to persons who do not qualify for downtime compensation. Such persons shall receive downtime support payments in a maximum amount of 180 euros per month.

OTHER BUSINESS SUPPORT

Other main aspects included in the law "On measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19" are as follows:

- Deadline for tax payments: Taxpayers affected by the COVID-19 crisis are entitled to submit a motivated request to the SRS asking to either postpone the deadline for tax payments (for up to three years), or to split (divide) tax payments due in several instalments;
- VAT refund: Effective as of 1 April 2020 enterprises may not wait until end of the year for VAT refund. The SRS shall refund the approved overpaid amount indicated in the VAT return within 30 days from deadline for submitting of the VAT return, or the date of submission of the VAT return (if it was submitted after the deadline) or date of submission of amended VAT return. Before refunding the overpaid VAT, the SRS will cover the unpaid taxes.
- Immovable Property Tax: In 2020, municipalities have the right to extend deadlines for payment of Immovable Property Tax, by transferring them to a later date during 2020. Riga municipality decided to push the deadline for first Immovable Property Tax payment from 31 March 2020 to 15 May 2020, but on 8 May 2020 decided to extend the deadline to 1 July 2020, while the payment with initial deadline of 15 May 2020 – to 17 August 2020;
- Project of DD Corporation Program: During 2020-2023 members of project of State Revenue Service In-depth Cooperation Program may submit to the SRS evidence proving how COVID-19 crisis has affected their tax discipline, financials, solvency and compliance discipline in order to maintain the member status. The SRS is authorized not to exclude members from the program, and also not to issue other unfavourable decisions;
- As of 9 May 2020, and until 31 December 2020, all members of SRS In-depth Cooperation Program, affected by the Covid-19 crisis, will be able to:
 - 1) Cut the amount of downtime compensation for their employees from current 100 percent of the salary amount to 70 percent. In any case, the employee shall retain the minimum mandatory salary (430.00 euros) and minimum benefits for each child under his/her care;
 - 2) To order employees to exercise unused annual paid leave (disregarding the employee's wishes).
- Credit guarantee: The applicable conditions for credit guarantee to be provided by ALTUM: guarantee will not exceed 5 million euros, maximum term – 2 years (previously planned – 10), may cover no more than 50 percent of obligations;
- Loans provided by ALTUM: ALTUM loan conditions are as follows: maximum amount – EUR 1 million, maximum term – up to 3 years, possibility to postpone payment of principal amount for up to 12 (twelve) months. Loans will be issued with reduced collateral requirements and with a reduced interest rate;
- Credit guarantees and loans: Credit guarantees, and loans will be available to companies that did not have financial difficulties prior to the crisis. Additionally, companies will have to prove that their financial difficulties result from COVID-19, that they are economically viable, and that credit guarantee/loan will help them to recover and successfully continue commercial activities;
- Lease: State and municipal institutions as well as derived public persons and state-owned enterprises will be able to release their tenants – companies (as of 30 April

2020, also including: businesses, societies and foundations acknowledged by the local municipality) most severely affected by COVID-19 – from lease payments entirely, or alternatively – to decide on reduction of lease payments (this does not refer to companies that have concluded lease agreements for extracting valuable resources). General requirements to qualify for this support are:

- 1) due to spread of COVID-19, company's income in March, April, May and June 2020 diminished for at least 30 percent in comparison to average monthly income during 2019);
 - 2) the company's total tax debts do not exceed 1000 euros;
 - 3) the company's total tax debt exceeds 1000 euros, but the company has reached an agreement with SRS;
 - 4) the company is not insolvent;
 - 5) during the previous year the company did not have 3 (three) or more unpaid lease payments or other cases of not fulfilling obligations. If the afore-mentioned cases of non-fulfillment were present, they must have been settled until 29 February 2020.
- Electronic shareholder/member meeting: Associations and cooperative societies will be able to convene a shareholder/member meeting remotely through electronic means.
 - Annual reports deadline: The deadline for submitting 2019 annual reports is prolonged for three months.

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

Producers and remanufacturers of agricultural products, who are affected by the COVID-19 crisis, are entitled for of State support from 100 000 euros up to 800 000 euros, depending of the entrepreneur's activity.

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

Employment-related support: In case an employee has contracted the virus or must stay in quarantine due to being in close contact with another family member with the virus or a contact person, the doctor will issue a sick-leave certificate B, which will be paid for by the state in accordance with the applicable regulations.

4.2 Contracts, debts and civil law

The law "On measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19" also provides for several additional amendments in relation to delayed fulfilment of civil law obligations, including:

- Until 1 September 2020, creditors will not have the right to submit applications for the insolvency of a legal entity on the basis of criteria set out in Article 57, Points 1 to 4 of Insolvency Law;
- The term for exercising commercial pledge rights has been extended from 30 to 60 days;
- From now on, the time period for voluntary enforcement of a court judgement will not be longer than 60 days from the entry into force of the decision (instead of 10 days as it was before);
- A minimum limit of 60 days has been set for undisputed enforcement of obligations meaning that before creditor can turn to the court with the respective application, a

- 60-day term shall be observed (the debtor must receive a 60-day prior notice). If the creditor fails to comply with this term, the judge may decide to reject the application;
- A minimum limit of 60 days has been set for settlement of a debt. Debtor must be awarded 60 days for the fulfilment of the debt.

Prior to turning to a sworn notary in order to apply for a notarial deed for debt recovery, creditor will have to observe a 60-day term from the date the debtor's payment obligation is due.

Starting from 1 April 2020 until 1 September 2020, the default interest for the delay of performance of civil law obligations shall not exceed the statutory interest as prescribed by law

From 12 March 2020 until 1 July 2020, the running of the statute of limitations for statutory obligations has been suspended. The specific period shall be deducted from the calculation of the limitation period.

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

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

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

4.3 Regulatory response

- Travelling and movement
- Conducting of business
- Export

As of 1 June 2020, several restrictions will be lifted with regard to educational, cultural and physical activities as various events such as state exams, educational institution admission exams and rehearsals of amateur artist collectives will be allowed to take place in person. However, the prohibition for gathering of more than 25 people is still in full effect and has not been lifted yet.

On 7 May 2020, the Cabinet of Ministers extended the State of Emergency in Latvia until 9 June 2020, while simultaneously easing the COVID-19 related restrictions.

RESTRICTIONS ON TRAVELING/MOVEMENT

- Starting from 15 May 2020, Latvian nationals and permanent residents are allowed to travel to Lithuania and Estonia, while travelling restrictions to other countries are still in place.
- In May and June 2020 airBaltic and Lufthansa are organizing flights to and from Riga. Countries of destination are: Germany, Finland, Norway.
- Exceptions regarding the movement and travelling restrictions are possible and depend on the decision of Minister of Transport and Minister of Interior.
- There is no restriction on the movement of goods (import and export).
- Foreign diplomats accredited to work in Latvia as well as individuals in Latvia for humanitarian reasons and for purposes in Latvia's national interests are permitted to enter and leave the Republic of Latvia at the designated border crossing points.

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There are isolation requirements for all persons returning from foreign countries for 14 days. Prior to their return they must issue a written statement, certifying that they will follow isolation requirements (except for transport service provider staff).

As of 15 May 2020, persons travelling to and from Lithuania and Estonia (during the past 14 days) are no longer subjected to self-isolation requirements.

All nationals and residents of the European Union (except for nationals and residents of Lithuania and Estonia) are allowed to cross the territory of Latvia once in order to return to the place of their residence.

As of 15 May 2020, travel and tourism services within the Baltic states will be permitted.

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

As of 20 May 2020, the provision of most state-paid planned health care services has been restored. While hospitals and medical institutions are still obliged to follow strict measures, many of services that were prohibited and/or unavailable due to Covid-19, have been already restored.

In order to limit the COVID-19 spread several additional measures have been adopted:

- Ministry of Transport shall adopt measures in order to ensure 2m social distancing in public transport while simultaneously ensuring proper function of public transport.
- As of 12 May 2020, Ministry of Transport is required to ensure the usage of face covers while using public transport.

AS OF 12 MAY 2020, FOLLOWING RULES REGARDING SOCIAL AND COMMERCIAL ACTIVITIES SHALL APPLY:

- Public activities are allowed if they meet following conditions:
 - 1) The number of participants is limited to 25;
 - 2) The facilitator must provide necessary disinfection means and follow all mandatory precaution measures;
 - 3) Public activities indoors are limited to three hours (no time limitation for outdoor activities);
- After 12 May 2020 the first cultural institutions, such as museums, libraries, the National Archives and private cultural sites such as cinemas or concert halls, will be allowed to gradually reopen. The Ministry of Culture and its institutions in cooperation with the Ministry of Health have developed a so-called "sanitary protocol", which will be made binding for both state and local government and private cultural institutions;
- Cultural institutions may organize their opening hours from 07:00 till 24:00;
- Social distancing of 2 meters is mandatory inside public facilities and outside (except for juveniles and their parents, people living in one household as well as cases when there are only two people in the premises);
- As of 12 May 2020, shopping centers shall be opened on weekends without any limitations;
- Supplying State orders for drugs, protection and decontamination equipment are a priority;
- Additional regulations regarding circulation of ethanol and denatured alcohol have been imposed.

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

As of 9 April 2020, during public procurement procedures, it will be possible to acquire protective gear and medical equipment, through public procurement, without the gear and equipment having mandatory verification and CE marking.

4.4 Working

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

All persons returning from foreign countries are subject to 14-day self-isolation. This obligation applies to both the public and the private sector. As of 15 May 2020, self-isolation requirement does not apply to persons travelling within the Baltic States (Latvia, Lithuania and Estonia).

PUBLIC SECTOR

State and municipal institutions, e.g. State Revenue Service, The Register of Enterprises and Land register, are working remotely. As of 12 May 2020, and after a period during which courts either postponed court hearings or held them through electronic means, the courts of the Republic of Latvia are gradually resuming to hear court cases in person, while of course ensuring that the applicable restrictions and safety measures are observed.

PRIVATE SECTOR

Although there are no special requirements to organize work from home, but companies that are able to do so, are recommended to organize work remotely from home to the extent is possible.

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

SICK-LEAVE CERTIFICATE

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

Persons who must comply with 14 days of self-isolation but are not eligible for sick-leave certificate B, shall negotiate with their employer possibility of working remotely or taking a vacation.

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

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

As of 2 April 2020, the employer is responsible for repatriating his employees, who are returning from a foreign business trip, without the use public transportation. As of 12 May 2020, this regulation no longer applies to employees returning from Lithuania and Estonia.

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

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

Minister of Economy in cooperation with Minister of Health has issued criteria for when self-isolation requirement shall not apply to foreign nationals, entering the territory of Latvia in order to ensure the fulfilment of commercial obligations of Latvian enterprises in cases when the said foreign national does not show signs of respiratory illness.

4.5 Contact in Latvia



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5. LITHUANIA

Latest news:

- The Lithuanian government has extended quarantine until 16 June but is moving ahead with quarantine easing.
- The entry of foreigners into the Republic of Lithuania is prohibited. However, there is a set of exceptions, stated in section 5.2 of this newsletter.
- As of 28 May, regular flights to Germany and the Netherlands have been approved by the government.
- Persons who have returned or arrived from foreign countries shall fall subject to 14 days' isolation, except respective cases stated in section 5.2 of this newsletter.
- Citizens of the countries of the European Economic Area, the Swiss Confederation and of the United Kingdom of Great Britain and Northern Ireland, and persons lawfully residing in these countries will be allowed to enter Lithuania as of 1 June, provided that the incidence of COVID-19 in their country has not exceeded 25 cases/100 000 population in the last 14 calendar days. The list of such countries will be approved and made public every Monday.
- From 1 June until 15 June, cultural, entertainment, sports and other events will be allowed with a maximum of 300 spectators or where people stay in their cars. The distance of at least 1 meter between people will have to be ensured, except family members. Indoor events can be attended by up to 100 spectators keeping the distance of 2 meters from each other (except family members) and ensuring maximum 30 percent capacity.
- As of 16 June, outdoor cultural, entertainment, sporting or other events will be allowed to gather up to 500 spectators, and indoor events - up to 150 spectators, provided that all the safety requirements are met.

Country overview:

5.1 Direct business support

MICRO-COMPANIES UP TO 9 EMPLOYEES ENTITLED TO A STATE SUBSIDY

On 11 May 2020 the Lithuanian Government has agreed to introduce the measure "[Subsidies to micro-companies](#)" in order to help small businesses to reduce the negative impact of COVID-19 economic crisis. According to this measure, micro-companies having 9 employees or less will be eligible to get the state subsidies that may be used for its activities.

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34,000 micro-companies should soon receive an invitation to apply for the state subsidy on Mano VMI gateway, provided that the following requirements established by the Lithuanian Government are met:

- 1 May 2020 the company had 9 employees or less;
- the company is included in the list of taxpayers that are expected to have a negative impact in relation to the COVID-19 restrictions;
- the company has duly paid personal income tax (PIT) to the state and municipality budgets;
- the company is not subject to insolvency, reorganization or liquidation.

Provided that the company is not in the list of taxpayers that are expected to have a negative impact in relation to the COVID-19 restrictions, but experienced a negative impact, it can apply to the tax authorities in order to be included in such list and thus be entitled to the state subsidy.

Calculation of the subsidy

The amount of the subsidy is calculated individually by the tax authorities according to the amount of PIT paid by the Company in 2019:

- if PIT paid in 2019 is up to 1.000 euros, the minimal subsidy of 500 euros may be granted;
- if PIT paid in 2019 is from 1.000 euros to 2.000 euros, the subsidy of 1.000 euros may be granted;
- if PIT paid in 2019 is above 2.000 euros, the subsidy of half of the pit paid in 2019 may be granted.

According to the information provided by the State Tax Authorities, the number of subsidies (including all the state subsidies that are available) in the last 3 years (from 2018) should not exceed:

- 100.000 euros for transportation companies;
- 20.000 euros for agriculture companies;
- 30.000 euros for fishing industry companies;
- 200.000 euros for the rest of the companies.

When to apply?

We recommend applying for the subsidy once the invitation is received on Mano VMI account of the Company.

TAX NEWS FOR BUSINESSES – TAX DEFERMENTS

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

- The STI announced the list of taxpayers that are expected to suffer from the COVID-19 restrictions. Such companies will be by default entitled to the following tax reliefs:
 1. STI, Sodra and Lithuanian Customs will not initiate the execution of declared taxes / social insurance contributions (except customs duties) in case on non-payment of tax;
 2. Unpaid tax or social insurance contributions amounts will not be subject to late payment interest.
- Moreover, all affected businesses will be eligible to defer the tax payments by concluding an interest free simplified tax loan agreement with the STI / Sodra and make the tax payments according to the agreed schedule. The application form for the

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tax loan agreement is available [here](#). One application form is applicable both for STI and Sodra related payments and will be submitted through STI online system.

- Entities that have outstanding tax liabilities may apply for tax loan agreement and can expect the same conditions: no late payment interest calculated from 16 March 2020 and the tax deferment will be available.

IMPORTANT: the above listed rules will be applicable two months after the state of emergency is cancelled.

TAX NEWS FOR ENTREPRENEURS

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

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

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

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

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

THE FORM CONSISTS OF 3 PARTS:

- ✓ Request to conclude tax loan agreement for taxes payable to STI and contributions payable to SODRA
- ✓ Request not to calculate late payment interest
- ✓ Request not to charge the outstanding tax amounts.

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

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

TAX NEWS FOR INDIVIDUALS

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

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

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SIMPLIFIED REQUIREMENTS FOR DONATIONS

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

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

DONATIONS ARE FREE FROM VAT

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

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

REDUCED 5 PERCENT VAT RATE FOR ONLINE NEWS MEDIA

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

VAT DEDUCTION OF UNUSED ITEMS

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

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

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

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

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

WHO CAN APPLY?

EMPLOYERS, WHICH:

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- Announced downtime during a declared state of emergency and nationwide quarantine, and cannot provide their employees with work, in cases where
- work cannot be carried out remotely, or
- the employee does not agree to carry out other work functions.

- Are not budgetary institutions;
- Are not in liquidation or insolvency proceedings;
- Have a clean offence record.

WHERE TO APPLY?

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

WHAT DOCUMENTS TO SUBMIT?

FOR THE FIRST APPLICATION:

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

FOR SUBSEQUENT MONTHLY APPLICATIONS:

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

WHEN WILL THE SUBSIDIES BE PAID OUT?

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

END OF PAYMENT

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

WHAT WILL BE THE AMOUNTS?

THE FOLLOWING AMOUNTS WERE APPROVED BY THE LITHUANIAN PARLIAMENT:

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

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

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

Employers will have to notify the National Labour Inspectorate about announced downtime. If it turns out that the employee is working during downtime, the employer will have to repay granted subsidy amounts.

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

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

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

The Lithuanian parliament approved a post-quarantine package which offers state subsidies for employees returning to work from downtime. The following state subsidy amounts were approved:

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

In all cases, state subsidies will be limited to 607,00 euros (gross).

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

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

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

5.2 Regulatory response

- Travelling and movement
- Conducting of business

TRAVELLING AND MOVEMENT RESTRICTIONS

The entry of foreigners into the Republic of Lithuania is prohibited except for:

- Citizens of the countries of the European Economic Area, the Swiss Confederation and of the United Kingdom of Great Britain and Northern Ireland, and persons lawfully residing in these countries, provided the incidence of COVID-19 (coronavirus infection) in the country where they lawfully reside has not exceeded 25 cases / 100 000 population in the last 14 calendar days. The list of such countries shall be approved and made public every Monday by the State Commander of National Emergency Operations;
- Foreigners who hold documents confirming their right to reside in the Republic of Lithuania and foreigners who are family members (parents (adoptive parents), children (adopted children), spouses and carers) of the citizens of the Republic of Lithuania and of foreigners who hold documents confirming their right to reside in the Republic of Lithuania;
- Persons enjoying immunities and privileges under the Vienna Convention on Diplomatic Relations (1961), the Vienna Convention on Consular Relations (1963) and under other international agreements and legislation of the Republic of Lithuania, their family members and their service personnel, also members of official delegations;
- Persons serving in the military units of NATO and of NATO countries and their service personnel, also their family members;
- Crew members, who are employed in Lithuanian companies engaged in international commercial transportation, or who carry out international commercial transportation by all the means of transport;
- Health professionals arriving into the Republic of Lithuania for the provision of transplant services;
- High-performance athletes and their service personnel coming to the Republic of Lithuania at the permission of the Minister for Education, Science and Sports of the Republic of Lithuania for the preparation and participation in high-performance athletic competitions;
- Artists coming to the Republic of Lithuania at the permission of the Minister for Culture of the Republic of Lithuania for the participation in professional artistic events, and their service personnel;
- Journalists coming to the Republic of Lithuania at the permission of the Minister for Foreign Affairs of the Republic of Lithuania;
- And in other exceptional cases, where foreigners are allowed entry to the Republic of Lithuania on the basis of an individual permission by a minister holding the jurisdiction in the respective realm, and whose entry has been approved by the Government;
- Persons transiting through the territory of the Republic of Lithuania:
 - On their return to their country of residence;
 - In whose respect a reasoned request has been made by a foreign country;
 - Seafarers;
- Using facilitated transit of persons from the territory of the Russian Federation to Kaliningrad region of the Russian Federation and backwards. This transit of persons shall be carried out only through Kena railway border checkpoint and Kybartai railway border checkpoint under the conditions laid down by the Minister for Foreign affairs of the Republic of Lithuania.

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As of 4 May 2020, citizens of Lithuania are no longer restricted from leaving the country. However, not all neighboring countries are currently allowing foreigners to cross border.

As of 10 May flights are allowed to resume to destinations approved by the government. Flights to Frankfurt have resumed since 13 May. Vilnius-Riga regular daily flights have been relaunched since 18 May. Vilnius-Talinn flights as well as flights to Oslo, Alesund, Bergen and Torp Sandefjord in Norway resumed on 25 May. **As of 28 May, regular flights to Germany and the Netherlands have been approved by the government.**

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

- Citizens of the countries of the European Economic Area, the Swiss Confederation and of the United Kingdom of Great Britain and Northern Ireland, and persons lawfully residing in these countries, who arrive from the list of countries which is approved by the State Commander of National Emergency Operations following the criteria agreed between the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia, and which is made public every Monday;
- Citizens of the Republic of Lithuania and persons lawfully residing in the Republic of Lithuania, who return or arrive from the Republic of Estonia, the Republic of Latvia and from the Republic of Poland, where they travelled only within the territory of the Republic of Estonia, the Republic of Latvia and the Republic of Poland;
- Citizens of the Republic of Estonia and the Republic of Latvia and persons lawfully residing in these countries, who return or arrive from the Republic of Estonia or the Republic of Latvia, where they travelled only within the territory of the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania;
- Citizens of the Republic of Poland and persons lawfully residing in this country, who return or arrive for the purpose of work, business or studies, provided that for the past 14 days before the entry to the Republic of Lithuania, they did not travel in any other country, except the Republic of Lithuania or the Republic of Poland;
- Persons enjoying immunities and privileges under the Vienna Convention on Diplomatic Relations (1961), the Vienna Convention on Consular Relations (1963) and under other international agreements and legislation of the Republic of Lithuania, their family members and their service personnel, also members of official delegations, and the personnel of the institutions of the diplomatic service of the Republic of Lithuania;
- Persons serving in the military units of NATO and of NATO countries and their service personnel, also their family members;
- Persons working in state and municipal institutions, establishments, state and municipal enterprises who have returned from business trips abroad;
- Health professionals arriving into the Republic of Lithuania for the provision of transplant services;
- High-performance athletes coming to the Republic of Lithuania at the permission of the Minister for Education, Science and Sports of the Republic of Lithuania for the preparation and participation in high-performance athletic competitions, and their service personnel;
- Journalists coming to the Republic of Lithuania at the permission of the Minister for Foreign Affairs of the Republic of Lithuania;
- Artists coming to the Republic of Lithuania at the permission of the Minister for Culture of the Republic of Lithuania for the participation in professional artistic events, and their service personnel;
- Special couriers working on transit trains;
- Persons transiting through the territory of the Republic of Lithuania;

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- Crew members, who are employed in Lithuanian companies engaged in international commercial transportation, or who carry out international commercial transportation by all the means of transport, shall fall subject to isolation from the day of arrival in the Republic of Lithuania until the day of departure from its territory, but no longer than 14 days, except when they return from the country(s) where the incidence of COVID-19 (coronavirus infection) has not exceeded 25 cases/100 000 population in the last 14 calendar days.

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

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

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

There is no restriction of movement inside the country.

Seafarers' transit through the country is allowed as of 15 May 2020. This will be possible only after the shipping company or the ship's agent has ensured their safe transportation **from the entry into the Republic of Lithuania to the departure from it through the international border crossing points.**

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

PUBLIC GATHERING

- Everyone over the age of 6 is required to wear nose and mouth covers at the marketplace, and other trading venues, events, excursions, and public transport boarding points. Also, in public indoor areas, except when eating and drinking in public catering establishments, **exercising, in the pool or sauna.** and exercising. In all other cases, nose and mouth covers (face masks, respirators) are still recommended.

THE LITHUANIAN GOVERNMENT ANNOUNCED AN QUARANTINE EXIT PLAN

The Lithuanian government has extended quarantine until 16 June but is moving ahead with quarantine easing.

Citizens of the countries of the European Economic Area, the Swiss Confederation and of the United Kingdom of Great Britain and Northern Ireland, and persons lawfully residing in these countries, who arrive from these countries will be allowed entry to Lithuania as of 1 June, provided that the incidence of COVID-19 (coronavirus infection) in their country has not exceeded 25 cases / 100 000 population in the last 14 calendar days. The list of such countries will be approved and made public every Monday. No 14 days' self-isolation will be required for the returnees from these countries. At the moment, countries that meet the requirement include Iceland, Slovenia, Greece, Croatia, Cyprus, Norway, Hungary, Switzerland, the Czech Republic and Austria.

As of 1 June, catering facilities, restaurants, cafés, bars, nightclubs, other entertainment venues, gambling houses (casinos) and amusement arcades, bingo halls will be allowed to stay open from 8:00 to 23:00.

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From 1 June until 15 June, cultural, entertainment, sports and other events will be allowed with the maximum of 300 spectators or where people stay in their cars. The distance of at least 1 meter between people will have to be ensured, except family members. Indoor events can be attended by up to 100 spectators keeping the distance of 2 meters from each other (except family members) and ensuring filling of maximum 30 percent capacity.

As of 16 June, outdoor cultural, entertainment, sporting or other events will be allowed to gather up to 500 spectators, and indoor events - up to 150 spectators, provided that all the safety requirements are met.

At the moment, people are not allowed to congregate in public places in groups bigger than five. This restriction will be lifted from 1 June, allowing outdoor activities and sports.

As of 14 May, facemasks and cover are no longer mandatory, but still recommended in most outdoor public places. It is allowed to gather in groups of up to five people.

As of 18 May, indoor restaurants and cafes as well as bars, nightclubs, casinos and entertainment venues, are allowed to open between 08:00 and 22:00. Indoor establishments need to ensure a space of five square meters per person.

As of 25 May, primary schools are allowed, but not required, to resume teaching in classrooms. Face-to-face consultations for school students preparing for graduation exams are allowed, as well as classes for students with special needs. Higher and professional education is allowed to resume courses that cannot be held remotely.

As of 30 May, hosting of events will be allowed to happen indoors and outdoors with a maximum of 30 spectators if an area of at least 5 square meters per person is ensured. The distance of at least 2 meters between people will have to be ensured. Professional sport will be allowed to resume, but without spectators.

Quarantine exit plan announced by the Lithuanian Government

1 stage: starting from 15 April

- ✓ Retailers that have direct access from the street
- ✓ Shops selling household goods and repair service providers
- ✓ Key makers
- ✓ Accessory shops
- ✓ Shoe repair services
- ✓ Bike repair shops
- ✓ Laundry shops and dry-cleaners
- ✓ Rental shops
- ✓ Repair shops
- ✓ Pet stores

2 stage: starting from 23 April and 27 April

As long as they can ensure 10 square meters per client, or serve only one person at a time:

- ✓ Cultural establishments – libraries, museums
- ✓ Hairdressers, beauticians and manicure services
- ✓ Outdoor restaurants and cafes
- ✓ Specialized trainings that cannot take place remotely
- ✓ Outdoor activities, e.g. Tennis and golf courts, shooting ranges, wakeboarding parks, sightseeing paths, parks, zoos, outdoor botanical gardens, observational towers
- ✓ All shops, including shopping centers

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3 stage: starting from 30 April	<ul style="list-style-type: none">✓ Non-food markets✓ Group outdoor activities, as long space of 10 square meters per person maintained✓ Non-essential medical services✓ Facemasks not mandatory outside populated areas, for children under 6 and athletes during training✓ Individual training in indoor sporting facilities✓ Leaving the country allowed from 4 May
4 stage: 7-31 May	<ul style="list-style-type: none">✓ Boating✓ Kindergartens and pre-school education✓ Tattoo parlors, suntan salons and other beauty salons✓ Gym training in small groups✓ Outdoor and indoor events of under 30 people✓ Dental services✓ Hospital visits✓ Unrestricted travels within Baltic countries

5.3 Working

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

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

On 8 April 2020, new amendments of the Lithuanian labour code entered into force.

According to the new amendments, employers may declare downtime for an employee or a group of employees if a state of emergency and quarantine is declared by the Lithuanian Government, and the employer cannot provide the employees with work according to the employment agreement, because due to the peculiarities of work organization it is not possible to work remotely or the employee does not agree to carry out other work functions offered by the employer.

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

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

- Employers are obliged to inform the National Labour Inspectorate about announced downtime within 1 working day after the announcement;
- The employee cannot be required to come to the workplace;
- The employee is entitled to receive a salary that is not lower than the minimum monthly wage approved by the Lithuanian Government (currently 607 euros gross), if full working time is established in the employment agreement. Furthermore, the employer is entitled to receive a compensation for a part of payroll costs incurred during the announced downtime.
- The employer may declare a partial downtime, reducing the number of weekly number days (reducing at least two working days) or the number of daily working hours (reducing at least three working hours). In case of partial downtime, normal salary is

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paid during working time and a reduced rate is paid proportionally during downtime, according to the procedure described above.

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

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

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

REMOTE WORK FOR PUBLIC SECTOR

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

REMOTE WORK FOR PRIVATE SECTOR

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

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

In case there are no possibilities to work from home or there is no work due to objective reasons, the employer can announce a downtime/inactivity period at the workplace. In case an employee must take care of a child going to a kindergarten, pre-school or primary school, the employee is entitled to a sickness benefit for up to 14 calendar days amounting to 65.94 percent of gross salary. The salary for the first 2 days of sickness is paid by the employer.

The quarantine regime has been officially prolonged until 16 June 24:00.

5.4 Contact in Lithuania



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6. SWEDEN

Latest news:

Tillväxtverket, the authority in charge for support for short-time work, has announced that they will not pay out financial support to companies that pay out dividends. In addition, companies that have paid out dividends and received the support will be liable for any support paid out. These rules apply primarily to listed companies and what applies to smaller companies will be investigated further.

Country overview:

6.1 Direct business support

TAX

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

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

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

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

The rules on the so-called periodization funds (a profit equalization fund, Sw: periodiseringsfond) are temporarily changed so that self-employed persons receive reduced tax. The new rules mean that 100 percent of the taxable profit for 2019 may be set aside for such funds, up to a ceiling of 1 million SEK, which can then be offset against possible future losses. This concerns individual traders and natural persons who are partners in trading partnership.

RENT

In order to reduce the costs for companies in sectors such as durables, hotels, restaurants and fairs as well as consumer services such as dentists, physiotherapy activities, hair and body care etc., the government has allocated 5 billion SEK for support of reduced fixed rents. The support is to be applied for by the landlord who has lowered the fixed rent for tenants during the period 1 April to 30 June. The compensation is given with a maximum of 50 percent

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of the reduced fixed rent, i.e. the discount itself, but a maximum of 25 percent of the original fixed rent. The rent reduction agreement between the landlord and the tenant must be concluded before 30 June. The application must be sent no later than 31 August 2020 online through the county administrative boards (Sw: länsstyrelserna).

ADAPTATION SUPPORT

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

DORMANT SOLE PROPRIETORSHIPS

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

6.2 Contracts, debts and civil law

EXTENDED OPPORTUNITIES FOR LOANS:

- Almi Företagspartner, a state-owned venture capital firm, will receive a capital injection of 3 billion SEK to increase their capacity to lend to small and medium-sized companies.
- The Swedish Export Credit Agency's debt limit is extended from 125 billion SEK to 200 billion SEK for loans to export companies.
- The Swedish Export Credit Agency ceiling for credit guarantees is increased from 450 billion SEK to 500 billion SEK.
- A government loan guarantee, where the state guarantees 70 percent of new loans from the banks to companies that have encountered financial difficulties. The guarantee is issued to the banks, which in turn issue guaranteed loans to the companies. The loan guarantee is primarily aimed at small and medium-sized companies, but there is no formal limit on the size of the company. Each company may be granted a loan at a maximum amount of 75 million SEK, but exceptions can be made.

SHAREHOLDERS' MEETINGS

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

DIVIDENDS

Tillväxtverket, the authority in charge for support for short-time work, has announced that they will not pay out financial support to companies that pay out dividends. In addition, companies that have paid out dividends and received the support will be liable for any support paid out.

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These rules apply primarily to listed companies and what applies to smaller companies will be investigated further.

6.3 Regulatory response

CITIZENS

The Public Health Authority urges people with symptoms, even mild ones, to avoid social contacts to avoid infecting others. This applies both in working life and in private life.

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

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

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

EDUCATION

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

On 19 March 2020 the Parliament passed a new regulation that gives the government the possibility to close elementary schools and preschools and that secures care for children of guardians working in socially important activities. However, as of yet the government has not yet decided to close elementary and preschools.

FOREIGN TRAVEL

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

The government prohibits all travel to Sweden from countries outside the EU until **15 July**. Swedish citizens and other persons permanently residing in Sweden are however able to return home from abroad. The entry ban does not apply to people who have particularly important reasons for traveling to Sweden, e.g. diplomats and persons in need of international protection.

DOMESTIC TRAVEL

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

POLITICS

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

RESTAURANTS, STORES, TRANSPORT

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

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The Public Health Authority have released guidelines regarding how to reduce the number of customers staying in such areas as grocery stores, department stores and shopping centers at the same time, including e.g. to develop alternative solutions to avoid queues, or to specify the distance between the customers.

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

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

MEDICAL

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

6.4 Working

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

HOME OFFICE/ REGULAR OFFICE

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

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

SHORT-TIME WORK

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

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

SICKNESS AND SICK-PAY

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

The qualifying day for sick pay will be discontinued between 11 March 2020 and 31 May 2020. Thus, the employee is entitled to sick pay from the first day of sickness. The requirement for medical certificate from the eighth day of the sick period shall be repealed. Hence, the employee can stay away from work without a medical certificate issued by a doctor.

6.5 Contact in Sweden



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7.

RÖDL & PARTNER IN THE NORDIC-BALTIC REGION

As an integrated professional services firm, Rödl & Partner is active at 109 wholly-owned locations in 49 countries. We owe our dynamic success in the service lines audit, legal, management and IT consulting, tax consulting as well as tax declaration and BPO to our approx. 5.120 entrepreneurial minded partners and colleagues.

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

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