

# Rödl & Partner

## Coronavirus (COVID-19)

IT IS TREATABLE – STATE AID PROGRAMS TO  
MITIGATE ADVERSE EFFECTS ON YOUR BUSINESS  
Latest updates on current status | Nordic-Baltic region

20. March 2020



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## 1. OVERVIEW ON STATE SUPPORT MEASURES IN THE NORDBALT REGION

Rödl & Partner closely monitors all the news and governmental announcements connected with the Covid-19 case. We are keeping track of eventual governmental measures, which may enable businesses to mitigate the adverse implications.

### 1.1 Denmark

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

Continued 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. This is an exception to the current rules on continued payment of wages, according to which reimbursement is only possible after the 30th day of sickness.

The reimbursement of wages also takes place according to the special regulation only in the amount of the applicable state daily sickness benefit rate. This is currently approximately DKK 14,300 a month. Salary costs that exceed this amount are borne by the employer.

This special 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. It does not apply in the event that an employee who has not been found to be infected with the virus has quarantined himself or for any other absence due to illness.

Similar rules apply to self-employed.

Refunds are made through the online portal [www.virk.dk](http://www.virk.dk).

A corresponding draft law was adopted on March 17, 2020 in the Danish parliament. The law applies retrospectively to cases that occurred after February 27, 2020. It is limited until January 1, 2021.

#### SALARY-COMPENSATION FOR COMPANIES THAT ARE FACING DISMISSAL OF EMPLOYEES

The Danish government together with the Danish labor market parties (unions and employer associations) have 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% 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 three 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 is planned:*

- For full-time employees up to 75% of the salary, max. however, DKK 23,000 a month.
- For hourly-paid employees up to 90%, max. however, DKK 26,000 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.

The regulation is to apply for the period from March 9, 2020 to June 9, 2020. Starting week 13, it should be possible to apply for salary compensation via the online portal [www.virk.dk](http://www.virk.dk).

## *Compensation for self-employed:*

Self-employed who have had a turnover of min. DKK 15,000 a month in the preceding period and expect a revenue loss of min. 30% can receive financial compensation corresponding to 75% of the expected revenue loss. However, the compensation amounts to a maximum of DKK 23,000 per month. In order to receive compensation, it is a requirement that:

- the self-employed has min. 25% ownership of the company,
- there is a maximum of 10 employees,
- the company is registered in the danish Business Register (CVR-register) and the Danish Civil Registration System, and
- the company must have been established by February 1, 2020.

A temporary 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%. The self-employed can receive 75% of the expected B-income loss, however a maximum of DKK 23,000 per person.

The regulation for both self-employed with and without a CVR-number have not yet been adopted but are expected to apply for the period from March 9, 2020 to June 9, 2020.

## *Compensation for fixed costs:*

For several companies, such as restaurants, hotels and airlines, the business has temporarily disappeared or has been reduced. At the same time, companies still have to pay rent and other fixed expenses. The Danish government therefore introduced a fixed cost compensation where companies can be reimbursed for documentable fixed expenses, including, for example, rent, contract-related expenses (leasing), etc.

*The following fixed costs compensation is planned:*

- 80% if the revenue decline has been between 80-100%
- 50% if the revenue decline has been between 60-80%
- 25% if the revenue decline has been between 40-60%

In this period companies who are required to be fully closed will be compensated during this period, corresponding to 100% of the fixed costs.

However, no compensation can be applied for if the fixed expenses are less than DKK 25.000 during the period from 9 March - 9 June. A maximum compensation of DKK 60 million can be obtained per company during the period. The regulation has not yet been adopted but is expected to apply for the period from March 9, 2020 to June 9, 2020.

## *Other government measures to support the economy include:*

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

The documentation requirements for the aid packages mentioned are extremely extensive and require, among other things, an independent declaration by the auditor. Various documents and information can be found on the online portal for Danish companies, but this is only in Danish.

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.

## 1.2 Estonia

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 to 1 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.

The government has decided to support the Estonian working people and economy in the emergency situation with two (2) billion euros. The package of measures, which accounts for almost 7% of GDP, includes the following:

- Labour market service provided by the Estonian Unemployment Insurance Fund to support in case of reduced earnings - in the amount of EUR 250 million, under the following conditions:
  1. the benefit 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 allowance is paid to employees whose scope of work or remuneration has been reduced 30% or more. The allowance is paid on a monthly basis up to a maximum of EUR 1 000 (gross amount) per employee in need
  3. the allowance shall be paid, as a general rule, at 70% of the gross salary of the employee during the previous 12 months, plus a gross amount of at least EUR 150 paid by the employer to the employee. The Estonian Unemployment Insurance Fund and the employer shall pay all taxes on wages and allowances.

The compensation can be applied for by employers, whose business has been severely disrupted by the coronavirus, whose turnover and income have decreased sharply, and who have difficulties in providing work to employees and paying their wages.

- 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 EUR 50 million), a working loan (up to EUR 100 million) or land capital (up to EUR 50 million);
- For self-employed workers, an advance social tax aid measure will be introduced;
- Contributions into the funded pension 2nd pillar will temporarily be suspended;
- Direct costs of cultural and sports events which were scheduled for March-April and cancelled due to COVID-19 shall be compensated in part

### SUPPORT MEASURES TO BE 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 EUR 2-5 million, depending on the nature of the project, the maximum guarantee amount for all projects will now be raised to EUR 5 million

## 1.3 Finland

Companies may receive an extension to tax return's filing deadline, or a relief for late-filing penalties, required that company presents a justified reason for the request (to which coronavirus counts currently). The request should be made to Tax Administration preferably until original filing date, or immediately thereafter.

**NOTE:** With regards of VAT, extensions for filing deadline cannot be granted, but a relief for late-filing penalties can be applied. Tax Administration has also declared its' readiness to agree on payment schedules for taxes due, also requiring timely reaction of the tax payer.

Finland has announced a support package worth some 15 billion euros to try and support businesses and individuals as the economy enters a downturn. The government approved most of the temporary measures agreed by the labor market organisations on Wednesday.

*The measures include:*

- The employment pension contribution shall be reduced by 2,6%. It will be implemented as soon as possible and will be valid until the end of 2020. Pension companies refrain from paying customer bonuses for a period when employers' pension contributions are reduced;
- The guarantee mandate of the state-owned special financing company Finnvera will be increased by EUR 10 billion to a total of EUR 12 billion. The increase in the mandate will allow additional financing of EUR 10 billion for businesses;
- An increase of EUR 150 million in Business Finland's assistance mandate to be used for rapid business support activities. An increase of EUR 50 million is proposed to support business development projects;
- The Government promises to support the airline Finnair with a state guarantee of EUR 600 million;
- An amount of EUR 200 million is proposed for non-specific expenditure relating to exceptional circumstances.

## 1.4 Latvia

During the session of the Cabinet of Ministers, which took place on **19th March 2020**, the Cabinet of Ministers discussed the draft law "On measures to prevent the state emergency and it's consequences regarding the spread of Covid-19", which was prepared in order to provide support to those companies and individuals that were affected by the COVID-19 crisis.

The main aspects included in the draft law are as follows:

- Each tax payer (natural or legal person) affected by the COVID-19 crisis is entitled to request the SRS to prolong the deadline for tax payment (max. deadline – up to three years);
- Local governments are entitled to introduce new deadlines for payment of the real estate tax for 2020, by postponing the to a later deadline (but still within the 2020);
- State and local government institutions, as well as state controlled companies, ports and special economic areas, shall release the enterprises of those economic areas,

affected by the crisis, from lease payments for the applicable property, while the law is in effect. Alternatively a reduction of lease payments is possible;

- If an employer from the business area affected by the COVID-19 crisis is on downtime, the affected employees are entitled to receive a monthly compensation in an amount of 75%, with a maximum limit of EUR 700 per one employee. Downtime compensation will not be subjected to a personal income tax and mandatory social payments;
- Until 01.09.2020 company board on its own initiative, or based on the request of the company shareholders, who represent at least 20% of the company share capital (for cooperative enterprises – 20% of all members), may request that shareholder/member meeting be convened remotely through electronic means. Electronic or written voting is possible. In case of a written voting, the votes shall be received by the company at least 1 day prior to the shareholder meeting;
- Specific debt recovery regulations that are aimed at the temporary debtor protection (for a 60 day time period);
- Until 01.09.2020 creditors are not allowed to submit an insolvency application in case the debtor: was unable to pay the debt according to the court decision; accumulated debts that exceed EUR 4285; accumulated debts, in which the main debt exceeds the EUR 2134 threshold; debtor was unable to pay salary and/or other applicable payments to his employees;
- The deadline for submitting 2019 annual reports is prolonged for three months.

In addition the Cabinet of Ministers reviewed the Cabinet of Ministers Regulations regarding the guarantees for the enterprises affected by the COVID-19 crisis. Guarantees and loans will be provided through Altum State Development Agency in order to allow the companies, suffering from the effects of COVID-10 crisis to use additional financial support mechanisms. According to the information published on Altum webpage, guarantees will become available during March 2020.

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

## 1.5 Lithuania

### TAX DEFERMENTS

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

- taxpayers are allowed to switch the calculation method of corporate income tax (CIT) from the retrospective method (advance CIT for Q1 and Q2 of 2020 is calculated according to previous year results) to forecast method (CIT for Q1 and Q2 of 2020 is calculated according to the financial results estimation) until March 30th. If the businesses that had profit last year are not expecting positive financial results in 2020, we recommend to switch to forecast method and avoid unnecessary payment of CIT.
- deadline for advance CIT reporting and payment (advance CIT for Q1 and Q2 of 2020) extended to March 30th instead of March 16th.
- The STI announced the list of taxpayers that are expected to have a negative impact in relation to the COVID-19 restrictions and 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.



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This list can be accessed on the official website of the Lithuanian State inspectorate:  
<https://www.vmi.lt/cms/informacija-apie-mokesciu-moketojus>

- Entities not included in the list of taxpayers announced by the STI has to apply separately to apply these measures
- **Moreover, businesses are available to conclude 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 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 March 16 and interest free tax loan agreement simplified procedure.

**IMPORTANT:** the above listed rules will be applicable until the state of emergency is cancelled.

FORMS TO APPLY FOR STATE SUPPORT VIA TAX DEFERMENTS ARE AVAILABLE FROM TODAY

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
- 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 Personal Income Tax (PIT) reporting and payment deadline is postponed to July 1, 2020 (instead of May 1, 2020). So the individuals in Lithuania should not worry about the individual PIT reporting in face of COVID-19 caused challenges.

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

## STATE SUBSIDIES FOR DOWNTIME PAYMENTS DURING LOCK-DOWN APPROVED BY THE LITHUANIAN PARLIAMENT

On Wednesday the Lithuanian lawmakers urgently approved economic measures proposed by the Lithuanian Government to help businesses and employees mitigate the negative consequences of the COVID-19 crisis.

Employers, who closed down their businesses due to the lock-down, will receive two-sized subsidies which will be paid by the state during the lock-down period for up to 3 months. The employers on the other hand, have to keep their employees employed for another 3 months after subsidy payments are finished.

Businesses that did not have to stop their activities due to lock-down, but were affected in other ways, can expect a subsidy of 60 percent of their employee's salaries. The remaining amount will have to be paid by the employers. Approx. 300 Mio. euros will be made available from the state budget.

The second subsidy will be available to businesses that had to completely shut down their activities due to the Government's decree and would cover 90 percent of the payroll costs. The government is still calculating how much state funds will be required.

In both cases, state subsidies would not exceed the minimum monthly salary in Lithuania, now standing at 607 euros gross.

## THE EUROPEAN COMMISSION ADOPTED A TEMPORARY FRAMEWORK TO ENABLE MEMBER STATES TO FURTHER SUPPORT THE ECONOMY IN THE COVID-19 OUTBREAK

According to the approved Temporary Framework to support the economy in the context of the COVID-19 outbreak, the following types of state aid will be allowed:

- Direct grants, selective tax advantages and advance payments: Member States will be able to set up schemes to grant up to €800,000 to a company to address its urgent liquidity needs.
- State guarantees for loans taken by companies from banks: Member States will be able to provide State guarantees to ensure banks keep providing loans to the customers who need them.
- Subsidised public loans to companies: Member States will be able to grant loans with favourable interest rates to companies. These loans can help businesses cover immediate working capital and investment needs.
- Safeguards for banks that channel State aid to customers.
- Short-term export credit insurance.

The Framework will be in place until the end of December 2020 with plans for extension.

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

## 2. HOW WILL WE SUPPORT YOU?

Businesses shall promptly react to the ongoing challenges. In this respect, we would be glad to provide you with all the necessary assistance and support in order to reduce the impact of Covid-19 on your business.

*Using state aid and other state support measures:*

- Preparing for and applying support measures (loans, support payments, state securities); including assessing on whether the company qualifies for support measure
- Helping with identifying and applying for support measures to be provided by state-owned financial institutions
- Application for tax payment deferrals, tax loans, etc.

*Financial planning and analyzing:*

- Review of cash flow prognosis and identifying potential cost cutting measures
- Performing scenario analysis and (re)forecasting
- Rescheduling payments and debt restructuring
- Assessment of resulting damage assessment

*Cutting down costs:*

- Tailored advice related to employment issues to be provided by our team of legal, tax and payroll professionals, including, but not limited to supporting in finding the best solutions connected with:
  1. home office/remote work
  2. possibility of salary reduction
  3. possibility of work time reduction
  4. preparing for and applying support measures in case of a reduced salaries scenario; including assessing on whether the company qualifies for support measure
- Analysis of the existing lease contracts from the prospective of possibility to reduce or cease lease payments.

*Contractual relations:*

- Advising in connection with fulfillment of existing contractual obligations with clients and suppliers
- Assistance during negotiations seeking to reach a win-win solution and ensure business continuity

*Debt recovery:*

Assistance in connection with recovery of indebtedness for the services and products, thus assuring a healthy cash flow of your business.

If you want to know more how we can help you to keep your business healthy, please contact

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## 3.

### UPDATE ON RESTRICTIONS AND LABOR LAW

#### 3.1 Denmark

##### 3.1.1 CONTAINMENT RESTRICTIONS

- travelling and movement
- conducting of business
- export

##### TRAVELING

The Danish Ministry of Foreign Affairs has advised against all unnecessary trips abroad. The Danish borders have been closed since Sunday 15.3. 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. It will however, still be possible to transport food, medicine and necessary means for industry production and it is emphasized that closing the boarders does not prevent import or export of goods. Normal business trips are not a valid reason.

##### BUSINESS CLOSURE

The latest measures were announced at a press conference by the Danish Prime Minister on March 17 in the evening. Restaurants and cafés are closed from March 18 and may only offer takeaway. Shopping centers, hairdressers, dentists and other shops that are in close contact with each other are closed. Supermarkets, pharmacies, post office and other everyday businesses remain open. Sports facilities and fitness center are closed. Meetings of more than 10 people are from March 13 prohibited - both in closed rooms and outdoors.

##### 3.1.2 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. Schools, kindergartens and public leisure facilities are closed.

##### REMOTE WORK FOR PRIVATE SECTOR

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

##### CHILDCARE

The employee must take care of his children himself and therefore ensure the best possible service from home. As far as the legal situation - in practice this will be difficult for a number of employees. In this case it is recommended to seek practical solutions.

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## SHORT TIME WORK

Short time work is only possible within the framework of collective agreements and only applies to workers. Short-time work can only be established with consent from both unions and employer organisation, but can come into force immediately after an agreement is reached. Short-time workers will then partly receive unemployment benefits from their unions (A-kasse).

## Contact in Denmark

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## 3.2 Estonia

### 3.2.1 CONTAINMENT RESTRICTIONS

- travelling and movement
- conducting of business
- export

From 17 March, there is a temporary restriction on border crossing for foreign nationals, excluding:

- International cargo (also food and medical supplies transport), as well as persons providing essential services (such as fuel transport); in such cases there is no requirement to follow the isolation rules;
- Foreigner nationals 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;

Foreigner nationals are only allowed **to transit Estonia** on their way home if they do not show symptoms of COVID-19. If allowed to enter the country for transit, the person does not have to follow the isolation rules.

**Estonian citizens and residents, among them holders of an alien´s passport, can enter Estonia but need to self-isolate.**

**Isolation of persons** returning from foreign countries: all persons returning from any foreign country are required to be isolated for 14 consecutive days.

Current exceptions to the movement restriction apply for **residents of the twin city of Valga-Valka** and for travelers with certain functions (providers of vital services, freight transport).

Although Estonia had previously decided to allow commuting for work purposes between Finland and Estonia to people who permanently reside in Estonia but work in Finland, Finland decided on 19 March to prohibit commuting between Finland and Estonia; **the ban shall enter into force from midnight on Sunday, 22 March.**

This means that Estonians working in Finland under an employment contract who have not registered their place of residence in Finland will no longer be able to enter the country from Sunday. **The exception to this prohibition on commuting shall be applied to a very limited number of persons: healthcare professionals and rescue workers, care workers, freight transporters, transport workers, diplomats, and persons only for urgent family reasons.**

There are no restrictions on exiting the country.

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

Cash payments **are not prohibited** (however, it is recommended to opt for other payment options).

Restrictions on the movement of people in the territory of Estonia **apply only for movement between the mainland and the islands** of Saaremaa, Hiiumaa, Vormsi, Ruhnu, Kihnu, Muhu and Manija.

Until 1 May, all museums and cinemas will remain closed. All concerts, conferences and sports competitions are prohibited. All sports halls, sports clubs, gyms, spas, swimming pools, water centres, day centres, and children´s play rooms must remain closed. Hotels and other accommodation providers must close also their gyms, swimming pools, saunas and spas. The

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restriction does not apply to the provision of social and health care services such as food aid, social welfare services, medical and rehabilitation services.

From 18 March, in the interests of public order, the right to the retail sale of alcoholic beverages throughout the state from 10:00 p.m. to 10:00 a.m. is suspended until the cessation of the emergency situation.

## 3.2.2 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 mutually 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 average salary according to § 35 of the employment law.

Both parties must reach a mutual agreement in the case of unpaid leave. If an agreement is reached, the employee may be placed on unpaid leave. If the employee does not agree to unpaid leave, while the employer does not permit the employee to enter the premises, § 35 of the Employment Act applies.

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 work contract. However, the employer can't do it unilaterally, but only in agreement with the employee.

In addition to the above options (remote work, unpaid leave, application of the § 35 and § 37 of the Employment Act) it is possible to agree to use mandated annual leave.

The spread of Coronavirus is one of the circumstances that allow the employer to reduce the workload and the salary 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. It is permitted to reduce the salary to the minimum wage as determined by the Government of Estonia (584 Euros per month or 3.48 Euros per hour).

## Contact in Estonia

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## 3.3 Finland

### 3.3.1 CONTAINMENT RESTRICTIONS

- travelling and movement
- conducting of business
- export

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

- *Return to Finland:*
  1. Finnish nationals and their family members
  2. Nationals of other EU and Schengen countries, who are residing in Finland and their family members
  3. Third country nationals residing in Finland with residence permit
- *Returning transit traffic to other EU or Schengen country or via them:*
  1. Nationals of EU and Schengen countries and their family members
  2. Third country nationals residing in another EU or Schengen country with residence permit
- *Necessary cross-border work traffic and other necessary traffic, which is:*
  1. Healthcare and rescue service professionals/personnel, health researchers, and elderly care professionals
  2. Transport personnel and other transport staff to the extent necessary
  3. Employees who, based on a permanent employment contract, work in the intrinsic travel-to-work area on the border with Sweden or Norway. Employees living partly in Estonia are subject to 14-day quarantine when returning to Finland from Estonia.
  4. Diplomats, staff of international organisations, military personnel and humanitarian aid workers in the exercise of their functions
  5. Necessary (return) transit and returns
  6. Passengers travelling for imperative family reasons
  7. Persons in need of international protection or for other humanitarian reasons
  8. Other necessary and justified traffic. For example, other necessary traffic would be maintenance work, that requires maintenance team or a person arriving from another country and this work cannot be postponed
  9. Public gatherings are limited to no more than ten persons. It is recommended to avoid spending unnecessary time in public places. Police begin to oversee public gatherings, as far as their resources allow;

Same rules apply also at external borders, but in addition the Border Guard allow also the exit of third country nationals.

### 3.3.2 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.



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

The Government issued a decree under **the Emergency Powers Act** to allow employers to respond to personnel shortage caused by the virus epidemic **in critical functions of society**. The arrangements concern working hours and annual holidays as well as notice periods in case of employee resignation.

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

The arrangements mean in practice the following:

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

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

The government limits the changes in labor law and unemployment protection to three months. The announced changes are as follows:

- The unemployment allowance waiting period shall be abolished in the event of lay-offs and redundancies. Unemployment allowance is immediately accessible. These measures will cost the state more than EUR 100 million;
- Temporary lay-off decisions are quickened. The notice period is reduced from 14 to five days. The right to lay-offs is also extended to fixed-term workers;
- Unemployment benefit for entrepreneurs and freelancers is ensured. In order to be eligible for unemployment allowance, an entrepreneur does not have to close his/her business.

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## 3.4 Latvia

### 3.4.1 CONTAINMENT RESTRICTIONS

- travelling and movement
- conducting of business
- export

On 14 March 2020 the Government of Latvia amended the measures taken as per the Cabinet of Ministers decree No. 103 of 12 March 2020, which declared State of Emergency in Latvia until 14 April 2020.

#### RESTRICTIONS ON TRAVELING/MOVEMENT

- As of 17 March all international transit of passengers through airports and ports, by bus and rail, except for the travel of passengers by State aircraft and military transport are suspended. The Minister of Transport may make exceptions concerning international travel of passengers upon receiving an appropriate request.
- As of 17 March the movement of passengers and vehicles through border crossing points at airports and ports, on road and railway lines at the external border of the European Union, as well as through the border crossing points intended for local border traffic, with the exception of the carriage of goods are prohibited. The Minister of the Interior and the Minister of Transport can make exceptions concerning the movement of persons and vehicles.

#### THERE IS NO RESTRICTION ON THE MOVEMENT OF GOODS (IMPORT AND EXPORT).

- Latvian nationals and permanent residents can enter the country at all times and foreign nationals may leave any time by a personal car or a specially organised public transport.
- Foreign diplomats accredited to work in Latvia as well as individuals in Latvia for humanitarian reasons and for purposes in Latvia's national interests are permitted to enter and leave the Republic of Latvia at the designated border crossing points.

There are isolation requirements for all persons returning from foreign countries for 14 days.

During the session of the Cabinet of ministers, which took place on 19.03.2020 a law "On measures to prevent the state emergency and its consequences regarding the spread of Covid-19" was discussed and the restrictions were discussed as follows:

- the restrictions and requirements for persons returning from foreign countries are not applicable to employees of transport and passenger service providers who are returning from business trips and have not been identified with Covid-19;
- the citizens of the Republic of Latvia and foreigners having their permanent residence in the Republic of Latvia are allowed to enter the country once through designated border crossing points;
- Estonian and Lithuanian nationals as well as persons permanently residing in these countries are allowed to cross the territory of the Republic of Latvia once to return to their country of residence;
- before returning to the Republic of Latvia, the person confirms in writing that upon arrival in the Republic of Latvia special precautions will be taken regarding isolation requirements.

Rīgas Satiksme informed that due to the COVID-19 outbreak, the public transportation services will be limited starting from 21.03.2020. Several routes will be closed while others will operate according to holiday schedule.

## 3.4.2 WORKING

- home office
- flexible working hours
- short-time work

As from 19 March only customers with prior booking will be served in SEB branches other banks are working in the usual regime.

There is isolation requirements for all persons returning from foreign countries for 14 days. This is an obligation for all both public and private sector.

**Public sector:** State and municipal institutions are working remotly, e.g. State Revenue Service, The Register of Eneterpises and Land register. After consulting chairpersons of regional courts, chairperson of the Supreme court is entitled to take necessary actions in order to suspend or otherwise limit any in-person court hearings.

**Private sector:** There are no special requirements to organise work from home, but companies that are able to do so, are doing work remotly from home to the extent that is possible.

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## 3.5 Lithuania

### 3.5.1 CONTAINMENT RESTRICTIONS

- travelling and movement
- conducting of business
- export

#### FOREIGNERS ARE BANNED TO ARRIVE IN THE COUNTRY, EXCLUDING:

- drivers and crew members in commercial and/or international cargo operations; foreigners who have the right to reside in Lithuania (ie non-EU citizens with a temporary or permanent residence permit and EU citizens with a certificate confirming the right to reside in Lithuania temporarily or permanently). Please note that visa holders do not have the right to reside in Lithuania and may, therefore, be refused entry;
- foreigners with diplomatic immunity and privileges, persons serving in military units of NATO countries, service personnel and their family members;
- until 19 March 2020 12:00 AM transit through the territory of Lithuania of persons returning to their country of residence without the necessary stop was permitted; Citizens of Lithuania are prohibited from leaving Lithuania unless they return to their place of residence, place of work;
- Isolation of persons returning from foreign countries: all persons returning from any foreign country are required to be isolated for 14 days.

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

Cash payments are not prohibited (however, it is recommended to opt for other payment options).

The government is organising repatriation flights from Bali, France, the Netherlands, the UK, and Warsaw, Poland.

Although Lithuanian citizens and residents have been prohibited from leaving the country, there are no restrictions for foreigners.

All religious communities in Lithuania are recommended against holding religious rites to avoid public gatherings.

It is forbidden to gather in parks and other open public spaces for groups of more than 5 persons.

A safe contact in parks and other open public spaces (distance greater than 2 meters and less than 15 minutes) shall be maintained, direct physical contact shall be avoided, persons shall maintain personal hygiene (hand hygiene, cough etiquette).

It is not allowed for children from more than one family to play on children's playgrounds at the same time.

### 3.5.2 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

The Lithuanian president approved yesterday the legislative package aimed to fight the negative consequences of the coronavirus. Yesterday, 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 or quarantine is declared by the Lithuanian Government and the employer cannot provide the employees with work according to the employment agreement.

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

- 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 EUR gross), if full working time is established in the employment agreement. Furthermore, the employer is entitled to receive a compensation for a part of payroll costs incurred during the announced downtime.
- the employer may declare a partial downtime, reducing the number of weekly number days (reducing at least two working days) or the number of daily working hours (reducing at least three working hours). In case of partial downtime, normal salary is paid during working time and a reduced rate is paid proportionally during downtime, according to the procedure described above.

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

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

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.

Also, the registration for the state grants will be available since 5 April at the Employment Services Under the Ministry of Social Security and Labour of the Republic of Lithuania. Downtime can be announced retroactively, from the start of the quarantine, i.e. from 00:00 on Monday.

**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 to evaluate the possibility of remote work immediately and, if possible, organise it.

Announcing quarantine does not mean that employees in affected businesses may not come to the workplace automatically. Companies have to resolve these matters themselves and inform their employees accordingly. 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 in the workplace. In case an employee has to take care of a child going to a kindergarten, pre-school or primary school, the employee is entitled to the sickness benefit

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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.

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## 3.6 Sweden

### 3.6.1 CONTAINMENT RESTRICTIONS

- The Public Health Authority still urges people with symptoms, even mild ones, to avoid social contacts so not to infect others. This applies both in working life and in private life.
- Especially people over 70 years are encouraged to limit the contact with other people for as long as possible for some time to come.
- Prohibition of public gatherings and public events with more than 500 people are still accurate and the decision was made on March 11.
- All Sweden's upper secondary schools, colleges and universities are urged to keep closed and switch to distance education, was announced on March 17.
- The Ministry of Foreign Affairs still advises Swedish citizens against unnecessary travel to all countries in the world. The recommendation is valid until April 14, after which a new assessment will be made.
- The government stops travel to Sweden from countries outside the EU as from March 19 and 30 days onwards. For Swedish citizens and other persons residing in Sweden, but who are abroad, are however able to return home. The entry ban does also not apply to people who have particularly important reasons for traveling to Sweden, e.g. diplomats and persons in need of international protection.

### 3.6.2 WORKING

Employers who have the opportunity to let employees work from home should consider recommending this. The recommendation applies especially in the Stockholm region, where the spread of infection is currently most prevalent. **As of 19 March this recommendation applies to all of Sweden (even if the situation at the moment is worse in the Stockholm region).**

As of March 16 employers can order a short-time leave where employees' working hours are reduced by up to 60 percent while they retain 90 percent of their salary.

As from March 16, and for at least two months, no sick pay (day 2-14 of 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 and 31 May and is to be paid by the employer instead. 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.

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