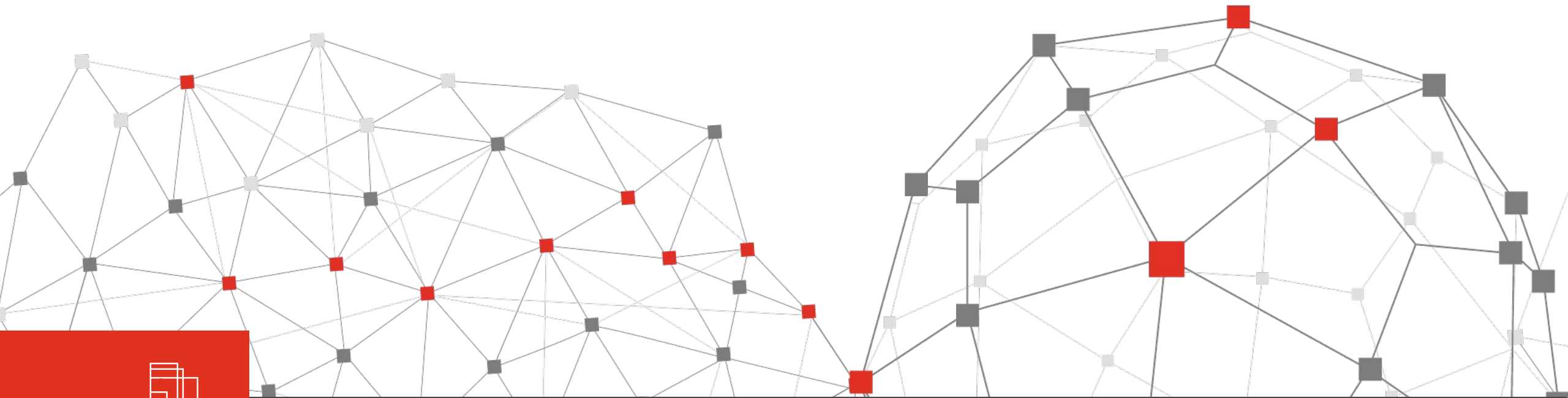


# COVID-19

## Governments' response to COVID-19

### Economic and tax measures



# Helping governments prepare, respond and emerge stronger

The COVID-19 outbreak has been declared a pandemic by the World Health Organization, causing huge impact on people's lives, families and communities.

As the international response continues to develop, we at PwC know that governments are facing several potentially significant challenges to which they need to respond rapidly. We are working closely with organisations globally to help them in preparing and responding, sharing our experience having worked with companies, governments, regulators, NGOs and international organisations around the world.

Governments around the world, including in the CEE and SEE regions, have issued a series of economic and tax measures in order to minimize the impact of this pandemic on its citizens and economies. This overview outlines said measures, focusing on the main following areas:



Finance &  
liquidity



Tax &  
trade



Ops &  
supply  
chain



Workforce

## COVID-19 – Economic/tax response measures

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### Central Bank & financial measures

#### General:

- Provisions for a more flexible budget so that the Prime Minister can transfer budget funds to more urgent goals.
- Fiscal benefits for donations made in relation to fighting coronavirus.
- Creation or simplification of the procedure for changing purpose of specific provisions from blocked funds in public finance sector

#### Dedicated to small and medium-sized enterprises:

- Micro loans for entrepreneurs up to PLN 5000 (EUR 1100).
- Extended de minimis guarantee program for small and medium enterprises (loan warranty level increased from 60% up to 80%).
- Possibility for medium and large companies to obtain capital increase or financing in the form of bonds from the PFR Investments fund - with a total value of PLN 6 bln (EUR 1.3 bln).

#### Dedicated to corporates:

- Leasing support for companies with problems (The Industrial Development Agency will allocate PLN 1.7 bln (EUR 375 mln) to refinance leasing contracts of transport companies).
- Permits to companies to reduce employee salaries, but only up to 20% and the necessary production downtime.
- Settlement of all this year's loss next year.

### Tax measures

#### General:

- Postponement of the entry into force of the new Joint Tax Document system - from 1 July 2020.
- Communes may introduce property tax exemptions.
- Specially launched category "Coronavirus" on the portal "Głos Podatnika" - website dedicated to taxpayers consultations.

## COVID-19 – Economic/tax response measures

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### Tax measures

Dedicated to small and medium-sized enterprises: suspension of retail sales tax.

Corporates:

- Prolongation of deadline for forwarding Personal Income Tax advances on income collected in March and April to the end of May.
- Excluding the application of regulations in income taxes regarding the so-called bad debts.

### Other measures

General: possibility of withdrawing from contractual penalties for delays in implementation of public contract caused by epidemic.

Dedicated to individuals:

- Support to employee wages in endangered firms (state will cover half the salaries; surcharge amount to 40%. avg. salary in 2019)
- Payment from the Social Insurance Institution one-time monthly benefit cca. PLN 2000 (EUR 440) gross for people employed under non-permanent job contracts and for self-employed people.
- Extension of the right to care allowance for parents with children under 8 years of age.
- Transfer of payment for utilities.
- Consumer protection.
- Extension of validity of periodic medical examinations.
- Extension of residence visas and temporary residence permits for foreigners.

Dedicated to small and medium-sized enterprises:

- Social security contributions payment deferral for 3 months ( subsequent repayment of contributions may be split into instalments; postponement and payment of social security contributions - no fees).
- Commercial turnover insurance from the Export Credit Insurance Corporation.

# Bulgaria

## COVID-19 – Economic/tax response measures

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### Central Bank & financial measures

- The Bulgarian Government provides a package of EUR 2.3 bln for COVID 19 economic measures.
- Total amount of EUR 100 mln is available to be granted as interest-free consumer loans to people placed on unpaid leave. Individual loan amount is limited up to EUR 750.
- Introduce subsidies of EUR 0.5 bln granted to enterprises in the most affected sectors to keep their workforce, covering 60% of their employees' remuneration for a period of 1 month.
- Bulgarian Development Bank will ensure EUR 250 mln for the business as loan guarantees.
- The government provides EUR 0.3 bln to cover the extended costs for Ministry of Health, Ministry of Defense and Ministry of Interior.

### Tax measures

- Deadline for filing a year-tax return is extended until 30th June 2020.

### Other measures

- Pensioners with lower pensions are to receive a total of EUR 25 mln as one-off Easter payment under previously used mechanisms.

# Slovenia <sup>(1/2)</sup>

## COVID-19 – Economic/tax response measures

### Central Bank measures

- Moratorium on loans: beneficiaries are entitled to postpone all loan obligations, that were due after the announcement of epidemics in Slovenia, for the period of 12 months.

### Tax measures

- Deferral of tax liabilities: It is possible for taxpayers to defer tax payment for up to 24 months or to repay tax in up to 24 instalments with no additional interest charged for that period.
- Delayed deadlines for tax and annual reports submission: from 31 March 2020 to 31 May 2020.

### Other measures

#### Ministry of Economic Development and Technology

- Liquidity improvement measures: EUR 25 mln in quick loans for SMEs in highly exposed sectors (EUR 25 - 125 thousand), EUR 80 mln in guarantees for bank loans for investments up to EUR 1 mln, EUR 10 mln in micro-loans from EUR 5,000 to EUR 25,000
- Government guarantees: for companies in distress, EUR 6 mln available.
- Tourism support: trainings on crisis management, promotion of Slovenia as healthy tourist destination and analysis of coronavirus effects on tourism in Slovenia.
- Support for sole proprietors: postponement of social contributions payments for April, May and June 2020 by 31 March 2022.

#### Slovenian Export and Development Bank

- Financing support intended to solve corporate liquidity problems, including liquidity in the supply of services and products, problems with reduced demand, etc.

## COVID-19 – Economic/tax response measures

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### Other measures

#### Ministry of Labour

- Salary contributions: 40% government contribution to the cost, when employee is put on waiting and 100% when he/she needs quarantine. Basis for both is 80% of salary. Goal is to keep at least 50% of all employees in endangered companies.

Assistance in internationalization: Expanding the existing measures, so that:

- companies can get at least partial refund for fairs and events that were canceled or postponed due to coronavirus and were not otherwise insured.
- digital fairs (where there is such an option), are co financed by the government.

Agriculture: in case of shortage of food following measures will be taken:

- restriction or ban on export of food in short supply,
- restriction or ban on import of food, - price limit on food or seeds in shortage,
- establishment of a temporary farm manager on farms, where the farmer, his family or employees are no longer able to perform the work, necessary for agricultural produce or animal husbandry.

## COVID-19 – Economic/tax response measures

### Financial measures

- Commercial banks – support measures: introduction of Standstill agreements e.g. suspension of all enforcement measures against all debtors for a period of three months, liquidity and working capital loans with repayment up to three years.
- Delay and / or instalment repayment of public benefit: interest-free loan to municipalities, cities, counties, Croatian Health Insurance Fund (HZZO) and Croatian Pensions Insurance Institute (HZMO).
- Croatian Bank for Reconstruction and Development (HBOR): introducing a moratorium on clients' credit obligations; approval of new liquidity loans to economic operators for financing salaries, overheads and other basic operating expenses; increasing scope of export insurance guarantee fund by e.g. including the tourism sector.

### Other measures

#### Ministry of regional development and EU funds

- Increase in allocation for the financial instrument 'ESIF Micro Loans' for working capital of micro and small enterprises.
- Reduction of interest rates on investment loans from 30% share of 'ESIF Micro and Small Loans'.
- Establishment of new financial instrument 'COVID-19 loans' for working capital for small and medium-sized enterprises.
- Increase of maximum guarantee rate for 'ESIF individual guarantees' for working capital loans from 65% to 80% of loan principal.
- Approval of 75% of the expenditure claimed from the Operational Programme 'Competitiveness and Cohesion'.
- Unconditional extension of the duration of projects which are co-financed by "Competitiveness and Cohesion" and have a deadline of March, April, and May 2020 with 90-day repayment obligation.

#### Ministry of Tourism

- Postponement of payment of: tourist membership dues for economic entities and private renters; tourist tax for private renters (flat rate); concession fees on tourist land in camps.
- Aid for working capital financing programs and improving the liquidity of vulnerable tourism entrepreneurs.



## COVID-19 – Economic/tax response measures

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### Other measures

#### Ministry of Economy, Entrepreneurship and Crafts

- Possibility of intervention purchase of surpluses in livestock, crops, fruit and vegetables.
- Introducing a grace period for the obligation to preserve jobs without losing the right to supportive measures related to the implementation of investment projects implemented in accordance with the Act on Investment Promotion.
- Interventional procurement of disinfectants, soaps and detergents, etc.

#### Ministry of Labour and Pension System

- Aid for preserving jobs in coronavirus affected sectors.
- Provisional measure suspension of aid for self-employment and employment with a view to securing additional funding for job retention in coronavirus-affected sectors.
- Postponement of payment of financial compensation for all employers of the employment quota for persons with disabilities.
- Ensuring payment of minimum wage for persons with disabilities due to retention in employment.

#### Ministry of Agriculture

- Financing of temporary fishing suspension with prior approval of the European Commission.
- Assistance to the agricultural sector due to traffic restrictions and increased manipulation costs.
- Increased funding for de minimis aid to the fisheries and aquaculture sector.
- Establishment of a credit line for working capital for the agriculture, forestry and wood processing sectors.

# Albania

## COVID-19 – Economic/tax response measures

### Central Bank measures

- Rescheduling of loan instalments until 31 May 2020. Individuals and businesses may benefit from a delay of up to 3 months.
- Temporary provision to risk management regulations: banks, financial institutions and loan associations will not be subject to regulations related to creation of provisioning funds in case of borrower insolvency during March-May 2020.

### Financial measures

- USD 25 mln allocated to the Ministry of Health for medical equipment and materials or support to the medical staff.
- USD100 mln allocated to companies that have difficulties in paying employee salaries.
- USD 65 mln allocated for the most immediate needs: people in need, small businesses, potential unemployment.
- USD 20 mln made available to the Ministry of Defense for Humanitarian Operation.
- USD 10 mln as a reserve fund to the Council of Ministers for any unforeseen emergency.

### Tax measures

- Reschedule in the second half of 2020 and thereafter, of profit tax for the whole business up to the amount of ALL 2 to 14 mln (EUR 15.5 thousand to EUR 100 thousand), or from USD 20 to USD 140 thousand of turnover.

### Other measures

- Permanently erase interest rates for active debtors who consume energy today, family or small business, with a financial effect of up to ALL 15 bln (EUR 120 mln), or \$130 mln (measure will benefit 211,240 subscribers).
- Postponement of submission of balances for a period up to June 1 of this year for businesses submitting balances to NBCs online or directly.

# Bosnia and Herzegovina

## COVID-19 – Economic/tax response measures

### Central Bank / Financial measures

#### **Federation of Bosnia and Herzegovina:**

- Establishment of a guarantee fund aimed at maintaining and improving the liquidity of companies.
- FBiH Development Bank to prepare a proposal for a decision to establish a credit line to improve liquidity of endangered firms.
- Banks and individuals will be granted a moratorium, i.e. deferral of the loan, for a minimum of three months.

#### **Republic of Srpska:**

- Establishment of a fund to assist the economy in the Republic of Srpska.
- Banks and individuals will be granted a moratorium, i.e. deferral of the loan, for a minimum of three months.

### Tax measures

**Federation of Bosnia and Herzegovina:** reduction of the amount of income tax for taxpayers engaged in crafts and other activities and extended deadline for filing tax applications (31 March 2020 to 15 April 2020).

**Republic of Srpska:** extended deadline for filing tax returns for 2019.

**Brčko district:** the Indirect Taxation Authority will be asked to defer VAT payments.

### Other measures

- The IMF will put at disposal cca. EUR 165 mln to BiH. These are funds provided through a special line of credit that is approved in cases of emergency or under special circumstances.

**Federation of Bosnia and Herzegovina:** set up a special fund for stabilizing the economy with aim of supporting export companies facing business problems.

**Republic of Srpska:** consideration of wage problems for employees prevented to work, initiative to set up a fund at the state level to support workers who are preventively sent home due to COVID-19.

# Montenegro

## COVID-19 – Economic/tax response measures

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### Central Bank / Financial measures

- Postponement of repayment of loans at the request of citizens and economy with all banks, micro-credit institutions and the Investment and Development Fund (IDF) for 90 days.
- Creation of a new IDF credit line intended to improve the liquidity of entrepreneurs, micro, small, medium-sized and large enterprises up to a maximum amount of EUR 3 mln per beneficiary. By a simplified procedure, no approval fee and an interest rate of 1.5%.

### Tax measures

- Postponement of payment of taxes and contributions on earnings as well as obligations under the Law on Rescheduling of Tax Claims.

### Other measures

- Postponement of payment of lease of state-owned real estate, also for a period of 90 days.
- Advance payment to service providers and contractors on started capital projects with the provision of a bank guarantee in the value of advance payment to ensure their liquidity and maintain continuity of work, where this does not endanger the health of citizens. Started capital projects will not be stopped because they are crucial to the development and faster recovery of the economy and standards (as specified by the Prime Minister).

# North Macedonia

## COVID-19 – Economic/tax response measures

### Central Bank/ Financial measures

- Direct financial support in form of interest-free loans in amount of EUR 3,000 to EUR 30,000 to micro, small and medium-sized companies by the Development Bank of North Macedonia.
- Interest-free loans to companies in amount of EUR 5.7 mln, plus EUR 6 mln (22 March).
- Subsidizing the mandatory social security contributions ("SSC") for employees in companies in the sectors of tourism, transport, restaurants and other affected companies, for the period of April, May and June of 2020. The mandatory SSC would be subsidized up to 50% of the average salary paid in 2019.
- The base interest rate of the National Bank has been decreased to 1.75%.
- The statutory-prescribed contractual penalty interest rates will be decreased to 5% (previously 10%) and to 4% (previously 8%).
- Decrease of the April and May 2020 salaries of the government officials, as well as other public sector employees to the minimum salary, which currently is MKD 14,500 (EUR 235). Presidents and members of municipal councils, management and supervisory boards of public institutions will work without remuneration.
- The enforcement law is suspended until the end of June. The enforcement agents will be obliged to stop taking any enforcement actions.
- Moratorium on loans, beneficiaries are entitled to postpone all loan obligations for three months.
- Special allowances and exemptions for economically vulnerable categories (athletes, artists, recipients of social benefits).
- Companies will be legally protected from going into bankruptcy during the crisis
- Extension of the validity period of bank guarantees issued for the purposes of the customs procedures with economic effect. The customs authorities, with approval by the domestic banks, will automatically prolong the validity of the bank guarantees to 30 June 2020 or to 30 September 2020.
- New EUR 50 mln low-interest loans from commercial banks.

# North Macedonia

## COVID-19 – Economic/tax response measures

### Tax measures

- The Public Revenue Office has announced that it will not issue decisions for forced collection of tax debt, as well as other public duties (fines, court stamp fees) for all taxpayers which have not settled their duties to the tax office.
- The deadline for submission of the annual financial statements and CIT returns for FY19 for all taxpayers has been extended until 24 March 2020.
- Exemptions from paying the monthly advance CIT payments for companies affected by the COVID-19 crisis for the period April, May and June 2020.

### Other measures

- Penalty interest for late payment of public duties will be reduced by half, namely from 0.03% to 0.015%.
- Full exemption from import customs duties for import of basic products\* and medical supplies and equipment necessary for handling the COVID-19 crisis.
- All funds provided for the development, promotion and support of tourism to be reallocated to the Tourism Fund in order to compensate the tourist economy for overcoming the crisis in accordance with the number of employees.
- State funded minimum salaries for every employee in the private companies affected by the crisis for the period April and May 2020 (under several conditions).
- Monthly cash allowance for citizens who have lost their jobs due to the crisis, amounting to 50% of the average employee's salary.
- Subsidy of MKD 7000 (EUR 115) per household for unemployed persons or persons who were part of the informal economy.

\*basic products refer to wheat flour, sunflower oil, white sugar, soaps, detergents, clothing and accessories, diapers for children and adults

## COVID-19 – Economic/tax response measures

### Central Bank / Financial measures

- Moratorium on leasing and loans, beneficiaries are entitled to delay in payment of obligations that were due within 3 days from the day the decision came into force.
  - Leasing providers cannot charge interest on arrears and cannot initiate collection procedure against the lessee, or undertake other legal actions to collect the receivables from the lessee.
  - Commercial banks cannot calculate default interest on arrears and cannot enforce collection against the debtor, nor take other legal actions in order to collect receivables from the debtor. Claims on debtors who have been granted relief and who at the moment of entry into force of this decision were not in arrears longer than 90 days - shall not be considered as restructured, NPL, nor problematic credit in terms of National Bank of Serbia regulations.
- Liquidity and working capital loans for sole traders, MSMEs, farms, and co-operatives registered with the relevant registers, to be extended through the Serbia Development Fund.
- Guarantee schemes for liquidity and capital loans taken out by sole traders, MSMEs, farms, and co-operatives, which are intended to support businesses in weathering the Covid-19 crisis and will be provided through commercial banks operating in Serbia.

### Tax measures

- Tax Administration will not ex officio annul the decision on the postponement of payment of tax due and will not carry out the forced collection procedure for the collection of the tax (nor will interest be accrued during the specified period).
- For the amount of more or less tax paid and incidental payments, except for interest, taxpayers (legal entities, entrepreneurs, farmers and natural persons) shall be charged and paid interest at a rate equal to the annual reference rate of the National Bank of Serbia.
- Deferral of payroll taxes and social contributions for the private sector, which will be payable in instalments beginning at the earliest at the start of 2021.
- Deferral of advance corporation tax for 2020 payable in Q2.
- Exemption from VAT for donors helping the Covid-19 effort.

## COVID-19 – Economic/tax response measures

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### Other measures

- Reallocation of appropriations: during a state of emergency appropriations intended for other purposes may be diverted to the current budget reserve and used for the purpose of mitigating the effects of COVID-19.
- Temporary ban on export: basic products\* and medical supplies and equipment necessary for handling the COVID-19 crisis cannot be exported in order to prevent a critical shortage of these products.
- Grants equal to the statutory minimum wage for all sole traders and micro-, small and medium-sized enterprises (MSMEs).
- Subsidies equal to 50 percent of the statutory minimum wage to large enterprises whose staff have been given paid leave due to a diminished volume of business or a complete stoppage of operations.
- Direct financial assistance in the form of a one-off payment amounting to the dinar equivalent of 100 euros to all adult citizens of Serbia.

\*basic products refer to wheat flour, sunflower oil, white sugar, soaps, detergents, clothing and accessories, diapers for children and adults



# Thank you



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