



# Summary of measures announced in response to the spread of Covid-19

19/03/2020

The information contained in this summary is for general guidance only. The application and impact of laws can vary widely based on the specific facts involved.

Accordingly, the content of this summary is provided for information purposes. As such, it should not be used as a substitute for consultations with professional tax, legal or other competent advisers.

Given the current context, there may be delays, omissions or inaccuracies in the information contained in this summary. For updated developments regarding the measures implemented in each country, please refer directly to our local firms' websites and governmental official websites.

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In response to the spread of the **Covid-19 virus**, various business support measures have been put in place by many states.

The purpose of this document is to present a brief summary of the measures announced to date (March 19<sup>th</sup>, 2020) by the public authorities in the affected countries.

## 1. CHINA

National state level authorities, including the Ministry of Finance (MOF), the State Taxation Administration (SAT) and the General Administration of Customs (GAC), together with provincial and local governments, have reacted quickly to set out a string of tax reliefs and other preferential measures to support enterprises and citizens.

### 1.1. Tax measures

- **Protective treatments and supplies**

Equipment expenditures, which are incurred to increase production capacity by companies engaged in the production of **key supplies for epidemic prevention and control**, are allowed to full CIT deduction in a single year and apply for full refund of incremental retained VAT on a monthly basis. Allowances and bonuses obtained by individuals participating in the epidemic control and prevention, and medicines and medical supplies given out to individuals for the purpose of prevention of coronavirus COVID-19 will be **exempted** from China **Individual Income Tax (“IIT”)**.

- **Donations**

In the tide of many companies and individuals are actively making donations of money and goods to help fight against COVID-19, Chinese government also quickly guaranteed the exemptions for the donors.

These exemptions cover goods donated through charity organizations, government authorities, or directly donated to the hospitals which leading coronavirus containment are entitled to be **exempted from VAT and Surtax**.

Besides, the donations made by enterprises or individuals through qualified organizations or government authorities can be **fully deducted for CIT and IIT** purposes as well.

- **Loss-carried-forward**

In order to cushion the impacts to businesses and economy, Chinese government is also working hard to reduce the tax burden on all sectors.

For industries that were significantly affected during the outbreak, especially for **transportation, catering, accommodation and tourism**, CIT losses incurred in 2020 will be extended **from five years to eight years**.

- **VAT on small-scaled**

Going further, China's State Council has also decided to exempt VAT for **small-scaled taxpayers** in Hubei province (where Wuhan locates in) and reduced the VAT collection rate **from 3% to 1%** for small-scaled taxpayers in other areas, from March 1<sup>st</sup> to May 31<sup>st</sup>, 2020.

### 1.2. Social measures

The Chinese government provides a lot of **Social Security deferral payment and subsidies**.

They responded by deferring payments and subsidized the small and medium-size enterprises' rates and the Social Security payments.

For updated information please contact your Taxand team in China at <https://www.hendersen.com/>

## 2. FRANCE

On March 17<sup>th</sup>, 2020, French Minister of Finance and Economy announced the implementation of several measures to reduce the economic consequences of the Covid-19 virus.

### 2.1. Tax measures

- **Deferred payment and payment extensions for tax deadlines**

- **Relevant companies:** all companies subject to direct taxes (CIT, EAVC, ELC);
- **Deferred payment of the CIT instalments from March 15<sup>th</sup> to June 15<sup>th</sup> for all companies without any conditions:**
  - If the CIT instalment has not been paid yet: possibility to reject the direct debit at the bank or online;
  - If the CIT instalment has already been paid: possibility to ask for a refund to the competent tax services.

In practice: fill in the form provided by the DGFIP, specifying in the « amount » box in part 1) **Deferral of tax payment** « *instalment already paid for refund* ».

- **EAVC, ELC and property tax payments:** possibility to suspend payments on the business tax account.
- **Withholding tax for self-employed workers:** possibility to modulate the rate and the instalments of withholding tax and or to defer the payment of the instalments of withholding tax on professional income from a monthly to a quarterly payment or from a quarterly to a bi-annual payment.
- Possibility to obtain tax rebates, penalties and interest rebates for late payment if the deferrals are not sufficient in view of the company's difficulties, provided that concrete information is provided on the company's financial situation (box 2 of the form provided by the DGFIP).
- Taxes not covered by these measures: VAT, income tax of employees, excise duties on wine and spirits.

- **Other tax measures**

- **Invoices awaiting payment from public services**

- Commitment by the French Tax Administration to speed up the repayment of outstanding receivables (Research Tax Credit, VAT credits, etc.) and the payment of invoices awaiting payment by the State, local authorities and public bodies.

In practice: companies can use box 3 of the form provided by the DGFIP.

- **Tax audits and tax collections**

- No new audit will be launched.
- For ongoing tax audits:
  - No procedural documents will be sent unless applicable statute of limitations or deadline required by law;
  - The auditor may request documents or suggest a telephone appointment, but the company may respond by postal service to the email and may also indicate that it is not able to respond favorably at this time.
- A legislation to freeze the consequences of non-compliance with time limits in the various tax procedures should be proposed.

- The emergency bill to deal with the Covid-19 pandemic crisis follows this approach: the French Government will be authorized to take any measures by ordinance adapting, interrupting, suspending or postponing the end of the time limits provided for under French tax law, on pain of nullity, lapse, foreclosure, prescription, unenforceability, cessation of a measure or forfeiture of a right.
- Adjustments for the enforced collection of tax debts are under consideration.

## 2.2. Social measures

- **Deferral of all or part of employee and employer contributions**

- **Relevant companies:** employers whose URSSAF payment due date is the 15<sup>th</sup> of the month.
- **Relevant social contributions:** all social taxes and contributions to be paid to the URSSAF (employers' and employees' contributions) by March 15<sup>th</sup>, 2020 and in particular:
  - Social security contributions (sickness, maternity, invalidity and death, old age, family, work accidents and work diseases);
  - Autonomous solidarity contribution ("CSA");
  - Social contributions ("CSG" and "CRDS");
  - Unemployment insurance contribution;
  - Salary guarantee contribution.
- **Terms of the deferral:**
  - As of right and not sector-based (no justification to be provided to the URSSAF);
  - Deferral up to 3 months without penalty or late payment surcharge.
- **Procedure:** possibility for employers to modulate their payments according to their needs (amount at 0 or corresponding to a part of the contributions).
  - If the employer has not yet submitted online the *Déclaration Sociale Nominative* ("DSN" form) for the February 2020 payroll: possibility to submit it up to March 16<sup>th</sup> (included) by modulating the SEPA direct debit.
  - If the employer has already filed the February 2020 DSN: possibility to modify it by filing a "cancel and replace" DSN up to March 15<sup>th</sup> (included) or to modify the payment without modifying the DSN according to an exceptional procedure available on the URSSAF website up to March 19<sup>th</sup> at noon.
  - If the employer pays the contributions without the DSN (for example via employment service company vouchers): possibility to adapt the amount of the bank transfer or to not make the transfer.

- **Deferral of all or part of employee and employer contributions**

- **What about employers for whom the deadline has passed or is about to pass?**
  - URSSAF deadline of March 15<sup>th</sup>, 2020: no practical process to amend the DSN declaration afterwards. However, we believe that it is possible to request for a temporary refund of contributions already paid without changing the content of the DSN form.
  - Deadline of April 5<sup>th</sup>, 2020: information on the terms and conditions for deferral have not yet been provided but should not differ in principle from the deadline of March 15<sup>th</sup>.
- **AGIRC - ARRCO contributions (next deadline on March 25<sup>th</sup>, 2020):** a mechanism similar to the one set up for the URSSAF contributions is being implemented.

- **Deferral measures for the self-employed**
  - The contributions to be paid on March 20<sup>th</sup> will not be levied by the URSSAF, but the amount will be smoothed over subsequent due dates, unless there are contrary measures implemented in the future;
  - In addition, self-employed workers may ask for:
    - Payment extensions (including in advance) without any surcharge or penalties;
    - An adjustment of their contribution payment schedule to take account of a decrease in their income;
    - The intervention of the Social Action (“*Action Sociale*”) for the partial or total coverage of their contributions or for the allocation of an exceptional financial aid.
- **Easier recourse to part-time activity**
  - **Shorter processing time for the prior request for a part-time activity authorization**
    - Companies may apply for the part-time activity scheme under exceptional circumstances (Article R.5122-1 of the French Labor Code), specifying in particular the reasons justifying the recourse to part-time activity, the foreseeable period of under-activity and the number of employees concerned.
    - The setting up of the part-time activity is subject to a prior request which is normally processed within 15 days maximum.
    - The government has specified that requests related to Covid-19 will be processed on a priority basis within 48 hours. If there is no response within 15 days, the request for part-time activity will be considered to be accepted.
  - **Compensated short time working**
    - In practice, a company that implements short time working pays its employees 84% of their net hourly wage and the allowance must be at least equal to the minimum wage.
    - On March 17<sup>th</sup>, 2020, the French Government announced that part-time activity would be compensated up to 84% of the net salary of employees, although a ceiling is not excluded for the highest salaries.
    - In addition, the French Government indicated that the employer, required to pay for the allowance, will be refunded within 10 days.
- **Childcare work stoppages**
  - **Employees working in the public service** are authorized to stop working to keep their children at home. In this respect, they would benefit from:
    - A special leave permission;
      - A compensation equal to 100% of their net salary.
  - **Employees working in the private sector** would benefit from a better compensation:
    - In principle, the current rules on sick leave do not guarantee that employees’ salary is fully maintained: the allowance is equal to 50% of the salary below the Social Security ceiling which is around € 3,500, and only employees for whom the collective agreement or the rules applied in the company provide for it would receive their entire salary.
    - The French Government has announced that it intends to increase the Health Insurance allowance to 90% of the net salary.

### 2.3. Financial measures

- **Support from the State and the Banque de France (credit mediation)** to negotiate a rescheduling of bank loans.
- **Support from *BPI France*** to guarantee bank liquidity facilities that companies may need due to the epidemic.
- **Support for the handling of a dispute** with customers or suppliers by the Company Ombudsman ("*Médiateur des entreprises*").
- **Recognition by the State and local authorities of the Coronavirus as a case of force majeure** for their public contracts. Consequently, late payment penalties will not be applied for all State and local authorities' public contracts.
- **Creation of a solidarity fund for the self-employed**
  - Eligible companies are those which cumulatively meet the following conditions:
    - Turnover of less than € 1 million, and
    - Decrease in turnover of at least 70% between March 2019 and March 2020.
  - Amount of compensation paid by the State: monthly compensation of € 1,500. However, the government seems to want to go further for companies that would need more help (in particular in case of threat of bankruptcy).
- **Suspension of electricity, water and gas bills, as well as rent payments for very small enterprises (VSEs)** : the emergency bill to deal with the Covid-19 epidemic before the Senate specifies that all measures may be taken to allow the staggering of the payment of water and energy bills, the waiver of penalties and the prohibition of measures to interrupt, suspend or reduce the supply that may be applied in the event of non-payment of these bills, for the benefit of VSEs whose activity is affected by the spread of the epidemic.

#### Useful links:

- French Government's website : click [here](#).
- French Ministry of Finances' website : click [here](#).

*For updated information please contact your Taxand team in France at <https://www.arsene-taxand.com/>*



### 3. GERMANY

On March 13<sup>th</sup>, 2020, the **German Minister of Finance and Minister of Economic Affairs** announced a package of measures to reduce the economic consequences of the Covid-19 virus<sup>1</sup>.

#### 3.1. Tax measures<sup>2</sup>

- **Simplification of tax deferrals** if their collection would lead to significant hardship.

The German revenue authorities will be instructed to not impose strict conditions in this respect for taxes due until December 31<sup>st</sup>, 2020. The tax authorities will be instructed, generally, to waive interest for delayed payments in this respect.

- **Simplification of adaptation of tax prepayments**

As soon it becomes clear that a taxpayer's income in the current year is expected to be lower than in the previous year, tax prepayments will be reduced in a swift and straightforward manner.

- **Enforcement measures** (e.g. attachment of bank accounts) and **late-payment penalties** will be waived until December 31<sup>st</sup>, 2020 if the debtor of a pending tax payment is directly affected by the Covid-19 virus.
- It has also been instructed to the administrations in charge of the **energy duty, aviation tax, insurance tax and VAT** to make **appropriate concessions** to taxpayers.

#### 3.2. Social measures

**Starting from March 1<sup>st</sup>**, the rules on, reduced hours will be loosened:

- **Coverage of 60% of net salary** in case of short-term work for a period of up to 12 months (extension to 24 months possible);
- Reduction of the **minimum ratio of the employees** in a company affected by shorted working hours to 10%;
- Partial or complete waiver of the need to build up a negative balance in working hours;
- Reduced hours compensation benefit will also be available to **temporary/agency workers**;
- Complete reimbursement of **social security contributions** linked to reduced hours.

#### 3.3. Financial measures

- **Measures relating to the granting of cheap loans:**

- Loosening of the conditions for specific loans for existing companies (*KfW-Unternehmerkredit*) and startups (*ERP-Gründerkredit-Universell*) through raising the level of risk assumptions for operating loans of up to 80% and extending these instruments to large enterprises with a turnover up to € 2 billion (previously, the limit was € 500 million);
- In the case of the "KfW Loan for Growth", a program aimed at larger companies, the current **turnover threshold** of € 2 billion will be raised to € 5 billion.

In the future, these loans will take the form of **syndicated loans** and will not be restricted to projects in one particular field (in the past, only innovation and digitalization projects were eligible).

Risk assumption will be increased to up to 70% (from 50%).

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<sup>1</sup> Press release of the German Minister of Finance and Minister of Economic Affairs dated March 13<sup>th</sup>, 2020, « A protective shield for employees and companies ».

<sup>2</sup> With decree dated March 19<sup>th</sup>, 2020 the Federal Ministry of Finance as instructed the local tax authorities to apply the described tax measures.

- For companies with a turnover of more than € 5 billion, support will continue to be provided on a case-by-case basis.
- **Measures relating to bank guarantees**
  - Doubling of the **guarantee limit** for guarantee banks (*Bürgschaftsbanken*) to € 2,5 million and increase of the risk share of the Federation by 10%.  
  
Increase from 35% to 50% of the operating resources in guarantee banks' total exposures.  
  
The Federation is giving guarantee banks the freedom to make guarantee decisions up to € 250,000 independently and within a period of three days.
  - Extension of the large guarantee program, originally limited to companies in structurally weak regions, to companies in other regions.  
  
In this program, the Federation covers operating loans and investments with a surety requirement upwards of € 50 million and a guarantee up to 80%.
  - Launch of additional support programs for companies that have temporarily got into serious financial difficulties because of the crisis and therefore do not have easy access to existing support programs through increasing the *Kreditanstalt für Wiederaufbau's* (KfW – Public German bank) risk tolerance.

*NB: The Federal Government has indicated that the existing measures are already in line with European state aid rules and that the new support programs will be submitted to the European Commission for approval. The Commission has indicated that it would be flexible in its assessment of the state aid rules.*

*For the realization of these financial measures, the German government has announced the provision of € 460 billion to KfW, an amount which could be rapidly increased by € 93 billion.*

**Useful links:**

- Federal Ministry of Finance's website: click [here](#).

*For updated information please contact your Taxand team in Germany at <https://www.fgs.de/>*

## 4. IRELAND

### 4.1. Tax measures

On March 13<sup>th</sup>, 2020, the Irish tax administration (Irish Revenue) outlined some key advice and actions taken to assist SME businesses experiencing **cashflow and trading difficulties** arising from the impacts of the coronavirus<sup>3</sup> leading to the following measures for SME businesses:

- the application of **interest on late payments** is suspended for the (i) January/February VAT period and (ii) February 2020 and March 2020 PAYE (Employers) periods, and
- all Irish Revenue **debt enforcement activity** is suspended until further notice.

According to Irish Revenue an SME is a business with turnover of less than € 3 million who is not dealt with by either Irish Revenue's Large Cases Division or Medium Enterprises Division.

Irish Revenue's advice for businesses, other than SMEs, who are experiencing temporary cash flow or trading difficulties is that they contact the Collector-General's office or engage directly with their branch contacts in Large Corporates Division or Medium Enterprises Division.

In practice, more **flexibility** from Irish Revenue is expected with regard to tax audits/investigations and suspension of such tax audits is likely (where face to face meetings have been arranged or proposed).

#### ***Deferral of stamp duty on credit cards***

The Minister for Finance announced on March 18<sup>th</sup>, 2020 that he was deferring the annual collection of stamp duty on credit cards (ie € 30 per credit card account) from April 1<sup>st</sup> 2020 to July 2020 1<sup>st</sup>. The collection date will be changed automatically by financial institutions.

#### ***Deferral of payment of Local Property Tax***

Irish Revenue announced on March 16<sup>th</sup>, 2020 that for property owners who opted to pay their LPT for 2020 by annual debit instruction or single debit authority payment the payment date will automatically change from March 21<sup>st</sup>, 2020 to May 21<sup>st</sup>, 2020.

### 4.2. Social measures

- ***Employer COVID-19 Refund Scheme***

The Department of Employment Affairs and Social Protection has set up a refund scheme for employers which will pay them **€ 203 per week for each worker** who would otherwise have been laid off because a business has to cease trading due to advice on "social distancing".

Irish Revenue has worked with DEASP, payroll software providers and the Payroll Software Developers Association on how this arrangement will operate. The scheme, launched on March 18<sup>th</sup>, 2020, will permit employers to make the special support payment of € 203 per week to their employees through their normal payroll process. The weekly amount of € 203 paid to employees under the scheme is not subject to income tax, USC or PRSI.

Under the scheme, employers will be reimbursed for amounts paid to employees and notified to Irish Revenue via the payroll process.

The cash reimbursement will be transferred into the employer's bank account by Irish Revenue, generally on the next banking day following the submission of the payroll details. With immediate effect, employers or their tax agents can apply to operate the scheme via Revenue's Online Service (ROS).

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<sup>3</sup> Press releases by the Irish Tax administration on March 13<sup>th</sup>, 2020 "Revenue announce measures to assist SMEs experiencing cashflow difficulties arising from COVID-19".

The scheme can be operated by employers that keep their staff on payroll during the period of temporary lay off, and for any employee for whom a payroll submission was made in the period from February 1<sup>st</sup>, 2020 to March 15<sup>th</sup>, 2020.

Where employees have already been laid off and their employer has ceased their employment, they can apply directly to DEASP for the payment. Further details of the scheme can be found on [www.revenue.ie](http://www.revenue.ie)

#### 4.3. Financial measures

- **€ 200 million SBCI COVID-19 Working Capital Scheme**

- The Strategic Banking Corporation of Ireland (SBCI) is working with the Department of Business, Enterprise and Innovation and Department of Agriculture, Food and the Marine to bring this scheme to market as soon as possible.
- Maximum loan size will be € 1.5 million (first € 500,000 unsecured) and the maximum interest rate will be 4%.

Loans will be for periods up to 3 years in duration.

- **€ 200 million Package for Enterprise Supports including a Rescue and Restructuring Scheme**

The scheme will be open for viable but vulnerable firms that need to restructure or transform their businesses.

Details of these supports are being finalized.

- **Microenterprises COVID-19 loans**

Microenterprises can access Covid-19 loans of up to € 50,000 from MicroFinance Ireland.

Loans are available at an interest rate of between 6.8% and 7.8%.

#### Useful links:

- Irish Government's website: click [here](#).
- Irish tax and customs' website: click [here](#).
- Irish Department of Business, Enterprise and Innovation's website: click [here](#).

*For updated information please contact your Taxand team in Ireland at [www.williamfry.com](http://www.williamfry.com)*

## 5. ITALY

### 5.1. Tax measures

Four decrees (Decree of Minister of Economy and Finance dated February 24<sup>th</sup>, law decree n° 9/2020, law decree n° 11/2020 and law decree n°18/2020) enacted emergency measures. Decree of Minister of Economy and Finance dated February 24<sup>th</sup> enacted measures that only apply to affected territories on the date it was published.

- **Rules resulting from law decrees n° 9/2020 and n°18/2020**
  - **suspension**, without limitation of turnover, for the sectors most concerned<sup>4</sup>, of payments of withholding tax, social security and compulsory insurance contributions for the months of March and April, and of the payment of VAT for the month of March;
  - **suspension of the payment of VAT**, withholding taxes and contributions for March for taxpayers whose turnover does not exceed € 2 million in 2019;
  - for economic operators to whom the suspension does not apply, the **deadline for payments due to public administrations**, including those relating to social security and compulsory insurance contributions, **is extended from March 16<sup>th</sup> to March 20<sup>th</sup>**;
  - **suspension** until May 31<sup>st</sup>, 2020 of the **deadlines** for clearance, control, verification, recovery and litigation activities by the tax administration;
  - shops and boutiques (cadastral category C/1) benefit from a **tax credit equal to 60%** of their rent for the month of March; the activities listed in Annexes 1 and 2 of the 11 March 2020 Presidential Decree are excluded;
  - **tax credit to the extent of 50%** for workplace sanitation costs;
  - **tax credit for companies** that convert their assigned receivables due from defaulting debtors in DTA;
  - **facilitation** for self-employed and smaller subjects with revenues or compensation not exceeding € 400,000;
  - the **changes to the tax calendar** introduced by Decree-Law n° 124 were brought forward to January 1<sup>st</sup>, 2020 instead of January 1<sup>st</sup>, 2021;
  - the deadline for providing the Italian tax authorities with the **form** for each employee indicating remuneration and withholding tax (*certificazione unica*) is extended until **March 31<sup>st</sup>, 2020**;
  - the deadline for third parties (e.g. banks, insurance companies, social security institutions and universities) to provide the Italian tax authorities with the data to be included in taxpayers' pre-filled tax returns is extended until **March 31<sup>st</sup>, 2020**;
  - pre-filled tax returns:
    - will be made available to taxpayers on the website of the Italian tax administration on **May 5<sup>th</sup>, 2020**;
    - must be filed with the Italian tax authorities before **September 30<sup>th</sup>, 2020**.
  - **hearings regarding tax proceedings** pending from March 9<sup>th</sup>, to April 15<sup>th</sup>, are postponed to April 15<sup>th</sup>, 2020;

<sup>4</sup> These include sectors such as tourist hotels, spas, passenger transport, catering, bars, culture, sport, education, amusement parks, events, games rooms and sports betting centers.

- deadlines to complete any steps concerning pending tax proceedings **are suspended until April 15<sup>th</sup>, 2020**;
- moratorium on the due dates for payments to the collection agencies **until June 30<sup>th</sup>, 2020**;
- extension of tax authorities' activity until the 31<sup>st</sup> of December of the second year following the end of the suspension period;
- call ordinary shareholders' meetings within a longer period (180 days) and electronic or correspondence voting.

## 5.2. Social measures (*law decree n° 18/2020*)

- The **redundancy fund** shall, by way of derogation, be extended to the entire national territory, to all employees in all sectors of production;

Employers, including companies with less than 5 employees, who suspend or reduce their activity because of the epidemiological emergency, may use the redundancy fund by derogation to the new cause "COVID-19" for a maximum period of 9 weeks;

- the number of days of **paid monthly leave** covered by the notional contribution for healthcare workers is increased by 12 additional days;
- **prohibition of dismissals** for the next two months and suspension of pending procedures;
- **extension of parental leave and workers' allowance**;
- **extension of technical unemployment** to all workers;
- creation of a **€ 600 allowance** for self-employed workers creation of a **€ 100 premium** for workers earning less than € 40,000 per year based on March 2020 worked days at the ordinary place of work.

## 5.3. Financial measures (*law decree n° 18/2020*)

- **moratorium** on home loans to cover liquidity needs;
- **moratorium** on lending to micro, small and medium-sized enterprises (covering mortgages, leasing, credit facilities and short-term loans) **until September 30<sup>th</sup>, 2020**;
- strengthening of the **central guarantee fund** for small and medium-sized enterprises, including the renegotiation of existing loans **until December 17<sup>th</sup>, 2020**;
- strengthening of the **Confidi**<sup>5</sup> for micro-enterprises, through simplification measures;
- introduction of a **counter-guarantee** mechanism for banks, by *Cassa Depositi e Prestiti* (Italian public body), making it possible to extend credit also to medium and large enterprises affected by the crisis.

### Useful links:

- Italian Ministry of Economy and Finance's website : click [here](#).

For updated information please contact your Taxand team in Italy at <http://www.led-taxand.it/>

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<sup>5</sup> *Confidi*, which means "consorzio di garanzia collettiva dei fidi", is an Italian consortium that provides guarantees to facilitate companies' access to short-, medium- and long-term financing for economic and productive activities.

## 6. LUXEMBOURG

### 6.1. Tax measures

The Luxembourg tax authorities have announced yesterday a series of measures intended to guarantee the continuity of the Luxembourg economy:

- Luxembourg individual and corporate taxpayers who have business income, income from agriculture and forestry or income from independent professional services may request:
  - **a cancellation of the quarterly advances of (corporate) income tax and municipal business tax in relation to the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2020.** However, it is not possible to cancel the net wealth tax advances. The form to be used for the request is available [here](#).
  - **an extension of 4 months of the deadline for the payment of (corporate) income tax, municipal business tax and net wealth tax.** This extension is only possible for taxes with a due date as from **March 1<sup>st</sup>, 2020**, meaning that an extension is not possible if the due date was February 29<sup>th</sup>, 2020 or earlier. The form to be used for the request is available [here](#).

It is important to note that even though the request for cancellation and/or extension has to be (briefly) justified, the cancellation/extension will be accepted automatically by the Luxembourg tax authorities, which means that the tax authorities will not assess how significant the liquidity issues of the taxpayer are.

As a last measure, the **deadline for filing the tax returns** has been extended to **June 30<sup>th</sup>, 2020**. This applies to both individual and corporate taxpayers.

### 6.2. Social measures

- Simplification of the conditions for introducing partial unemployment or short time work.

### 6.3. Financial measures

- ***Aid for SMEs that find themselves in temporary financial difficulty***

Aid scheme for SMEs that find themselves in temporary financial difficulty.

The eligible companies can benefit from an **advance** limited to the actual loss of income in the form of a recoverable advance from the State.

The granting of the aid is subject to a **threefold condition**, namely:

- that an event was recognized as having a **harmful impact** on the economic activity of certain firms;
  - that the firm was experiencing **temporary financial difficulties**; and
  - that there was a **causal link** between those difficulties and the event in question.
- ***Bank guarantee for companies during cash-flow difficulties***

Setup of a specific surety in the form of a **guarantee** to companies that need a line of credit or a bank loan.

This guarantee will be up to **50% of the credit** and covers a maximum amount of € 250,000 per guarantee.

Companies wanting to take advantage of this guarantee must apply directly to their bank, which will decide whether to release the credit.

**Useful links:**

- Luxembourg Ministry of Economy's website: click [here](#).
- Luxembourg Ministry of Employment's website: click [here](#).

*For updated information please contact your Taxand team in Luxembourg at <https://www.atoz.lu/>*



## 7. MALAYSIA

### 7.1. Tax measures

- **Key direct tax measures**

- **Deferment** of monthly income tax instalment payments for businesses in the tourism sector for a period of 6 months from April 2020 to September 2020.
- Other businesses affected by COVID-19 are allowed to **revise their tax estimates** in the 3<sup>rd</sup> month of installment payment for the year of assessment 2020 [in addition to the 6<sup>th</sup> and/ or 9<sup>th</sup> month revisions] **without penalty**.
- **Special tax deduction** of up to RM 300,000 (€ 63,500) on costs for renovating and refurbishing business premises incurred from March 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.
- Expenses incurred by employers to provide employees with face masks and personal protective equipment eligible for tax deduction and capital allowances respectively.
- **Accelerated capital allowance** to be claimed over a period for 2 years on qualifying expenditure for the purchase of machinery and equipment (including ICT equipment) incurred from March 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020.
- The deadline for filing of income tax return forms, which falls between March 2020 and June 2020, have been given an extension of two-months. The extension also applies to the payment of balance of tax payable.

- **Key indirect tax measures**

- Service tax exemption on accommodation provided by hotels from March 1<sup>st</sup> to August 2020.
- **Import duty and sales tax exemption** for port operators from April 1<sup>st</sup>, 2020 to March 31<sup>st</sup>, 2023 on imported or locally bought equipment and machinery.
- The deadline for the submission of sales tax and service tax return forms falling on March 31<sup>st</sup>, 2020 has been extended to April 15<sup>th</sup>, 2020. The extension also applies to the payment of sales and service taxes due on March 31<sup>st</sup>, 2020.

### 7.2. Social measures

- Reduction of **minimum Employees Provident Fund** contribution by employees from 11% to 7% from April 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020. Employees can elect to maintain the contribution at 11%.

### 7.3. Financial measures

- Banks to postpone payments and to reschedule loans.

### 7.4. Other economic measures

- 15% discount on monthly electricity bills for hotels operators, travel agencies, local airlines, shopping malls, conventions and exhibition centers for the period from April 1<sup>st</sup>, 2020 to September 30<sup>th</sup>, 2020.

#### Useful links:

- Prime Minister's office's website: click [here](#).

For updated information please contact your Taxand team in Malaysia at <https://www.axcelasia.com/>

## 8. POLAND

The President of Poland and the Prime Minister announced an outline of package of support actions for the society and entrepreneurs referred to as “Anti-crisis Shield”.

The package consists of 5 main pillars including different areas of the economy. The value of the package is estimated at PLN 212 billion (€ 47.3 billion), i.e. almost 10% of the Polish GDP.

### 8.1. Tax measures

- ***Pillar II “for entrepreneurs”***

- deferral of the payment of social security contributions or distribution in instalments without additional charges.

### 8.2. Social measures

- ***Pillar I, “defense of employees”***

- co-financing of 40% of employees' salaries up to the average salary in the national economy;
- "credit vacation";
- "vacation from administrative duties";
- support for the self-employed and those working under civil law contracts up to 80% of the minimum wage.

- ***Pillar III “Healthcare protection”***

- Approximately PLN 7.5 billion (€ 1.6 billion) will be allocated for this purpose, in particular for the infrastructure of infectious diseases hospitals and protection measures.

### 8.3. Financial measures

- ***Pillar II “for entrepreneurs”***

- no penalties for delays in public tenders;
- micro-loans up to PLN 5,000 (€ 1,100);
- operational leasing for the transport sector;
- extension of bank working capital loans;
- settlement of this year's loss next year.

- ***Pillar IV “Strengthen the Polish financial system”***

- liquid funds;
- Polish Financial Supervision Authority (KNF) and Ministry of Finance regulatory package;
- National Bank of Poland (NBP) liquidity package.

- ***Pillar V “Public investments”***

- The government assumes the creation of a **special fund of at least PLN 30 billion** (€ 6,6 billion) foreseen to strengthen the expenditures for public investments.

The fund consists of national resources, independent from UE's support. Within the package is foreseen to finance investments in the area of construction of local roads, digitization, modernization of schools, energetic transformation, environment protection, alteration of different elements of state's architecture and infrastructure (energetic, telecommunication, internet, roads and railways).

- Solutions for companies executing public contracts are included in the package as well. As a priority, due to problems notified by entrepreneurs related to the absence of employees and continuity of supply chains, a suspension in the charging of contractual penalties was announced.

**Useful links:**

- Government of Poland's website: click [here](#).

*For updated information please contact your Taxand team in Poland at <https://crido.pl/>*

## 9. PORTUGAL

In light of the COVID-19 crisis, the Portuguese Ministry of Finance has announced additional measures covering tax and other areas.

### 9.1. Tax measures

- **Installation payments applicable for VAT and CIT/PIT withholding taxes**

The payment of VAT and CIT/PIT withholding taxes may be **deferred** and paid in instalments without the need of providing guarantees in the following terms:

- payment in three monthly installments and no interest will be due; or
- payment in six monthly installments (interest will accrue on the last three installments).

This measure is directed to companies and self-employed with a turnover lower than € 10 million in 2018 or those whose activity was opened on January 1<sup>st</sup>, 2019.

Companies not fulfilling the said requirements may request the deferral rule in cases where there is at least a 20% turnover decrease on the average of the preceding three months of the tax obligation as compared to the same period of 2019.

- **Social Security contributions**

Reduction to 1/3 of any Social Security contributions due between March and June 2020. The remaining amount 2/3 should be payable as from the third trimester of 2020 under the same instalment deferral rules set out above.

Those measures apply automatically to companies with less than 50 employees. Companies not fulfilling the requirements may request the deferral rule in cases where there is at least a 20% turnover decrease on the average of the preceding three months of the social security obligation as compared to the same period of 2019.

- **Tax enforcement procedures**

It was also announced the suspension for three months of any ongoing tax and social security enforcement procedures currently in progress or expected to be initiated by the respective authorities.

- **Previous tax measures adopted**

These additional measures reinforce earlier tax measures, which included:

- **Postponement of the payment of the first CIT** “special payment on account” (“*pagamento especial por conta*”) of from March 31<sup>st</sup> to June 2020;
- **Extension of the deadline** to submit the Corporate Income Tax return (*Modelo 22*) from May 31<sup>st</sup> to July 31<sup>st</sup>; and
- **Extension of the payment** of the first CIT “payment on account” (“*pagamento por conta*”) from July 31<sup>st</sup> to August 31<sup>st</sup>.

### 9.2. Financial measures

- the Portuguese government announced it will open lines of credit to highly affected economic sectors, which include:
  - food and beverage services;
  - tourism industry, such as hotels and lodging, travel agencies and event organization; and
  - industrial sector, such as textiles, footwear and extractive industry.

**Useful links:**

- Prime Minister's office's website: click [here](#).

*For updated information please contact your Taxand team in Portugal at [www.garrigues.com/](http://www.garrigues.com/)*

## 10. SPAIN

### 10.1. Tax measures

- **Royal Decree-Law 7/2020: Suspension of payments for SMEs**

**Royal Decree-Law n° 7/2020 dated March 12<sup>th</sup>, 2020** on urgent measures taken to alleviate the economic effects of Covid-19<sup>6</sup> was published on March 13<sup>th</sup>, 2020.

These measures are applicable as of the publication of the decree and will continue to apply as long as the Government considers that the circumstances so require.

- The decree introduces the **possibility of deferring tax payments** for companies meeting the following conditions:
  - The taxpayer's **turnover for the year 2019** does not exceed **€ 6,010,121.04**;
  - The **amount of taxes due** shall not exceed € 30,000; and
  - Tax payments under the scope of this deferral are those due, by assessment or self-assessment, between **March 13<sup>th</sup> and May 30<sup>th</sup>, 2020**.

Taxpayers meeting these conditions may defer payment of their taxes, including withholding taxes, payments on account, VAT and CIT prepayments (which are usually excluded from the possibility of any deferral).

The deferral **will apply for 6 months** and no interest will accrue during the first 3 months of deferral.

The Spanish tax authorities have also issued **provisional instructions** authorizing the deferral under the Decree.

Taxpayers wishing to request the deferral must submit, in the usual manner and in due time, a self-assessment of the amounts payable by the taxpayer that they wish to defer, by ticking the "acknowledgement of debt" option (*reconocimiento de deuda*).

A series of practical recommendations regarding the submission of the form are available on the website of the Spanish tax authorities.

- **Royal Decree-Law 8/2020**

**Royal Decree 463/2020**, of March 14<sup>th</sup>, 2020, published on the Official State Gazette of March 14<sup>th</sup>, declared the State of Alarm. In this Royal Decree it was stated that for all court orders under procedural laws, the time limits have been suspended and the time periods have been interrupted. These time periods will resume when the Royal Decree or any of its extensions cease to be in force.

This Royal Decree has also suspended the time limits and interrupted the time periods for handling all the procedures of public sector entities, except for time limits and time periods corresponding to taxes, as confirmed by the **Royal Decree 465/2020**, of March 17<sup>th</sup> 2020 (published on March 17<sup>th</sup>), which has amended the Royal Decree 463/2020. Time limits and time periods corresponding to taxes have been amended in Royal Decree-Law 8/2020 mentioned below.

The March 18<sup>th</sup>, 2020 edition of the Official State Gazette has published **Royal Decree-Law 8/2020** of March 17<sup>th</sup>, 2020 on urgent and extraordinary measures to confront the economic and social impact of COVID-19. The Royal Decree-law comes into force on its publication date, for a one-month term, and allows this term to be extended. We summarize below the main measures affecting businesses.

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<sup>6</sup> Royal Decree-Law 7/2020, of 12 March 2020, for the adoption of urgent means of response to the economic impacts of COVID-19.

Tax related measures are the following:

- **Suspension of tax time periods:**

- Lengthening of time periods in administrative procedures:

The time periods mentioned below are lengthened **until April 30<sup>th</sup>, 2020**, if they had not ended on the date of entry into force of this royal decree-law (i.e. March 18<sup>th</sup>, 2020):

- The time periods for payment of tax debts in the voluntary period of tax debts (voluntary payment) or after the enforced payment period has commenced (enforced collection procedures after the notification of the order, so called *providencia de apremio*).

In other words, **the time periods for filing and paying self-assessments** under article 62.1 **have not been lengthened or been affected** in any way (ongoing tax returns such as withholding taxes, prepayments, VAT, etc.).

- The expiry dates for time periods and split payments under deferred and split payment agreements that have already been granted.
- The time periods related to auctions and allocations of property that are referred to in article 104.2 and article 104 bis of the General Collection Regulations.
- Certain “administrative procedural periods”: Time periods for complying with demands, attachment orders and requests for information with tax relevance, together with the time periods for submitting pleadings in relation to decisions commencing the period for pleadings or for inspection of the case file and comments by the taxpayer in the following procedures: procedures for application of taxes, penalty procedures, procedures for a null and void declaration, procedures to claim refunds of incorrectly paid tax and procedures for correction of administrative errors and revocation.
- The time periods for foreclosure of real estate collateral in the context of administrative enforced collection procedures.
- The time periods for complying with demands and requests for information from the General Directorate of the Cadaster.

It delays until **May 20<sup>th</sup>, 2020** (unless the time periods granted by the royal decree-law are greater, in which case these time periods will be applicable) the expiry dates of the time periods listed above if notified on or after the date of entry into force of the royal decree-law (i.e. March 18<sup>th</sup>, 2020). The extension for “administrative procedural periods” until the referred date (May 20<sup>th</sup>) is limited to demands, attachment orders, requests for information or decisions commencing the period for pleadings or for inspection of the case file and comments by the taxpayer, and communications from the Directorate General of the Cadaster

All of the above must be interpreted without prejudice to the specific provisions in customs legislation on time periods for pleadings and fulfillment of demands or requests. In this field, no periods are lengthened or procedures modified.

In any event, the party with tax obligations may fulfill those obligations within the original time period, without this preventing the formalities being deemed completed.

- Calculation of time periods relating to the maximum length of procedures for application of taxes and of statute of limitations period:

It provides that the period between the entry into force of the royal decree-law and April 30<sup>th</sup>, 2020 will not be included for the purpose of calculating the maximum length of any procedures for application of taxes, penalty and review procedures conducted by AEAT; or of any procedures commenced by the Directorate General of the Cadaster.

The authorities are allowed, however, to continue with ordinary conduct of tax procedures, by being recognized the power to set in motion, order and carry out any steps they consider absolutely necessary and make notifications, demands, requests for information or grant periods for inspection of case files and comments. It must be taken into account, however, that, as mentioned in the preceding section, the periods for fulfillment of these steps by the taxpayer have been lengthened until April 30<sup>th</sup> or May 20<sup>th</sup>, depending on the case concerned.

Along the same lines, it provides that the period between the entry into force of the royal decree-law and April 30<sup>th</sup>, 2020 will not be included for the purpose of calculating statute of limitations periods (article 66 of the General Taxation Law) or time bars for tax purposes.

For the sole purpose of calculating the statute of limitations periods mentioned above and those relating to appeals for reconsideration and economic-administrative proceedings, the decisions bringing them to an end will be deemed notified where it is evidenced that any single attempt was made at notification between the entry into force of the royal decree-law and April 30<sup>th</sup>, 2020. The time period for lodging economic-administrative appeals or claims against tax acts and for appealing in the administrative jurisdiction against decisions rendered in economic-administrative proceedings will not start to run until the end of that period or until the notification has taken place, if this notification is made later.

- **Measures in the customs field:**

To speed up customs formalities for imports in the industrial sector, so as to prevent effects on the supply chain of goods from third countries or a halt in exports, it provides that the person in charge of the department of customs and excise and other special taxes at the AEAT will be able to order that the declaration procedure and customs clearance must be conducted by anybody or public official from the customs and excise and special taxes division.

- **Other tax measures: exemption in relation to transfer and stamp tax for mortgage transactions:**

New exemption from Stamp Tax on notarized documents for any deeds recording contractual novation of mortgage loans and credit facilities drawn up under the royal decree-law.

## 10.2. Social measures

- A joint document involving Spanish employers and trade unions recommends the **facilitation of work from home** after a risk assessment by the company and the employee;
- The Spanish government announces the following measures:
  - measures to increase **health coverage** of infected persons (€ 2.8 billion will be transferred to the Autonomous Communities for this purpose);
  - A significant increase in **social security support** for employees in the tourism and hotel sectors;
  - **lifting social security contribution** requirements for small and medium businesses who do not lay off workers;
  - **adjusting the social security system** contributions made by self-employed workers whose income plummets due to the crisis;
  - possibility for workers to **adapt and reduce their working hours**, by as much as 100% if necessary, if they need to provide care to dependents;
  - allow the self-employed to receive a **specific subsidy** if they are affected by the virus.
- **Royal decree-law 8/2020: social measures.**
  - **Measures to make the mechanisms for temporary adjustment of activity more flexible in order to avoid layoffs**



- With respect to temporary layoffs (*regulaciones temporales de empleo* or **ERTEs**) due to force majeure:

These will be understood to be temporary layoffs having as their **direct cause a loss of activity as a result of COVID-19**, including the declaration of the state of emergency, which entails the suspension or cancellation of activities, the temporary closure of premises where people gather, restrictions on public transport and, in general, on the movement of persons and/or goods, a lack of utilities that seriously impedes the ordinary conduct of activities from continuing, or urgent and extraordinary situations due to the infection of the workforce or the adoption of preventive isolation measures decreed by the health authorities, which are duly evidenced.

The following special provisions will apply to them:

- The procedure will be commenced with an application by the company, accompanied by a report linking the loss of activity to the consequences of COVID-19, as well as the relevant documentary evidence.
  - The company must notify its application to the workers and forward the report and the documentary evidence, if any, to the workers' representatives.
  - The labor authority must hand down a decision within five days and confine itself to establishing the existence, where applicable, of force majeure. The decision will take effect from the date of the fact or event giving rise to the force majeure.
- ERTes on economic, technical, organizational and production-related grounds related to COVID-19.
    - Where there are no workers' statutory representatives, the **representative committee** will be made up of the labor unions with the highest membership in the sector and with standing to form part of the negotiating committee of the applicable collective labor agreement. The committee will be made up of one person from each of the labor unions that meet these requirements, and decisions will be taken by the required representative majorities. If it cannot be assembled with those representatives, the committee will be made up of three workers from the company, chosen according to the provisions of article 41.4 of the Workers' Statute.
    - The representative committee must be created within the non-extendable time period of 5 days.
    - The consultation period must not exceed a maximum of seven days.
  - In ERTes due to force majeure related to COVID-19, the Social Security General Treasury will **exempt the company from the obligation to pay the employer contribution**, as well as the contributions for joint collection items, while the ERTE persists. This will apply when the company, at February 29<sup>th</sup>, 2020, had less than 50 registered workers. If the company had 50 workers or more, the exemption from the obligation to pay contributions will cover 75% of the employer's contribution.
  - In ERTes based on the extraordinary circumstances defined in the royal decree-law, **the right to the contributory unemployment benefit** shall be recognized even if workers have not met the minimum contribution period required for such purpose. The time during which the contributory unemployment benefit is received for these reasons will not be included for the purposes of determining completion of the established maximum periods for receiving benefits.
 

The requirements for the extraordinary benefit due to cessation of activity have also been made more flexible.
  - The special provisions set out in the royal decree-law regarding the processing of ERTes will not apply to procedures already commenced or notified prior to the entry into force of the royal

decree-law and based on the grounds it defines. In contrast, the extraordinary measures regarding social security contributions and unemployment benefits will apply to those affected by ERTes notified, authorized or commenced prior to the entry into force of the royal decree-law, provided they are caused directly by COVID-19.

- **Encouragement of teleworking**

Organization systems will be established that allow activity to continue by means of alternative mechanisms, particularly teleworking, and companies must adopt the appropriate measures, if this is technically and reasonably possible and the effort required to adapt is proportionate. These measures must take priority over the temporary cessation or reduction of the activity. The obligation to carry out a risk assessment shall exceptionally be deemed to have been met by means of a self-assessment voluntarily carried out by the worker themselves.

- **Adaptation of timetable and reduction of working hours**

- Workers who evidence duties of care with respect to their spouse or spousal equivalent, and with respect to relatives up to the second degree of consanguinity of the worker, will be entitled to adapt and/or reduce their working hours where exceptional circumstances exist that are related to the steps necessary to prevent the community transmission of COVID-19.
- Such circumstances shall be deemed to exist when the presence of the worker is required to attend to any of the indicated persons who, by reason of age, illness or disability, require personal and direct care as a direct consequence of COVID-19.
- Exceptional circumstances will also be deemed to exist when there are decisions adopted by government authorities relating to COVID-19 that entail the closure of educational establishments or establishments of any other nature that provide care or attend to the person requiring them and, where exceptional circumstances exist that require the presence of the worker, when the person that, up to that time, had directly cared for or attended to the spouse or relative up to the second degree of the worker is not able to continue doing so due to justified reasons related to COVID-19.
- This is an individual right of each of the parents or caregivers, which must presume shared responsibility for the distribution of care duties and avoidance of the perpetuation of roles, and it must be justified, reasonable and proportionate in relation to the situation of the company, particularly in the event that various workers from the same company exercise this right.
- The initial proposal corresponds to the worker, both in terms of its scope and content, provided that it is justified, reasonable and proportionate, taking into account the specific care needs that must be provided by the worker, duly evidenced, and the organizational needs of the company. The company and the worker must do everything possible in order to reach an agreement.
- The right to adapt working hours may refer to the distribution of working time or to any other aspect of the working conditions, and may consist of a change of shift, altered timetable, flexible timetable, split or continuous working day, change of workplace, change of duties, change in the manner of performing the work, including teleworking, or any other reasonable and proportionate change, taking into account the temporary and exceptional nature.
- In the case of a special reduction in working hours, the guarantees, benefits or special provisions currently established will apply, in addition to the following special provisions:
  - it must be notified 24 hours in advance.
  - it may cover 100% of the working hours where necessary (in this case, it is specified that it must be justified, and reasonable and proportionate in light of the situation of the company).
  - In the case of direct care of a relative, up to the second degree of consanguinity or affinity, who by reason of age, accident or illness cannot take care of themselves, it will not be necessary for the relative requiring care and attention to not perform a paid activity.

- The extraordinary employment-related measures will be subject to the company's obligation to maintain employment for a period of six months following the date of resumption of the activity.

### 10.3. Financial measures

- Set up of a **€ 100 million public guarantee scheme** to ensure liquidity for struggling businesses.
- The net indebtedness limit for Spanish official credit institute ICO, is raised by **€ 10 million euros** for the purpose of increasing the ICO facilities **providing funding** to companies and the self-employed.
- Authorization is given for an **insurance cover** facility amounting to up **€ 2 billion** for the working capital credit facilities needed for export companies out of the reserve fund for risks in international trade, for certain small and medium enterprises that are encountering liquidity problems (but which are not in technical insolvency or at the pre-solvency stage) as a result of the impact of the crisis caused by COVID-19. This insurance cover will be provided by CESCE.
- Financial measures are granted targeted at any owners of farm operations that had entered into credit facility loans as a result of the drought in 2017, who will be allowed to enter into agreements with financial institutions to extend their repayment periods by up to a year.
- Royal decree-law 8/2020 allows the sums in the Fund for “Red Cervera” Technical Provisions and R&D&I projects to be used to cover any of the risks that Centro para el Desarrollo Tecnológico e Industrial may incur by providing loans to finance R&D&I projects of small and medium enterprises, and of mid cap companies.
- **€ 400 million** of public money to **support payments** and self-employed entrepreneurs;
- **repayments of public loans** to companies may be deferred;
- possibility of **delaying mortgage payments** on primary residences for:
  - employees who lose their jobs; as well as
  - self-employed workers who sustain dramatic income losses due to the coronavirus crisis;
- The mortgage moratorium will last between one and three months.

### 10.4. Extraordinary measures for private law legal entities

- During the state of emergency period, companies, associations or foundations of all types are allowed to **hold meetings of their governing bodies** by video or audio conference call, subject to certain requirements, even if their bylaws do not specifically allow that form of holding meetings.
- During the state of emergency period, companies, associations or foundations of all types are allowed the adoption of resolutions by their governing bodies by **written consent without a meeting**, if the chairperson so decides or that procedure is requested by two of their members, even if their bylaws do not specifically allow that form of holding meetings.
- The three-month period following the fiscal year-end for the **preparation of financial statements** by legal entities required to do so is suspended during the state of emergency, and will resume for another three months from when the state of emergency ends.
- In the case of financial statements that had already been prepared on the date of declaration of the state of emergency, the period for their **verification by auditors**, where they are subject to statutory audit, is extended until two months after the end of the state of emergency.
- **Annual shareholders' (members') meetings** for approval of financial statements must be held in the three-month period following the end date of the period for preparing the financial statements.
- For **shareholders' (members') meetings** called before publication of the state of emergency and to be held after that publication, the place and date may be changed or the meeting notice may be revoked by placing an announcement on the company's website, or if the company does not have a

website, in the Official State Gazette, 48 hours in advance. If the meeting notice is revoked, the managing body will have to issue a fresh meeting notice in the month following the end of the state of emergency.

- The **rights of withdrawal of members (shareholders)** have been suspended, even if there is due cause, until the state of emergency ends.
- The **reinstatement of any cooperative members** who leave the cooperative during the state of emergency is extended, until six months after the end of the state of emergency.
- If the company's term envisaged in the bylaws ends while the state of emergency is in place, the **winding-up** of the company by operation of the law is deferred until two months following the end of the state of emergency.
- Even if before or during the state of emergency, a statutory or bylaw ground requiring the company to be wound up exists, the **period for calling the meeting** that must resolve on that winding-up by the managing body is suspended until the state of emergency ends.
- If the **statutory or bylaw ground for winding-up** occurs while the state of emergency is in place, the directors will not be liable for the company's debts incurred in that period.
- In the case of **listed companies**:
  - The time limit for the obligation to publish and send the annual financial report and the auditor's report on the financial statements to the CNMV is extended to six months following the fiscal year-end. That time period is lengthened to four months for the publication of interim management statements and six monthly financial reports.
  - Annual shareholders' meetings may be held in the ten months following the fiscal year-end.
  - The board of directors may set out in the meeting notice for the shareholders' meeting remote attendance and distance voting, together with the holding of the meeting anywhere in Spain, even if these scenarios are not specifically envisaged in the company's bylaws. If the meeting notice has already been published, any of these scenarios may be set out in an additional announcement which will have to be published at least five calendar days before the scheduled date for holding the meeting.
  - If the measures imposed by public authorities prevent the meeting being held in the place and physical venue set out in the meeting notice and the power described above cannot be used:
    - if the meeting has been validly convened in that place and venue, it may resolve to continue holding the meeting on the same date in another place and venue within the same province, allowing a reasonable period for the attendees to travel there; and
    - if the meeting cannot be held, the holding of the meeting on a subsequent call may be announced with the same agenda and the same publicity requirements as the meeting that was not held, at least five days before the date scheduled for the meeting.

In this case, the managing body may resolve in the additional announcement to hold the meeting remotely only, namely, without physical attendance by shareholders or their representatives, provided the option is provided of participating in the meeting by any of these means: remote assistance, proxy granted to the meeting chairperson on distance media; and advance voting using distance media. Directors may attend the meeting, which will be deemed to be held at the registered office regardless of where the meeting chairperson is located, by audio or video conference call.
- It accepts the validity of board meetings held by video conference or conference call, even if this is not specifically allowed in the bylaws.
- The **expiry period for registry entries** is suspended and will resume at the end of the state of emergency.

- While the state of emergency is in place, **technically insolvent** debtors and debtors that have given notice to the courts of the pre-insolvency negotiations under article 5 bis of the Insolvency Law, even where the time period has ended, will not be required to petition for an insolvency order.

Until the end of two months following the end of the state of emergency, judges will not admit for consideration any petitions for necessary insolvency that have been filed in that state of emergency period or that will be filed in those two months. If a voluntary petition for an insolvency order has been filed, it will be admitted for consideration, on a priority basis, even if it has a later date.

#### 10.5. Measures to control foreign investment

- The **regime for deregulation of direct foreign investment in Spain is suspended** (i.e., investments made by residents of countries outside of the European Union and of the European Free Trade Association where the investor comes to hold a stake equal to or greater than 10% of the share capital of the Spanish company, or where, as a result of the corporate transaction, act or legal transaction, they effectively participate in the management or control of that company), if:
  - the investment is made in certain sectors affecting public policy, public security and public health; or
  - the foreign investor is directly or indirectly controlled by the government, including the public agencies or armed forces, of a third country; has made investments or participated in activities in sectors affecting security, public policy and public health in another member state; or if an administrative or judicial proceeding has been brought against the foreign investor in another member state or in the state of origin or in a third state due for carrying on criminal or illegal activities.
- In order to carry out these investments, **authorization must be obtained** on the terms provided for in the applicable legislation (Law 19/2003, of July 4<sup>th</sup>, 2003)

#### Useful links:

- Government of Spain's website: click [here](#).

*For updated information please contact your Taxand team in Spain at <https://www.garrigues.com/>*

## 11. SWEDEN

The Swedish government has announced the implementation of legislative reforms to protect businesses from the effects of the Covid-19 virus<sup>7</sup>.

### 11.1. Tax measures

- The Tax Agency will have a possibility to grant companies a respite with payments of withheld wage tax, social security contributions and VAT.
- A respite may be granted for reporting periods (*i.e.* months) within the period January – September 2020.

A respite may be granted for up to **three reporting periods** and the respite is valid for **up to one year**.

For companies that report VAT on a quarterly basis, respite may only be granted for one reporting period.

- For granted respites, a **special respite-fee** will be levied.

The fee is **0.3% per month** of the respite amount and is to be paid when the respite ends.

Each application for a respite will be judged by its own merits.

All these proposals should enter into force on April 7<sup>th</sup>, 2020 with a **retroactive effect from January 1<sup>st</sup>, 2020**.

The Tax Agency has also published a statement on March 17<sup>th</sup>, 2020 **regarding the possibility for respite with payments before the proposed changes enter into force**. This is regarding the possibility for respite with payments under the current legislation. As such:

- Respite with payments can be granted if the company has **temporary difficulties** making payment in time due to direct cause of the **coronavirus** ;
- Respite with payments of **withheld wage tax and VAT** are most often not granted according to the Tax Agency, since the company is expected to have that amount as liquid cash.

However, a respite may still be granted if the company proves that it had to use the money to pay for something it could not have anticipated in order to mitigate the consequences of the coronavirus.

Companies that chose to apply for a respite should be aware of the respite-fee, which will be due for payment when the respite ends.

The company would also have to pay interest at a rate of **1,25 %** (in addition to the respite-fee).

### 11.2. Mesures sociales

- **The State will increase its share of support** to employers whose employees temporarily reduce their working hours.

This proposal implies that the basis for State support will be increased in the period from March 16<sup>th</sup>, to December 31<sup>st</sup>, 2020.

This proposal should enter into force on April 7<sup>th</sup>, 2020 **with retroactive effect on March 16<sup>th</sup>, 2020**.

- The **requirement for a medical certificate** from the 7<sup>th</sup> day of a period of illness is temporarily set aside. This proposal is to enter into force April 7<sup>th</sup>, 2020, with retroactive effect as of March 13<sup>th</sup>, 2020.
- The following reliefs are also contemplated:

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<sup>7</sup> Ministry of Finance press release of March 16<sup>th</sup>, 2020, "Crisis package for Swedish businesses and jobs".

- The government assumes **full responsibility for sickness benefits** for the period from March 11<sup>th</sup> to May 31<sup>st</sup>, 2020;
- **Short-term temporary layoffs** will be possible as of March 16<sup>th</sup>, 2020.

### 11.3. Financial Measures

- The *Riksbank*, the Swedish central bank, has announced that it will lend up to SEK 500 billion (about € 45 billion) to companies through banks to secure the supply of credit.

*The Riksbank has also announced that it intends to buy securities for up to an additional SEK 300 billion (about € 26.6 billion).*

- The *Finansinspektionen* (the Swedish financial supervisory authority) announced that it was lowering the **counter-cyclical capital cushion** to zero in order to ensure the smooth functioning of the credit supply.
- The Government grants special credit guarantees to Swedish airlines of SEK 5 billion (€ 440 million) (of which SEK 1.5 billion - € 130 million - is earmarked for SAS).

#### Useful links:

- Government of Sweden's website: click [here](#).

*For updated information please contact your Taxand team in Sweden at <https://skeppsbronskatt.se/>*

## 12. UNITED KINGDOM

As a first step, on March 11<sup>th</sup>, 2020, the British Chancellor of the Exchequer announced a package of measures to reduce the economic impact of the Covid-19 virus totaling to £ 12 billion (approximately € 13 billion)<sup>8</sup>.

On March 17<sup>th</sup>, 2020, additional measures were announced by the British government<sup>9</sup>.

This included a package of government-backed and guaranteed loans to support businesses, making available an initial £ 330 billion of guarantees – equivalent to 15% of UK GDP.

### 12.1. Tax measures

- ***Introduction of a business rates retail discount***

A business rates discount of 100% (formerly 50%) will apply for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year.

- ***Assistance in the payment of taxes***

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service.

These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

- ***Postponement of IR35 in the private sector***

The government announced on March 17<sup>th</sup> that the reform to the off-payroll working rules (commonly known as IR35) - that would have applied for people contracting their services to large or medium-sized organisations outside the public sector - will be delayed for one year from April 6<sup>th</sup>, 2020 until April 6<sup>th</sup>, 2021.

### 12.2. Social measures

Small and medium-sized businesses and employers may reclaim **up to two weeks of Statutory Sick Pay (SSP)** paid for sickness absence due to the COVID-19 virus.

Employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a general practitioner fit note.

This measure is applicable to employers with fewer than 250 employees as of February 28<sup>th</sup>, 2020.

### 12.3. Financial measures

- ***Reduction in the Bank of England Base rate***

The Bank of England announced on March 19<sup>th</sup> that it has reduced its lending rate to a historic low of 0.1%.

This follows a previous reduction on March 12<sup>th</sup> from 0.75% to 0.25%.

Furthermore, it has also said that it will buy £ 200 billion (about € 215 billion) more UK assets, restarting its quantitative easing policy.

- ***One-off grant of £ 10,000 (about € 11,000) to business that pay little or no business rates***

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<sup>8</sup> Measures published by the Treasury on March 11<sup>th</sup>, 2020, "Support for those affected by COVID-19".

<sup>9</sup> Measures described by the Treasury on March 17<sup>th</sup>, 2020, "Chancellor announces additional support to protect businesses".



- ***Additional grant of £ 25,000 (about € 27,000) to retail, hospitality and leisure businesses***

This measure applies to businesses operating from smaller premises, with a rateable value between £ 15,000 and £ 51,000 (about € 16,000 to € 55,000).

- ***Support for businesses through the Coronavirus Business Interruption Loan Scheme***

The Government will provide, through the British Business Bank, free of charge to SMEs an 80% guarantee on each loan for borrowings up to £ 5 million (about € 5.5 million).

Businesses can access the first 6 months of that finance interest free, as government will cover the first 6 months of interest payments.

The overall ceiling for these guarantees is, for the time being, £ 330 billion (€ 362.5 billion).

Further details, including on the lenders providing access to this scheme will be announced in the coming days, and the scheme will be available from early week commencing March 23<sup>rd</sup>, 2020.

- ***Suspension of mortgage payments for three months***

The government has agreed with mortgage lenders that they will offer repayment holidays of 3 months to households in financial difficulty due to COVID-19. This will also apply to landlords whose tenants are experiencing financial difficulties because of COVID-19. The offer of a payment holiday can be made available to customers who are up to date with payments and not already in arrears.

- ***The new COVID-19 Corporate Financing Facility***

This means that the Bank of England will buy short term debt from large companies. This will support companies which are fundamentally strong, but have been affected by a short-term funding squeeze, enabling them to continue financing their short-term liabilities. It will also support corporate finance markets overall and ease the supply of credit to all firms.

- Alongside the Budget, the government has published information about the support available to individuals and businesses whose finances are affected by COVID-19. This information, which will be regularly updated as the situation develops, can be found [here](#).

- ***Employment and Wage Subsidy***

The government is due to announce a further subsidy package on March 20<sup>th</sup> to provide support to businesses in paying their employees.

Further details are not available at the time of writing but should be available by the close of business on March 20<sup>th</sup>.

- ***Further Measures***

The government and the Bank of England are currently announcing measures on an almost daily basis.

Readers are advised to refer the website link below in order to have the most up to date position.

#### **Useful links:**

- Government of the UK's website: click [here](#).

*For updated information please contact your Taxand team in the United Kingdom at <https://www.alvarezandmarsal.com/>*

## **13. UNITED STATES**

### **13.1. Tax measures**

- delayed payment of 2019 taxes for 3 months, up to € 10 million for corporations and € 1 million for other taxpayers.

### **13.2. Social measures**

- extensions of paid leaves for employees and insurance coverage for virus testing.

*This measure is approved but needs to be signed by the President.*

### **13.3. Social measures**

Some potential measures may be implemented:

- Industry-specific aid, particularly for airlines (potentially for hotel and other hospitality);
- Reinstatement of the federal NOL carry-back.

#### **Useful links:**

- White House's website: click [here](#).

*For updated information please contact your Taxand team in the United Kingdom at <https://www.alvarezandmarsal.com/>*