Government and institution measures in response to COVID-19

Last update: 7 April 2020

Contents

Index is hyperlinked to the relevant page — **click to follow link**

The materials contained in this document are intended for general reference and do not constitute advice from KPMG International or any of its member firms. Readers of these materials who have specific questions regarding the matters discussed herein are encouraged to contact their KPMG advisor or other advisor. The materials are updated as new developments emerge but readers should recognize the rapidly evolving nature of the underlying subject matter.

For any questions please contact: **covid19@kpmg.com**

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

Recent updates

Changes in select geographies

- **United Kingdom:** On 3 April 2020, the Chancellor announced that a new scheme, Coronavirus Large Business Interruption Loan Scheme (CLBILS) is to be introduced. Similar to the SME CBILS scheme this involves a government guarantee of 80% to enable banks to make loans of up to £25 million (CBILS was capped at £5 million) to businesses with an annual turnover of between £45 million and £500 million.

Countries added to this document

New countries in this document:

- No new countries added in this iteration

Updated information

Updated information regarding:

- Portugal, United Kingdom.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

Poland (1/5)

CONTACTS:
Tax: Katarzyna Nosal-Gorzen — knosal@kpmg.pl
Legal: Dariusz Dobkowski — ddobkowski@kpmg.pl
Restructuring: Alina Woloszyn — awoloszyn@kpmg.pl
Transaction Services: Jacek Kulpinski — jkulpinski@kpmg.pl

As of 07 April 2020

General Information	On 18 March 2020, the government presented economic measures in response to the coronavirus (COVID-19) pandemic, and among those measures are tax-related proposals. The Minister of Finance announced that the tax on retail sales would be deferred until the end of the year. On 21 March 2020, the government submitted a preliminary Anti-Crisis Shield for consultation and on 25 March 2020, the Office of Competition and Consumer Protection (UOKiK's) issued Anti-Crisis Shield proposals for consideration. On 31 March 2020, the Polish Parliament adopted the package of legislative laws related to Anti-Crisis Shield, which was subsequently signed by the President. The majority of new regulations will enter into force from 1 April 2020

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Supporting business during hard times

- Retroactive settlement of tax loss — the ability to deduct losses incurred in 2020 by filing an amended corporate income tax return, and a tax loss incurred in a given year would be deductible from income earned in five consecutive years.
- Postponed deadlines — the effective date of new SAF-T-V7M would be postponed to 1 July 2020 (from 1 April 2020), and VAT settlements would be facilitated.
- The deadline for companies to enter information into a central register of beneficial ownership would be postponed to 1 July 2020 (from 13 April 2020).
- Social security contributions — a special order issued 17 March 2020 provides that entrepreneurs in "a difficult situation" may submit a simplified application for three-month deferment of the payment of social security contributions for February, March, and April 2020 (the deferral would apply for payments that had been due on 10 or 15 March, April, and May).
- This deferral will be subject to discretionary assessment. Moreover, if the entrepreneur is in arrears in the payment of contributions and cannot repay them in one payment, an instalment arrangement may be requested. Once this arrangement is signed, the enforcement proceedings will be suspended. Moreover, enforcement of receivables from the period February–April 2020 will be suspended for taxpayers, that at the end of January 2020, were not in arrears with social security contributions.
- Other changes — include:
  - postponed deadline for filing individual income tax returns;
  - facilitations related to split-payment mechanism;
  - accelerated VAT refunds;
  - possible recognition of expenses as tax deductible costs, due to cancellations of tours by entities operating in the tourism sector;
  - relief from prolongation fee.
- On 21 March 2020, President Andrzej Duda announced a 3-month exemption from social security contributions for self-employed and micro-entrepreneurs whose revenues in March dropped by more 50%, compared to February this year.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Poland (2/5)

As of 07 April 2020

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Preliminary Anti-Crisis Shield submitted for consultation on 21 March 2020

- The bill contains almost 70 considerations in the area of: improving the financial liquidity of enterprises, postponing the implementation of certain obligations, securing jobs and employees' incomes, as well as solutions enabling and improving the implementation of tasks.
- In particular, the bill contains proposal for statutory changes in the area of taxes; they were slightly amended compared to previous announcements and relate many to the following:
  - postponement of the deadline of payment of PIT advances on remuneration for March and April 2020 to 1 June 2020;
  - extension of the deadline for payment of the minimum commercial property tax for the period March–May 2020 to 20 June;
  - enabling CIT and PIT taxpayers to deduct losses incurred due to COVID-19 in 2020 from operating income generated in 2019;
  - possibility to resign from paying tax advances in a simplified form for so-called small taxpayers;
  - possibility to deduct donations for pandemic relief made in 2020 from taxable income;
  - exemption from income tax on support received as pandemic relief;
  - exemption from the application of the provisions on increasing income being the base for calculating PIT and CIT advances by the debtor in connection with the failure to pay the liability within 90 days from the expiry of the payment;
  - temporary lift of the so-called prolongation fee (charged in the event of deferment or payment in installments of taxes and ZUS contributions, currently 4% per annum).
- Several other changes relate to the following:
  - postponement of the deadline for mandatory submission of new SAF-T files, including, among others, the VAT return along with the VAT records;
  - extension of the deadline for submitting information on transfer pricing;
  - extension of the deadlines for fulfilling the obligations arising from the provisions on Mandatory Disclosure Rules (MDR) in relation to tax arrangements other than cross-border tax schemes.
- For a certain period of 2020, the commune council may pass an exemption from property tax on land, buildings and structures used for conducting business activities for groups of entrepreneurs indicated by the commune whose financial situation has deteriorated in connection with COVID-19.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Poland (3/5)

As of 07 April 2020

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

Anti-Crisis Shield proposals issued by the Office of Competition and Consumer Protection (UOKiK's) on 25 March 2020

The President of the Office of Competition and Consumer Protection ("UOKiK") is actively combating the economic effects of the COVID-19 pandemic in Poland and proposes solutions that are intended to protect consumer interests and counter abusive practices on the market. The key proposed solutions relate to the following actions:

- Proposed new price control tools imposing price and margin ceilings on certain products important for society and new accompanying sanctions:
  - up to PLN 5 million for violating the prohibition on applying prices or margins above the respective ceiling;
  - up to 10% of the annual turnover for repeated or large-scale infringements.
- UOKiK also proposed amendments to the so-called "Crisis Act" — the Act of 2 March 2020 on extraordinary measures aimed at preventing and combating COVID-19:
  - Based on the proposed regulations, the Minister of Health in consultation with the Minister of Development and the Minister of Agriculture and Rural Development will be authorized to issue ordinances imposing maximum prices or maximum margins on wholesale and retail sales of goods and services that are critical for the protection of human health, safety or for household expenses.
  - According to the draft, using prices or margins above the ceiling will be punishable by fines in a range from PLN 5,000 to PLN 5,000,000.
  - Additionally, the UOKiK is to be authorized to impose penalties of up to 10% of the turnover in the preceding financial year on entrepreneurs who repeatedly infringe price and margin ceilings, do so with respect to various goods or services, or infringe them on a large scale.
  - Penalties for procedural infringements, such as refusing to provide the information requested by the UOKiK President, frustrating or hindering inspections, may amount up to 5% of the annual turnover but no more than PLN 50,000,000.
- UOKiK also proposed a temporary reduction in the maximum level of non-interest costs on consumer loans; the amount of non-interest costs should not exceed 5% on loans with maturity of less than 30 days and 15% plus 6% for each year of the term for loans with maturity of more than 30 days.
- The current draft does not include the working proposal made earlier by UOKiK that consumers should be permitted to suspend the performance of a consumer loan or mortgage loan, which would release consumers from the obligation to make payments under such loans, and no interest or other fees would be charged in respect of the suspension period.

KPMG

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Poland (4/5)

As of 07 April 2020

Employment-related measures
(e.g. state compensation schemes, training…)

Special purpose Act on support for businesses affected by COVID-19 epidemic

One of the primary objectives of the Special purpose Act on support for companies due to COVID-19 epidemic relates to employment protection. The key measures implemented by the State in this respect enters into force from 1 April 2020 and comprise *inter alia*:

- Subsidies for employee remuneration costs and social security contributions for the enterprises in the event of a decline in sales revenues due to COVID-19 epidemic. The enterprise will be eligible for subsidy if the decline in sales revenues will amount to:
  - not less than 15% — calculated as the ratio of total sales revenues in the following two months period after Jan 2020, to the total sales revenues from the corresponding 2 months of the previous year (i.e. 2019); or
  - not less than 25% — calculated as the ratio of total sales revenues in any given month in the period after Jan 2020 compared to the turnover from the previous month.
- The subsidy may be granted due to:
  - economic downtime (i.e. when an employee does not work for reasons not related to the employee). The employer will receive a subsidy in the amount of 50% of minimum wage plus social security contributions up to three months period and will be obliged to pay a 50% of base remuneration to given employee (however not less than 100% minimum wage),
  - reduction of employee's working time by 20%, but not more than to half time. The salary of such an employee may be subsidized up to half of the salary, but no more than 40% of the average monthly salary from the previous quarter plus social security contributions up to three month period. The remuneration paid after the working time reduction may not be lower than the minimum wage.
- Additional subsidies for employee remuneration costs and social security contributions for micro, small and medium-sized enterprises for up to 3 month period, in the event of a decline in total sales revenues in the following two months of 2020 compared to the total sales revenues from the corresponding 2 months of 2019, in the amount of:
  - 50% of minimum wage plus social security contributions per employee, if the decline in sales revenues amounted to 30%,
  - 70% of minimum wage plus social security contributions per employee, if the decline in sales revenues amounted to 50%,
  - 90% of minimum wage plus social security contributions per employee, if the decline in sales revenues amounted to 80%.
- Exemption from social security contributions for up to 3 months period for owners of micro-enterprises (employing up to 9 people) established before Feb 2020 and self-employed people with income below three times the average wage, registered before Feb 2020.
- Payment of a "work suspension benefit" in the amount of approx. PLN 2,000 for employees working based on a civil law contracts and self-employed (if they were active before Feb 2020); in the case of self-employed persons, income in the month preceding the month of submitting the application for "work suspension benefit" must fall by at least 15% compared to the previous month. The benefit is also granted to self-employed persons who suspended their activities after Jan 2020.
- The employer affected by COVID-19 epidemic will be able to reduce the employee's daily uninterrupted rest time from the current 11 hours to 8 hours (with an obligation to provide an employee with equivalent rest within 8 weeks), and to reduce the weekly rest period from 35 to 32 hours.

Other measures and sources

- Poland: Tax relief in response to coronavirus (COVID-19): https://home.kpmg/us/en/home/insights/2020/03/tnf-poland-tax-relief-response-coronavirus.html
- The Chancellery of the Prime Minister: https://www.premier.gov.pl/wydarzenia/aktualnosci/jadwiga-emilewicz-bedzie-specustawa-dla-gospodarki-w-sprawie-koronawirusa.html
- Government of Poland: https://www.gov.pl/web/finanse/ministerstwo-finansow-z-pomoca-dla-msp
- Journal of Laws of the Republic of Poland: http://dziennikustaw.gov.pl/DU

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Poland (5/5)

As of 07 April 2020

Other measures and sources

Main sources of information

The bill adopted by the lower chamber of the Polish parliament on March 28, 2020

Regulation of the Minister of Finance of March 25, 2020

Customs Measures

Suspension ex officio or on request:

— Tax proceedings or inspections;
— Customs inspections.

Suspension may also be introduced by the Minister of Finance in a regulation specifying the territorial scope of suspension, types of proceedings and inspections as well as the period for which suspension occurs. The basis in this case will be the period of validity of the epidemic threat or epidemic status and the effects caused by them.

The suspension period is not included in the dates of proceedings and inspections. (Not effective, draft proceeded by parliament)

"Reduction of the VAT rate to 0% for delivery:

— medical devices;
— In-vitro diagnostic medical devices;
— Laboratory glasswares and laboratory apparatus;
— Medicinal products and active substances;
— Disinfectants;
— Specialized diagnostic tests;
— Personal protection equipment.

If they are intended for purposes related to combating SARS-CoV-2 virus and donated to

— Material Reserves Agency
— Central Base of Sanitary and Anti-Epidemic Reserves
— Entities performing medical activities entered in the relevant list

It is also necessary to conclude a written agreement between the taxpayer and this entity, which will determine how the goods will be used

The reduced tax rate may also be used for the delivery of goods made in the period from 1st February 2020 r. to the date of entry into force of the Regulation.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Portugal (1/2)

CONTACTS:
Tax: Pedro M Alves — pmalves@kpmg.com
Restructuring: Ines Dourado — idourado@kpmg.com
Legal: Joana Mota — jmota@kpmg.com

As of 07 April 2020

General Information	
	Following the outbreak of COVID-19 in Portugal, Order no. 104/2020 — XXII was issued to provide tax relief as well as to address other challenges that companies may encounter. On March 17, the government announced a EUR 9.2 billion stimulus package. The government stimulus package consists of: — EUR 5.2 billion euros in fiscal stimulus — EUR 3 billion in state-backed credit guarantees — EUR 1 billion related to social security payments, and will include soft loans, and a delay in some tax payments to support businesses

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Regarding tax matters, the deadlines for some tax obligations of companies have been postponed, including the following:

- Postponement of the deadline regarding the first instalment of the special payment on account (due in March) to 30 June 2020, without being subject to any penalty
- Postponement of the deadline for filing the corporate income tax return ("Modelo 22") for the 2019 tax period — it has been extended from 31 May 2020 to 31 July 2020, without any penalty
- Postponement of the deadline regarding the first instalment of the payment on account and the first instalment of the additional payment on account by companies (due in July) to 31 August 2020, without any penalty
- Situations of infection or preventative isolation of taxpayers and their accountants, declared by health authorities will be considered reasonable cause for a delay to the fulfilment of tax reporting obligations

Deferred payments on all contributions by self-employed people. Following the outbreak of COVID-19 in Portugal, the Portuguese government issued an Order to provide tax relief as well as to address other challenges that companies may encounter. Regarding tax matters, the deadlines for some tax obligations of companies have been delayed, including the following:

- Postponement of the deadline regarding the first instalment of the special payment on account (due in March) to 30 June 2020, without being subject to any penalty
- Postponement of the deadline for filing the corporate income tax return ("Modelo 22") for the 2019 tax period — it has been extended from 31 May 2020 to 31 July 2020, without any penalty
- Postponement of the deadline regarding the first instalment of the payment on account and the first instalment of the additional payment on account by companies (due in July) to 31 August 2020, without any penalty
- Situations of infection or preventative isolation of taxpayers and their accountants, declared by health authorities will be considered reasonable cause for a delay to the fulfilment of tax reporting obligations.

The Portuguese government also announced measures to allow for flexibility on tax payments — including payments of corporate income tax, individual (personal) income tax, and value added tax (VAT) for the

On March 24 the State Secretary for Tax Affairs released an order which provides for:

- A postponement of the new Monthly Stamp Duty return, which should now only apply to operations and facts occurred from 1 January 2021 onwards
- Stamp duty settlement and payment obligations related to 2020 transactions are to follow the procedure available as of 31 December 2019.second quarter of 2020. Some of the measures will be subject to eligibility limitations.

A VAT exemption applies with regard to "free of charge" supplies of goods made to the government, to private social institutions, and to non-governmental non-profit organizations, and applies even if the goods remain in the ownership of the entities.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Portugal (2/2)

As of 07 April 2020

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

- The announced measures also include a credit line of EUR 60 million for micro-companies in the tourism sector;

Other measures and sources

Main sources of information

- Poland: Tax relief in response to coronavirus (COVID-19): https://home.kpmg/us/en/home/insights/2020/03/tnf-poland-tax-relief-response-coronavirus.html
- Portugal: Update on tax relief measures, responding to coronavirus (COVID-19): https://home.kpmg/us/en/home/insights/2020/03/tnf-portugal-update-on-tax-relief-measures-responding-to-coronavirus.html

Employment-related measures
(e.g. state compensation schemes, training…)

Specific health guidance for companies has been issued.

- On 9 March, the government announced it was earmarking EUR 200 million in loans to support SMEs. This was followed on 10 March by the announcement of the launch of a credit line to support treasury to companies affected by the outbreak, in the initial amount of EUR 100 million. The package includes measures to support liquidity, but also to support of wages.
- The Government is preparing to pass extraordinary legislation that will simplify the lay-off regime in companies whose activity is affected by the effects of the Covid-19 epidemic, exemption from contributions to Social Security for up to seven months for companies
- The announced measures also include a special budget to allow people who are out of a job to get training

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Romania (1/2)

CONTACTS:
Tax: René Schob — rschob@kpmg.com
Restructuring: Speranta Munteanu — smunteanu@kpmg.com
Legal: Laura Toncescu — ltoncescu@kpmg.com

As of 07 April 2020

General Information

On 18 March, the government announced a package to support companies. The measures aim to increase the liquidity of the companies and support the companies that temporarily suspend their activity. The measures include:

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

In response to the context created by the COVID-19 epidemic, two key tax measures have been adopted by the Romanian Government and enacted through GEO 29/2020:

- All tax obligations which have their due date after 21 March 2020 and which are unpaid do not qualify as overdue, and therefore they are not subject to late payment interest and penalties.
- All tax related foreclosure procedures involving garnishments are suspended by law.
- Both measures cease to produce effect 30 days from the end of the state of emergency situation, declared by the Romanian state as of 16 March 2020.
- The same ordinance provides for deferral of the payment deadline of local taxes such as taxes for buildings, land, and vehicles from 31 March 2020 to 30 June 2020, while the reduction of up to 10% for full payment granted by local councils is still applicable.

Other tax measures

- For all quarters of 2020, taxpayers who make, either by law or by option, advanced quarterly payments of corporate income tax by reference to the corporate income tax level of the previous year (2019) are allowed, by exception, to calculate, declare and pay quarterly corporate income tax at the level of the actual profit of 2020. This measure is also applicable to taxpayers with a fiscal year different from the calendar year, in 2020.
- Tax restructuring and relief measures for overdue tax obligation as at 31 December 2018 which were enacted by GO 6/2019 remain applicable if the taxpayers who want to access the measures submit notifications of intent by 31 July 2020 (the deadline before deferral was 31 March 2020) and then submit the application for restructuring measures by 30 October 2020 (the deadline before deferral was 31 July 2020).
- The deadline for filing the UBO statement has been extended to 3 months from the end of the state of emergency, as declared by Decree 195/2020.
- Throughout the duration of the state of emergency, the filing of the statement and of related documentation has been suspended.

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

- Raising the ceiling for credit guarantees for SMEs affected by the coronavirus crisis by LEI 5 billion, which depending on the financing needs of SMEs, can be increased even further to LEI 15 billion. Interest is 100% subsidized. The guarantee will cover 90% of loan amounts of up to LEI 1 million and 50% for credits of over LEI 1 million.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Romania (2/2)

As of 07 April 2020

Other measures and sources

Main sources of information:

— GEO 29/2020 — tax relief measures enacted in response to the COVID-19 outbreak https://home.kpmg/ro/en/home/insights/2020/03/geo-29-2020-tax-relief-measures.html

Employment-related measures

(e.g. state compensation schemes, training…)

Public funding

— Covering 75% of the salary of employees sent into technical unemployment by companies affected by the coronavirus crisis if their activity is interrupted, totally or partially or is reduced as a result of the effects of the COVID-19 pandemic for the duration of the state of emergency, based on a solemn declaration of the employer.

Social protection measures

— The criteria for sending employees into technical unemployment and minimum income ensured for freelancers working in industries where activity is reduced or interrupted due to the pandemic.

— The conditions for granting free paid days to parents, in order to supervise their children during the temporary closure of educational establishments.

— The online submission of the documentation needed in order to gain access to social benefits.

— The measures for ensuring continuity in the granting of return to work incentives and child care allowance, as well as for facilitating access to medical leave and medical leave indemnities for quarantined persons.

— The employees which have at least one active employment agreement will not beneficiate of the allowance for technical unemployment. if one employee has more employment contracts and all these are suspended, they will beneficiate of the allowance for the most favorable salary.

Specific aspects regarding the technical unemployment regulated under the specific legislation issued by the Romanian legislative authorities in the context of COVID-19 pandemic:

– The technical unemployment under the conditions regulated by the special legislation is to be applicable only during the state of emergency period, as decreed by the Romanian competent authorities**.**

Work-time reduction

— The employers shall initiate the prior consultation of the representative trade union or of the employees' representatives, as the case may be, with respect to reduction of the working schedule from 5 to 4 days/week — their consent is not mandatory, but they have to be consulted;

— Decision of the employer regarding the working-time and salary rights reduction of the employees

— Registration with REVISAL of employees' working program and salary amendment under the legal terms (i.e. one working day prior to the amendment), under the penalty of administrative sanctions that may be applied by the competent labor authorities.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Russia (1/3)

CONTACTS:
Tax: Anna Voronkova — avoronkova@kpmg.ru
Restructuring: Andrei Mitrofanov — amitrofanov@kpmg.ru
Legal: Irina Narysheva — inarysheva@kpmg.ru

As of 07 April 2020

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Incentives to companies to continue operating

— Tax holidays to support aviation and tourism industries.

Support to the industries at risk

— Support of touristic companies, developers and other influenced industries: partial relief from mandatory payments, tax vacations etc.
— Introduction of a moratorium on inspections of SMEs, including tax, except for the issues that pose risks to life and health of citizens
— Introduction of a three-month delay for the payment of insurance contributions, including employees, for micro-enterprises
— Expansion of the program for subsidizing access of SMEs to loan funds within the easy-term loan program
— Temporary deferral (or a moratorium) on rental payments by SME lessees of state or municipal property

25 March 2020 President Vladimir Putin addressed the nation and announced following support measures:

Support to business

— Small and midsized businesses will receive a six-month tax deferral for all taxes excluding VAT and social insurance payments
— The government should develop the list of industries mostly hit by crisis and propose the anti-crisis measures
— Six months ban for bankruptcy claims against the debtors from creditors or financial lenders
— Decrease of the social insurance rate from 30% to 15% for salaries exceeding the minimum statutory wage

New taxation

— 13% income tax on interest accrued on deposits exceeding 1 mln rubles ($12,700) starting from 2021
— Increase to 15% taxation rate for dividends paid out from Russia to co-called transit jurisdictions (i.e. Cyprus — the process of changing the DTT in already started)
— Funds received by state budget in the results of these measures should be spent on support of families, unemployed and sick people
— Cancellation of tax exemption for interest income on state and regional treasure securities
— The Government of RF is granted a special power to adopt tax laws for a period of 01.01.2020–31.12.2020

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

Labor policy

— On 23 March, authorities are preparing measures to prevent employers from firing workers who cannot come to work due to quarantine. Moscow city authorities order telecoms to continue providing service for quarantined users with zero balances, and require utilities to cancel late payment fees.
— The government is urging employers to allow employees to work from home.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Russia (2/3)

As of 07 April 2020

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

Monetary policy

— The Central bank kept the key rate unchanged, at 6%.

— The bank has also announced that it is monitoring the situation in financial markets closely. On 10 March and 13 March, it engaged in repo auctions of 500 billion rubbles to ensure sufficient liquidity in the banking sector. It has also engaged in selling foreign currency in the domestic market and foregone scheduled domestic forex purchases. Finally, the central bank has eased some banking regulations, such as loan risk weightings, to ensure that banks maintain lending to producers of pharmaceuticals and medical equipment.

Banking regulations

— Central bank permitted the banks not to increase loan loss provisions if the loan was restructured due to coronavirus consequences

Incentives to companies to continue operating

— Low-cost loans to retail sector and small- and medium enterprises.

System-wide measures

— Creation of a financial reserve in amount up to RUB 300 billion established to support the economy and compensate quarantined citizens for lost income.

— Non-application of penalties for certain government contracts in case of violation of obligations by the contractor due to the consequences of the spread of new coronavirus disease

Other measures and sources

Trade restrictions

— On 23 March, authorities are studying measures that may prevent the export of essential medicines and other goods.

— Simplification of certain customs procedures and other regulations seen as impeding the flow of essential imports.

Supply of essential goods and support to the population

— Establishment of term of payment of sick leaves to quarantined persons, provision of a possibility of distant issue of sick leaves

— Development of the mechanism to support the sufficient stock level of socially important products in shops, including subsidizing interest rates on loans raised to create excess stock

— Setting of zero rate of import customs duties for the goods determined by the Government of the Russian Federation, including medicines and medical devices, establishment of a 'green channel' for imports of essential goods and food

— Temporary removal of restrictions on traffic within the city line and loading and unloading for transport facilities that deliver food and non-food essential goods

State and local governments are empowered to implement anti-crisis measures which previously were subject to President or Parliament approval, such as tax deferrals, additional unemployment payments, quarantine measures

Main sources of information

— Russian Government: http://government.ru/en/

KPMG

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Russia (3/3)

As of 07 April 2020

Other measures and sources

Main sources of information

— http://government.ru/docs/39057/http://static.government.ru/media/files/odPVbEJwgG6QH0ryelXGwqAIBTnzjfMm.pdf
— http://customs.ru/storage/document_news/2020/03-27/AGjm7KYd/err_24032020_21(1).pdf.pdf
— http://government.ru/orders/selection/401/39205//

Employment-related measures
(e.g. state compensation schemes, training…)

No measures have been announced at this time

Customs Measures

— Temporary restrictions on the export of medical masks, gloves and goggles, biohazard suits, medical robes, antiviral medicines, gauze and some other products. Effective until June 1, 2020.
— Exemption from import customs duties for personal protective equipment, disinfectants, diagnostic reagents, certain types of medical equipment and materials. Effective until September 30, 2020. The relevant Decision of the Eurasian Economic Union shall enter into force on April 3, 2020 and shall apply to legal relations arising from March 16, 2020.
— Commission of the prime minister: suspension of customs audits (planned on-site customs inspections) until 1 May 2020. With the exception of unscheduled inspections, the basis of which is harm to life, health of citizens, checks which result in the issuance of permits, licenses, etc.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Serbia (1/3)

CONTACTS:
Restructuring: Uros Acanski — uacanski@kpmg.com
Nikola Djenic — ndjenic@kpmg.com
Legal : Igor Loncarevic — iloncarevic@kpmg.com

As of 07 April 2020

General Information

The Government of Serbia issued a Decree on Tax Measures to Mitigate the Economic Consequences of COVID-19 Disease during the State of Emergency (Decree). The Decree entered into force immediately, 20 March 2020. The measures aim to increase taxpayers' liquidity.

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Reduction of the default interest rate

— The Decree provides for a 10 percentage point reduction in the default interest rate for underpaid or overpaid tax, so that it now becomes equal to the National Bank of Serbia (NBS) annual reference rate.

— Given the current annual reference rate of the NBS, the default interest rate has been reduced from 11.75% to 1.75% per annum since 20 March 2020.

Taxpayer-specific relief

— For taxpayers who have been granted a deferred payment of the tax debt within the meaning of Articles 73-74b of the Law on Tax Procedure and Tax Administration, during the state of emergency, starting from the instalment due in March 2020, the Tax Authorities will not annul the agreement with the Tax Authorities, i.e. cancel the decision on the delay of payment of the tax debt, or initiate the forced collection procedure. During this period, no default interest will be charged on the tax debt.

The proposed tax policy measures would relate to the deferral of tax payments, and would concern an obligation for repayment of deferred taxes in instalments, not earlier than beginning of fiscal year 2021.These include proposals for:

— Deferral of payments of salary tax and social security contributions for the private sector until beginning of fiscal year 2021 with a possibility of an additional extension. Deferred tax obligations would need to be paid over a period of not more than 24 months, in monthly instalments without any late-payment interest.

— Deferral of payments of advance corporate income tax for the second quarter of 2020.

— Value added tax (VAT) exemption for donation of goods with a goal of motivating donations to institutions that are involved in implementation of measures for protection from COVID-19.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Serbia (2/3)

As of 07 April 2020

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

Fiscal Measures to support the economy

— Government has announced it will allocate additional RSD 2.5bn of funds for new public capital investments.

— Government and the Chamber of Commerce are working on a comprehensive set of measure to support the private sector and alleviate the effects cause by the business **slowdown, especially in the worst hit sectors (tourism and hotel industry, logistics, transportation and others). The set of measures is expected to be announced in April.**

Measures by the National Bank of Serbia

— At the 12 March meeting, the National Bank of Serbia ('NBS') lowered the key reference rate by 50 bp to 1.75%, in response to heightened uncertainty in the international environment triggered by the spread of COVID-19, which is in line with the activities taken by other central banks worldwide.

— On 18 March, the NBS adopted decision imposing a moratorium on debt payments. The moratorium is envisaged for all debtors who wish to apply it (natural persons, farmers and entrepreneurs, corporates) and implies a suspension of debt payments for at least 90 days, i.e. for the duration of the emergency state declared due to the pandemic. For the duration of the emergency state, banks and lessors will not charge any default interest on past due outstanding receivables and will not initiate enforcement or enforced collection procedures, or take other legal actions to collect receivables from their clients.

Other measures and sources

Main Sources of information

— Serbia: Tax relief, responding to coronavirus (COVID-19): https://home.kpmg/us/en/home/insights/2020/03/tnf-serbia-tax-relief-responding-to-coronavirus.html

— Serbia: Tax, economic relief measures (COVID-19): https://home.kpmg/us/en/home/insights/2020/04/tnf-serbia-tax-economic-relief-measures-covid-19.html

— Decision on Temporary Prohibition Against Exports of Basic Products of Importance for the Population(Off. Gazette of RS, no. 28/20, 33/20, 39/20, 41/20 and 43/20) “

— Decision on Prohibition Against Exports of Medicines (Off. Gazette of RS, no. 32/20, 33/20 and 47/20)

— Decree on Special Technical Requirements, Standards and Use of Medical Devices During the State of Emergency Arising from the COVID19 Disease Caused by the SARS-CoV-2 Virus (Off. Gazette of RS, no. 41/20)

— Decision on closure of the all border crossing for entrance intro RS (Off. Gazette of RS, no. 37/2020)

— Decision on closure of the border crossing (Off. Gazette of RS, no. 25/2020, 27/2020, 35/2020, 47/2020)

— Decree on Application of Deadlines for Administrative Proceedings During the State of Emergency (Off. Gazette of RS, no. 41/2020 and 43/2020)

Employment-related measures
(e.g. state compensation schemes, training…)

No measures have been announced at this time

KPMG

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Serbia (3/3)

As of 07 April 2020

Customs Measures

— Temporary prohibition of export of good under tariff lines (From March 27, 2020. and for the period of 30 days):

1206 00 99 00	1512 19 90 00	1703 90 00	2102 10 31 00	2102 10 39 00	3401 11 00 00	3401 20 90 00
3401 30 00 00	3402 90 90 00	9619 00 81 00	9619 00 89 10	4818 20 10 00	4818 20 99 00	9004 90 10 00
6307 90 98 00	6307 90 92 00	4818 50 00 00	4818 90 10 00	4818 90 90 00	4015 90 00 00	4015 11 00 00
4015 19 00 00	6210 10 92 00	2828 90 00 00	3808 94 10 00	3808 94 20 00	3808 94 90 00	3402 12 00 00
2207 10 00 00	2207 20 00 00	2208 90 91 00	2208 90 99 00	(baby wipes excluded from line 3401 11 00 00)		

— Export ban on medicines. Medicines that are manufactured solely for the foreign market and medicines that are subject to re-export procedure by a foreign entity are excluded. (From March 16, 2020)

— Implementation of technical requirements and standards is suspended, under the specific conditions and with the approval from the Medicines and Medical Devices Agency. (From March 2, 2020)

— Closure of the all border crossing for passenger's entrance intro RS (From March 20, 2020)

— Closure of the specific border crossing (From March 12, 2020)

— Deadlines for filing appeals against first instance authorities and decisions by tax authorities have been extended, as is the case with deadlines for filing appeals against first instance assessments and decisions by customs authorities that relate to determination of liabilities for payment of import duties, their payment and collection. Deadlines have been extended for the period of 15 days following the date of lifting of the state of emergency. (From March 24, 2020)

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Slovakia (1/2)

CONTACTS:
Tax & Legal: Tomas Ciran — tciran@kpmg.sk
Restructuring: Kenneth Ryan — kennethryan@kpmg.sk

As of 07 April 2020

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

The Slovak Government approved the Draft Regulation of the Slovak Government on the cancelation of the tax underpayment corresponding to the unpaid penalty related to the paid income tax ("Regulation").

Immediately feasible measures:

- Postponement of the deadline for filing the income tax returns for individuals and legal entities until 30 June 2020.
- Postponement for duty to pay taxes for every tax payer until 30 June 2020.
- Postponement for duty to submit VAT returns and the deadline to pay VAT on the basis of tax subject's notice.
- Extension of deadline for tax inspections and local investigation — mainly in actions requiring personal contact, witness hearings, verbal notice to appear and proceedings and inspection of records. Ensuring of controlled deadlines of financial obligations the government has towards companies.
- Remit of interest on late tax income prepayments if the arrears appear during the current period and will be paid until the end of this year.
- Extension of deadline for customs debt payment (from 10) to 30–45 days.

Measures supporting repeated economic growth

- Adjustment of possible tax loss depreciation not to be limited in any way or to be limited by a certain period.
- Support for investing in the private sector via sped up tax depreciation and using the tools provided by Slovak Investment Holding, European Investment Bank or Slovak Business Agency.

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

Immediately feasible measures:

- Granting of short-term interest-free loans for companies (mainly SMEs) via EXIMBANKA (Export-Import Bank) and the Slovak Guarantee and Development Bank (SZRB) to overcome the period of the state of emergency.
- Postponement of obligatory social and health payments in the period from March 2020 until June 2020 for legal entities and self-employed persons.
- Automatic extension of validity of MOT and emission tests for vehicles having expired validity from 13 March (including) until 12 June.
- Financing of costs of supported technologies producing electricity during the period March–December (which would lead to the lower price of tariff for the operation of the system)
- Negotiations with bank and finance sectors on possible postponement of loan instalments, mortgages and leasing without negative records in register for the debtor. Negotiations on possible bank product that would help companies to overcome the adverse financial situation — for that purpose, banks would be proportionally exempted the bank levy payments. Negotiations on the possibility that insurance companies would not have to pay the levies.
- Negotiations with energy suppliers for the purpose of exemption from companies to pay penalties for not complying with arranged diagram of electric energy consumption.
- Exemption for companies from paying penalties if they are unable to carry out public contracts.
- Restriction of new and planned controlling actions of companies and businesses until June.
- Negotiations on the EU level on enabling of use of euro funds for the purpose of covering of the effects of COVID-19 and financial rehabilitation.

Measures requiring legislative adjustments

- Adjustment of regulation on production of alcohol for the purpose of disinfectant production.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Slovakia (2/2)

As of 07 April 2020

Other measures and sources

Main Sources of information

Slovakia: Tax relief included in measures responding to coronavirus (COVID-19): https://home.kpmg/us/en/home/insights/2020/03/tnf-slovakia-tax-relief-measures-coronavirus.html

Employment-related measures
(e.g. compensation schemes, training…)

Immediately feasible measures:

— Absolute exemption from social and health payments for employees, income taxes for those employers, who are unable to assign work to their employees for the reason of adhering to orders putting down the operation as a result of preventive quarantine measures.

Measures requiring legislative adjustments

— Change in conditions of the 'care for a family member'. If the child has two parents, one of them stays at home and would receive 80% of the average salary (this would be paid by the Social Insurance Agency). If the child has only one parent, the government would provide a financial voucher for the purpose of home care services.

— Introduction of a new status — the so called 'quarantine incapacity to work' eligible for sickness benefits (The Social Insurance Agency would pay the costs from the day 1).

— Simplification of conditions for payment of a contribution for job retention to help SMEs and self-employed.

— Payment of 55 % of salary for employees, who must stay at home (i) due to quarantine, or (ii) with their children due to closed school by the Social insurance company (at this time, employees receives only 55 % of salary from the Social insurance company from the first day of the quarantine or child care);

— Payment up to 80% of wage costs of employers, who had to be closed due to Covid-19 crisis measures of the government;

— The state plans to provide monthly bank guarantees in the amount of 500 million Eur, to loans provided to entrepreneurs by banks;

— Under certain circumstances, the entrepreneurs have option to postpone contributions to social security system / monthly advance payment of taxes;

— Please note that the measures above (except the first one) were introduced only on 29 March 2020 by the government and were not adopted yet.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Slovenia

CONTACTS:
Tax: Marko Mehle — marko.mehle@kpmg.si
Legal: Matic Kramar — matic.kramar@op-kramar.si

As of 07 April 2020

General Information	On 10 March, the government presented eight crisis measures of EUR 1 billion to ensure the liquidity of companies, aid in the preservation of jobs, minimize the damage already incurred and guarantee that the situation of companies on the market does not further deteriorate. The measures include immediate intervention measures as well as strategic measures for the restructuring of supply chains, and include (see below):

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

— A proposal for tax deferral

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

— Lines of credit at the SID Bank, the Slovenian Enterprise Fund and the Slovenian Regional Development Fund
— Aid to companies in difficulty, telework and quarantine cases
— Measures in the field of tourism promotion

Other measures and sources

— Aid in the field of internationalization

Main Sources of information

— Government of Slovenia: 1 Billion to mitigate the consequences of Coronavirus: https://www.gov.si/en/news/slovenia-allocates-eur-1-billion-to-mitigate-consequences-of-coronavirus-on-the-economy/

Employment-related measures
(e.g. state compensation schemes, training…)

— An intervention law for co-financing temporary lay-offs
— Media report on measures regarding self-employed

KPMG

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

CONTACTS:
Tax: Carlos Marin Pizarro — carlosmarin@kpmg.es/Itziar Galindo — igalindo@kpmg.es
Restructuring: Angel Martin Torres — amartin@kpmg.es
Legal: Francisco Uria — furia@kpmg.es
Labor: Francisco Fernandez — franciscofernandez@kpmg.es

Spain (1/11)

As of 07 April 2020

General Information	Eight pieces of legislation — Royal Decree-Law 6/2020, Royal Decree-Law 7/2020, Royal Decree 463/2020, Royal Decree-Law 8/2020, Royal Decree 465/2020, Royal Decree-Law 9/2020, Royal Decree-Law 10/2020 and Royal Decree-Law 11/2020 —provide initial measures to address the coronavirus (COVID) crisis. The legislation includes measures that address health and the economy at large, with a particular emphasis on the tourism industry, small and medium size enterprises (SMEs), and the self- employed, as well as persons affected by the containment measures. Given the gravity of the situation, it is expected that these are but the first of many laws, decrees and ministerial orders (presumably some would be announced at the next cabinet meeting). These measures are at the national level, and they could be supplemented by measures at regional and local levels

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Guarantee of liquidity to sustain economic activity

– Suspension of tax time periods (Art. 33 Royal Decree-Law 8/2020)
  - First off, Royal Decree 465/2020 of 17 March 2020 clarifies that the suspension of the statutory periods envisaged for administrative procedures referred to in Royal Decree 463/2020, declaring a state of emergency, does not apply to tax-related deadlines, subject to special regulations and, specifically, that it does not affect deadlines for filing tax returns and self-assessments. The State Tax Agency website confirms this decision.
  - In general terms, the main measure adopted in tax fiscal area is an adjusting of the deadlines for tax procedures, which have for the most part (albeit not across the board) been extended to 30 April or 20 May. Significant exceptions include the obligation to self-assess taxes or file informative returns, which remain subject to the usual deadlines.
  - In particular, among other, the following deadlines for tax procedures are extended: (i) the time periods for payment of tax debts resulting from assessments issued by the authorities, both during the voluntary payment period and during the enforcement period ,(ii) the expiry dates for time periods and split payments under deferred and split payment agreements that have already been granted are.
  - Moreover, between 18 March 2020 and 30 April 2020, guarantees will not be enforced against real estate assets in administrative enforced collection proceedings.
  - The period running from 18 March 2020 to 30 April 2020 will not be factored in for the purposes of calculating the maximum duration of tax enforcement, penalty and review proceedings conducted by the STA. Likewise, this period will not be counted for the purposes of limitation periods with respect to the rights of either the tax authorities or the taxpayer, or for the purposes of time barring.

Transitional financial support measures

– Deferral of tax debts (art. 14 Royal Decree-Law 7/2020)
  - The deferral of payment of tax debts shall be granted for all tax returns and self-assessments with a filing and payment deadlines falling between 13 March 2020 and 30 May 2020.
  - Eligibility: self-employed and small and medium-sized enterprises (SMEs) whose turnover in 2019 was less than €6,010,121.04
  - Conditions of deferral: 6 months, with no interest accruing for the first three months.
  - This deferral also applies to certain tax debts that would ordinarily be excluded from this option, such as: withholdings and payments on account, VAT and instalment payments in respect of corporate income tax.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Spain (2/11)

As of 07 April 2020

Tax measures — Direct and Indirect (continued)
(e.g. payment deferrals, rate reductions…) - The Royal Decree 11/2020, from 31 March 2020, which introduces further urgent economic and social measures against COVID-19, comes into effect on 2 April 2020, the day after its publication in the Official State Gazette (BOE)

Deferral of customs debts (art. 52)

- The payment of customs debts and related taxes, arising from customs declarations submitted during the period 2 March 2020 to 30 May 2020 inclusive, may be deferred, provided that these requests are less than EUR 30,000 and that the amount of debt to be deferred is greater than EUR 100.
- The aforementioned deferral is not applicable to VAT returns that are settled on the import of goods, as established in art. 167. second paragraph of VAT Law (37/1992).
- The following conditions must be met for any payment deferral request:
  - The request is made on the customs declaration.
  - The notification of any payment deferral approval will be made as planned for customs debt, in line with art. 102 of the Union’s customs regulation.
  - The guarantee provided in relation to obtaining the cleared products will be valid for obtaining the deferral, and still affecting the payment of the customs debt and related tax until all requirements have been met by the obligor of the deferred debt, notwithstanding the provisions in section 3 of article 112.3 of the Union’s customs regulation.
  - In order for the deferral to be granted, it will be necessary for the recipient of the imported goods to be an individual or entity with 2019 trading volume no greater than EUR 6,010,121.04.
  - The conditions for the deferral will be as follows: (i) the deferral will have a duration of 6 months; (ii) no interest for late payment will accrue during the first three months of the deferral.

Application of article 33 of the Royal Decree-Law 8/2020 to Autonomous Communities and Local Districts (art. 53)

- It notes that the suspension of tax deadlines regulated in article 33 of the Royal Decree-Law 8/2020 is applicable to actions and procedures governed by the General Tax Law (LGT) and its development regulations, and that they may be made and processed by the tax administrations of Autonomous Communities and Local Districts. The suspension also applies to actions and procedures governed by the revised text of the Regulatory Law for Local Tax Authorities.
- The suspension will apply, as established in the fifth transitional provision of the Royal Decree-Law 11/2020, to procedures that have started prior to 18 March 2020 — the date when the Royal Decree-Law 8/2020 came into effect.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Spain (3/11)

As of 07 April 2020

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

Guarantee of liquidity to sustain economic activity

- Approval of a credit line whereby the State shall cover the financing extended by financial institutions to companies and self-employed persons. (Art. 29)
  - Approval of a credit line whereby the State shall cover the financing extended by financial institutions to companies and self-employed persons. The Ministry of Foreign Affairs and Digital Transformation will grant up to EUR 100,000 million in guarantees for funding provided by credit institutions.
  - The conditions that apply and the requirements that must be met, including the maximum period for applying for the guarantee, shall be established by the Council of Ministers without the need to enact any subsequent implementing regulations.
  - The guarantees granted under this regulation and the terms and conditions agreed by the Council of Ministers shall comply with European Union regulations on state aid.
- Raising of the net indebtedness limit of the Spanish official credit institute (ICO) to increase the ICO credit facilities for the financing of companies and the self-employed. (Art. 30)
  - The net indebtedness limit of the Spanish official credit institute (ICO) provided in the General State Budget Law will be raised by EUR 10,000 million to provide companies, particularly SMEs and self-employed workers, with additional liquidity. This will take the form of short-, medium- and long-term ICO financing facilities provided through financial institutions, and of direct funding for larger companies, in accordance with ICO's policy regarding financing.
  - The decision-making bodies of the ICO will adopt the necessary measures to make more funds available and provide greater flexibility of funding, as well as to improve company access to credit while preserving the necessary financial equilibrium stipulated in its articles of association.
- Extraordinary insurance cover facility. (Art. 31)
  - Beneficiaries: Spanish small and medium enterprises (SMEs) and other larger unlisted companies in the following circumstances:
    - Companies engaged in international trade or that are in the process of internationalization, and that meet at least one of the following requirements:
      - companies whose international operations, as reflected in the latest available financial information, account for at least one-third (33%) of their turnover, or
      - companies with regular export activities (those that have carried out regular exports over the past four years in accordance with the criteria established by the Secretariat of State for Trade).
    - Companies that are experiencing liquidity problems or lack of access to funding as a result of the impact of the crisis caused by COVID-19 on their economic activity.
  - Excluded: companies in technical insolvency or in pre-insolvency proceedings, and companies in default of payments to public sector companies or that have outstanding debts with the administration.
  - Formalization: two tranches of EUR 1,000 million each, the second of which will go into effect on verification that the first tranche has been issued in a satisfactory manner.
- Financial measures aimed at owners of agricultural holdings that arranged loans due to the drought in 2017 (Art. 35)
  - Owners of agricultural holdings who, affected by the drought in 2017, contracted credit facilities, will be allowed to voluntarily enter into agreements with financial institutions to extend the repayment periods of their loans by up to one year, which shall be considered a grace period.
  - The Ministry of Agriculture, Fisheries and Food will finance the additional cost of the guarantees granted by the Sociedad Anónima Estatal de Caución Agraria (SAECA) as a result of extending the aforementioned repayment periods.

Additional measures to enable an adequate response

- Period for petitioning for insolvency proceedings. (Art. 43)
  - Insolvent debtors will be under no obligation to apply to the courts for an insolvency order while the state of emergency is in force.
  - Until two months from the end of the state of emergency, judges will not grant leave to proceed with any petitions for necessary insolvency filed while the state of emergency was in force or any filed during these two months.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Spain (4/11)

As of 07 April 2020

Economic stimulus measures (continued)
(e.g. loans, moratorium on debt repayments…)

Additional measures to enable an adequate response (continued)

  - Any voluntary petition for an insolvency order that has been filed will be admitted for consideration, on a priority basis, even if it has a later date.
  - Debtors will likewise not have to file for insolvency while the state of emergency is in force if they have given notice to the competent court for insolvency proceedings that negotiations have been started with creditors to reach a refinancing agreement or an out-of-court settlement or to gain acceptance of an advanced proposal of a creditors' agreement, even though the time period referred to in article 5.5bis of Insolvency Law 22/2003, of 9 July 2003, has expired.
- ACELERA Plan. (Additional provision eight)
  - The government will arrange for the Acelera Programme for SMEs to commence immediately, through the public entity RED.ES, with the aim of implementing a set of initiatives in collaboration

Other measures — Royal Decree-7 2020

- Measures to support the tourism industry:
  - Increase in the Thomas Cook financing line to assist companies incorporated in Spain within certain economic sectors (art. 12).
    - The budget item of the Ministry of Industry, Commerce and Tourism guaranteeing 50% of the debt drawn down from the ICO credit line will be raised from the initial EUR 100 million to EUR 200 million so as to cover the increased financing line up to EUR 400 million, adjusting the corresponding budgeted amounts in each year to these new limits.

Government launch of first package of 100 billion euros measure

- On 24 March, the Council of Ministers approved the first release of EUR 20 billion, expandable as consumed
  - Destination: to maintain liquidity in companies and face immediate expenses due to COVID-19, 50% of the package (10 billion euros) must be used for companies with less than 250 workers and for freelance employees.
  - Warranty:
    - Up to 80% of the loans that SMEs apply to banks.
    - Up to 70% in large companies.
    - Up to 60% in loan renewals that are due in the coming months.
  - Pre-crisis loans cannot be cancelled by banks.
  - The maximum maturity of the loan guarantee is 5 years, so the loans will not exceed that maturity.
    - Application deadline: 30 September 2020.
    - Interest rate: The banks will establish the interest rates of the loans. The cost of the guarantee: "it will be assumed by the entities" and will be between 20 and 120 basis points.
    - Eligibility: all companies and freelancers who were neither in default as of 31 December 2019 nor in bankruptcy procedure on 17 March 2020 may apply for credits with these guarantees.
    - Management: this line will be managed by the Instituto Oficial de Crédito (ICO), in collaboration with financial entities.
    - Request: through the financial entities with which the ICO has signed the corresponding collaboration agreements.
  - Retroactive effects on loans signed since 18 March apply.
  - ICO is preparing the collaboration agreement with the financial entities.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Spain (5/11)

As of 07 April 2020

Other measures and sources

Guarantee of liquidity to sustain economic activity

- Measures in the area of public contracting to alleviate the consequences of COVID-19. (Art. 34)
  - Public contracts for ongoing utilities and services which can no longer be performed or are impossible to continue, as a result of COVID-19 or the measures adopted by the State, the autonomous regions or local authorities to combat the virus, will be automatically suspended from the moment their provision becomes impossible and until such time as they can be performed again.
  - When fulfilment of a public contract is suspended, the grantor must indemnify the contractor for the damage and loss effectively suffered during the suspension period, subject to an application and confirmation thereof. The compensation for damage and loss that may be paid to a contractor shall only include the following:
    - The salary costs of personnel that are assigned on 14 March 2020 to the normal performance of the contract, during the suspension period.
    - Costs of maintaining definitive guarantees, related to the contract suspension period.
    - Rental or maintenance costs of machinery directly allocated to the performance of the contract, provided that the contractor can provide evidence that these could not be used for any other purposes.
    - Expenses of insurance policies stipulated in the specifications and related to the purpose of the contracts entered into by the contractor and that were in force at the time the contract was suspended.

Suspension of the regime of liberalisation of certain foreign direct investments in Spain (Article 7 bis)

For the purposes of this article, all investments made by residents in countries that are not part of the European Union and the European Free Trade Association are considered foreign direct investments in Spain when the investor holds an interest of 10% or more of the share capital of a Spanish company or when as a result of a corporate transaction, legal act or transaction they effectively participate in the management or control of this company.

Suspension of the regime of liberalisation of foreign direct investments in Spain, in the following sectors:

- **Critical infrastructures**: (energy, transport, water, healthcare, communications, media, data treatment or storage, aerospace, defence, electoral or financial industries, and sensitive facilities), as well as key land and real estate assets for the use of these infrastructures.
- **Critical technologies and dual-use goods**, including artificial intelligence, robotics, semiconductors, quantum, nuclear, among others.
- **Supply of key inputs.**
- **Sectors with access to sensitive information.**

Furthermore, suspension of the regime of liberalisation of foreign direct investments in Spain, in other circumstances (e.g. an investor controlled by the government of a third country).

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Spain (6/11)

As of 07 April 2020

Other measures and sources (continued)

Moratorium of mortgage debt for the acquisition of the principal residence (Royal Decree-8 2020)

- Area of application of the moratorium of mortgage debt for the acquisition of the principal residence:
  - This will be applied to mortgage-backed loan agreements when the debtor is in a situation of economic vulnerability, as well as the guarantors of the main debtor
- Definition of situation of economic vulnerability.
  - The mortgager becomes unemployed or in the case of an entrepreneur or professional, suffers a substantial loss of income or substantial decline in their sales (in excess of 40%).
  - The total income of the members of the family unit in the month prior to the application for the moratorium do not exceed:
    - 3x the IPREM (Spanish Public Indicator of Multiple Effects Income) (increased for each dependent child and in single-parent families or for a family member with a disability).
    - The mortgage instalment, plus expenses and basic supplies is in excess or equal to 35% of the income of the family unit.
    - As a result of the health crisis, the family unit's economic circumstances have been significantly affected (the effort to meet the mortgage payment versus the family's income has been multiplied by at least 1.3)
- Application and granting of the moratorium of real estate mortgage debts.
  - Debtors may request from the creditor a moratorium in the payment of the mortgage-backed loan for the acquisition of their principal residence up until 15 days after this Royal Decree-law is no longer in effect,
  - Once the application for the moratorium has been made the creditor has a maximum period of 15 days for its implementation.
  - Once the moratorium has been granted the creditor shall notify Banco de España of its existence and duration for accounting purposes and that it has not been included in the calculation of the risk provisions.
  - Whilst in force neither the usual interest nor late-payment interest will be accrued.

Other measures — Royal Decree-10 2020 (Recoverable paid leave for workers employed by third parties who do not provide essential services)

- The priority of the regulation contained in this rule is to limit mobility as much as possible. And the sectors of activity whose workers are excluded from the compulsory enjoyment of the permit are justified by strict reasons of necessity.

Application (between March 30 and April 9, 2020)

- This royal decree-law will apply to all employees who provide services in companies or entities of the public or private sector and whose activity has not been halted as a result of the declaration of alarm status.
- However, the following are exempt from the scope of application:
- Workers who provide services in the sectors classified as essential in the annex to this royal decree-law.
  - Workers who provide services in the divisions or production lines whose activity corresponds to the sectors classified as essential in the annex (among others, health care services, production and supply chain related to essential goods, hospital services or production of health care products, restaurants with home delivery services, penitentiary services, the Amy and its supply chain, delivery services related with online sales, for further detail or other groups
  - Workers hired by (i) those companies that have requested or are applying a temporary suspension employment regulation file and (ii) those who have been authorized a temporary suspension employment regulation file during the validity of the permit provided for in this royal decree-law.
  - Workers who are on sick leave due to temporary disability or whose contract is suspended for other legally established causes.
  - Workers who can continue to carry out their activity normally by teleworking or any of the non-contact modalities.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

Spain (7/11)

As of 07 April 2020

Other measures and sources (continued) — *The Royal Decree 11/2020, from 31 March 2020, which introduces further urgent economic and social measures against COVID-19, comes into effect on 2 April 2020, the day after its publication in the Official State Gazette (BOE).*

Extension of deadlines to file an appeal or economic-administrative claims (eighth additional provision)

- For tax related purposes, from 14 March 2020 (date when Royal Decree 463/2020, declaring the state of emergency, came into effect) until 30 April 2020, the deadline to file an appeal or administrative claim — governed by either the LGT and its development regulations or the revised text of the Regulatory Law for Local Tax Authorities (TRLHL) — will begin on 30 April 2020 and will apply to:
  - Cases for which the appeal period of one month had started since the day after the notification of the act or contested resolution, and this period had not ended by 13 March 2020.
  - Cases for which the notification of the administrative act or resolution subject to an appeal or claim had not yet been communicated.

Non-computation of the deadline within which to execute resolutions of the economic-administrative courts from 14 March 2020 until 30 April 2020, and suspension of expiration and prescription periods from 14 March 2020 until 30 April 2020 (ninth additional provision)

- The Royal Decree-Law 8/2020 established that the period between the date it came into effect (18 March 2020) and 30 April 2020 will not count towards the maximum duration of the application procedures for taxes, sanctions and reviews undertaken by the National Tax Office (AEAT), nor towards the procedures initiated by the General Directorate of Cadastre.
- In reference to said period, RD-Law 11/2020 establishes:
  - The period from 14 March 2020 to 30 April 2020 does not count towards the allocated timeframe for the execution of the resolutions of the economic-administrative bodies.
  - The prescription and expiration periods of any actions and rights contemplated in the tax regulations are suspended from 14 March 2020 until 30 April 2020.
  - The aforementioned is applicable to the actions and procedures that are governed by established practice at the national, regional and local levels.
  - It is expressly recognized that the extensions of terms for the payment of tax debts included in the aforementioned article 33 of RDL 8/2020 apply to all other appeals of a public nature.

Exemption from the progressive fees of notarized AJD documents to the formalization deeds of contractual novations of loans and mortgages regulated in the first final provision of RDL 8/2020 (section nineteen of the first final provision).

- As stated in the first final provision of RD-Law 8/2020, it incorporated item 23 in article 45.I, B) of the Consolidated Text of the Tax Law on Property Transmissions and Documented Legal Acts (Royal Legislative Decree 1/1993, 24 September), declaring exempt from the progressive fees of notarized documents of type documented legal acts of this Tax to the deeds of formalization of the contractual novations of loans and mortgages that are produced under the aforementioned Royal Decree-Law.
- Section nineteen of the first final provision of RD-law 11/2020 adds a new item 28 to art. 45.I.B), clarifying that this exemption will only be applicable to cases relating to the moratorium on mortgage debt for the acquisition of a main residence (regulated in articles 7 to 16 of Royal Decree-Law 8/2020)

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Spain (8/11)

As of 07 April 2020

Other measures and sources (continued) — *Real Decreto-ley 11/2020, de 31 de marzo, por el que se adoptan medidas urgentes complementarias en el ámbito social y económico para hacer frente al COVID 19, con entrada en vigor, al día siguiente de su publicación en el BOE, esto es el 2 de abril de 2020.*

Temporary suspension of certain payments by electricity and natural gas retailers, and by distributors of manufactured gas and liquefied petroleum gas (via pipeline) (art. 44.4 RDL 11/2020).

— Electricity and natural gas retailers and distributors of manufactured gases and liquefied petroleum gases by pipeline are exempt from payment of VAT, Special Electricity Tax (if applicable) and Special Hydrocarbon Tax corresponding to the invoices whose payment has been suspended, until the consumer has fully paid them, or six months have elapsed since the end of the state of emergency.

Provisional measures for the issuance of authorised electronic certificates (eleventh additional provision)

— During the state of emergency, the issuance of authorised electronic certificates will be permitted in accordance with the provisions in article 24.1.d) of Regulation (EU) 910/2014 of 23 July, regarding electronic identification. Their use will be limited exclusively to the contractual relationship between the owner and public administrations and will be revoked at the end of the state of emergency.

Main sources of information:

Spain: Tax relief measures responding to coronavirus (COVID-19) https://home.kpmg/us/en/home/insights/2020/03/tnf-spain-tax-relief-coronavirus.html

Real Decreto-ley 6/2020, de 10 de marzo, por el que se adoptan determinadas medidas urgentes en el ámbito económico y para la protección de la salud pública: https://www.boe.es/buscar/act.php?id=BOE-A-2020-3434

Real Decreto-ley 7/2020, de 12 de marzo, de medidas urgentes extraordinarias para hacer frente al impacto económico y social del COVID-19: https://www.boe.es/boe/dias/2020/03/13/pdfs/BOE-A-2020-3580.pdf

Real Decreto 463/2020, de 14 de marzo, por el que se declara el estado de alarma para la gestión de la situación de crisis sanitaria ocasionada por el COVID-19: https://www.boe.es/buscar/doc.php?id=BOE-A-2020-3692

Real Decreto-ley 8/2020, de 17 de marzo, de medidas urgentes extraordinarias para hacer frente al impacto económico y social del COVID-19: https://www.boe.es/buscar/act.php?id=BOE-A-2020-3824

Real Decreto 465/2020, de 17 de marzo, por el que se modifica el Real Decreto 463/2020 de 14 de marzo para la gestión de la situación de crisis sanitaria ocasionada por el COVID-19: https://www.boe.es/boe/dias/2020/03/18/pdfs/BOE-A-2020-3828.pdf

Real Decreto-ley 9/2020, de 27 de marzo, de medidas complementarias, en el ámbito laboral para paliar los efectos derivados del COVID-19: https://www.boe.es/buscar/act.php?id=BOE-A-2020-4152

Real Decreto-ley 10/2020, de 29 de marzo, por el que se regula un permiso retribuido recuperable para las personas trabajadoras por cuenta ajena que no presten servicios esenciales, con el fin de reducir la movilidad de la población en el contexto de la lucha contra el COVID-19: https://www.boe.es/buscar/doc.php?id=BOE-A-2020-4166

Real Decreto-ley 11/2020, de 31 de marzo, por el que se adoptan medidas urgentes complementarias en el ámbito social y económico para hacer frente al COVID-19: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2020-4208

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Spain (9/11)

As of 07 April 2020

Other measures and sources (continued)

Main sources of information:

Customs measures implemented

- Spanish Customs authorities' Notice "NI DTORA 01/2020" of 16th March 2020
- Spanish Customs authorities' Notice "NI GA 08/2020" of 27th March 2020
- Spanish Customs authorities' Notice "NI GA 06/2020" of 26th March 2020
- Spanish Customs authorities' Notice "NI GA 09/2020" of 30th March 2020
- Spanish Customs website

Other tax measures with implications for Customs

- Spanish Royal Decree 8/2020

Employment-related measures

(e.g. state compensation schemes, training…)

More flexible mechanisms for temporary adjustments of activity

- Exceptional measures in relation to the procedures for the suspension of contracts and reduction of working hours by reason of force majeure (Art. 24)
  - The procedure shall be initiated by the company, accompanied by a report on the loss of activity as a result of COVID-19.
  - Force majeure must be deemed to exist by the labor authority, irrespective of the number of workers affected.
  - On receipt of the report from the labor and social security inspection service, the labor authority must, where appropriate, hand down a decision within five days of the request.
  - The labor and social security inspection's report will be drawn up within a non-extendable period of five days.
- Exceptional measures in relation to the procedures for the suspension and reduction of working hours for economic, technical, organizational and production-related reasons linked to COVID-19. (Art. 24)
  - 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. If it cannot be assembled with those representatives, the committee will be made up of three workers.
  - Consultation period between the company and the workers: up to 7 days
  - The labor and social security inspection report: up to 7 days
- Exceptional measures in relation to the procedures for the suspension of contracts and reduction of working hours by reason of force majeure (Art. 24)
  - In procedures involving the suspension of contracts and reduction of working hours by reason of temporary force majeure related to COVID-19,
  - the Social Security authority will exempt the company from the payment of the employer's contribution and the contributions for joint collection items while the authorised suspension of contracts and reduction of working hours persists
  - With 50 or more workers registered with the social security, the exemption from the obligation to pay contributions will cover 75% of the employer's contribution.
  - This exemption shall have no effects for the worker, as the aforementioned period shall be deemed to be a contribution period to all intents and purposes

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

Spain (10/11)

As of 07 April 2020

Employment-related measures (continued)
(e.g. state compensation schemes, training…)

- Extraordinary measures regarding unemployment benefits for application of the procedures referred to in Articles 22 and 23. (Art. 25)
  - The right to the contributory unemployment benefit shall be recognized even if workers have not met the minimum contribution period required.
  - The time during which the contributory unemployment benefit is received for the aforementioned extraordinary reasons shall not be included for the purposes of determining completion of the established maximum periods for receiving benefits.
- Temporary limitation of the effects of late filing of applications for unemployment benefits (Art. 26)
  - These effects shall not apply during the period of enforcement of the extraordinary measures adopted regarding public health.
- Extraordinary measures related to the extension of unemployment benefits and the period for filing annual income tax returns (Art. 27).
  - The managing entity shall be authorized to extend ex officio the right to receive unemployment benefits in the case of workers who are eligible for a six-month extension (irrespective of whether they have applied for it).
  - In the case of unemployment benefit recipients over 52 years of age, payment of benefits and social security contributions shall not be interrupted even in the event of late filing of the requisite annual income tax return
- Duration of the measures provided for in Chapter II (Art. 28).
  - The measures provided for in Articles 22, 23, 24 and 25 of this Royal Decree-law shall remain in force for as long as the extraordinary situation caused by COVID-19 shall persist.

Other measures — Royal Decree-7 2020

- Measures to support the continuation of the employment of workers with permanent seasonal contracts in the tourism industry and tourism-related retail and hotel and restaurant sectors (art. 13).
  - Companies (excluding those in the public sector) in the tourism industry, as well as those in the tourism-related retail and hotel and restaurant sectors, which generate productive activity between February and June and which hire or retain workers under permanent seasonal contracts during such months will be able to apply a 50% reduction of employers' social security contributions for non-occupational contingencies, and for the joint refunding of unemployment benefits, the wage guarantee fund (FOGASA) and vocational training in respect of such workers.

Transitional financial support measures

- Request for extraordinary deferral of repayment schedule for loans granted by the General Secretariat for Industry and Small and Medium Enterprises (art. 15)
  - Companies (excluding those in the public sector) in the tourism industry, as well as those in the tourism-related retail and hotel and restaurant sectors, which generate productive activity between February and June and which hire or retain workers under permanent seasonal contracts during such months will be able to apply a 50% reduction of employers' social security contributions for non-occupational contingencies, and for the joint refunding of unemployment benefits, the wage guarantee fund (FOGASA) and vocational training in respect of such workers

KPMG

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Spain (11/11)

As of 07 April 2020

Employment-related measures (continued)
(e.g. state compensation schemes, training…)

Paid leave — Royal Decree 10 2020 (Application between March 30 and April 9, 2020)

- Workers will retain the right to the remuneration that would have corresponded to them if they were rendering services.
- Recovery of working hours: from the day following the end of the alarm state until December 31, 2020.
- This recovery must be negotiated in a consultation period open for this purpose between the company and the legal representation of the working people, which will have a maximum duration of seven days.
- In any case, the recovery of these hours may not suppose the breach of the minimum daily and weekly rest periods provided for in the law and in the collective agreement, the establishment of a notice period lower than the one collected.

Minimum indispensable activity — Royal Decree 10 2020 (Application between March 30 and April 9, 2020)

- Companies that must apply the recoverable paid leave may establish the minimum number of staff or strictly essential work shifts in order to maintain the essential activity. This activity and this minimum number of staff or shifts will have as reference the one held on an ordinary weekend or on holidays.

Customs Measures

Customs measures implemented

- Acceptance of customs bank guarantees in electronic format (scanned copies), where the usual procedure is the physical registration of the original bank guarantee.
- Where it is not possible to physically stamp the ATA carnets, a copy should be sent by electronic means and the Customs Office will issue a receipt of the presentation by electronic means.
- The sealing of goods in transit may be replaced by a description of the goods which is sufficiently precise to easily identify them and which specifies the quantity and nature of the goods and their particular characteristics.
- Simplification of import pharma authorizations request for sanitary and non-sanitary products used in the treatment of Covid-19 or to prevent its spread: masks, gloves, coveralls or goggles, as well as medical devices such as surgical masks, examination gloves and certain types of gowns
- VAT exemption in the import of goods intended for disaster victims, of a charitable nature (defined in EU Regulation 1186/2009). The VAT exemption is subject to its authorization by the Spanish Tax Authorities, which may be electronically requested and granted. The import should be made by government bodies or authorized entities of a charitable or philanthropic nature.
- Customs duties exemption in the import of goods intended for disaster victims, of a charitable nature (defined in EU Regulation 1186/2009). While awaiting its validation by the European Commission, such goods may be imported duty free if the importer provides a guarantee covering the duties amount and submits an specific declaration where it agrees to pay potential customs duties in case these are finally not exempt. The import should be made by government bodies or authorized entities of a charitable or philanthropic nature. (Effective, subject to authorization)
- Easing of formalities related to certificates of origin: acceptance of scanned copies while Covid-19 measures are in force. A specific procedure has been enabled to electronically issue EUR-1 certificates of origin.
- Due to the restrictions in force for on-site procedures, phone numbers for each Customs Office in Spain have been published.
- In Spain the Ministry of Industry and Commerce is the one competent to issue export licenses and authorizations, such as the ones in Commission Implementing Regulation 2020/402 of 14 March.

Other tax measures with implications for Customs

Suspension and extension of terms regarding audits/inspections: the term to submit documentation requested by the Tax authorities before March 17th has been extended to April 30th 2020, and the term to provide the documentation requested after March 17th is extended until May 20th 2020.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

Sweden (1/4)

CONTACTS:
Tax: Jorgen Graner — jorgen.graner@kpmg.se
Restructuring: Bjorn Dahl — bjorn.dahl@kpmg.se
Legal: Mattias Bergman — mattias.bergman@kpmg.se

As of 07 April 2020

General Information	On 16 March 2020, the Swedish Government submitted a referral for a changed budget due to the Corona crisis. Parliament is expected to approve the proposal shortly.

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Strengthen companies' liquidity through deferral of tax payments (Enacted)

- Companies' extension of payment includes tax payments for three months and can be granted up to 12 months. Postponement with payment of:
  - Preliminary tax payment on salaries,
  - VAT, (reported monthly, quarterly or on the annual basis from 27 December 2019 to 17 January 2021)
  - Employers' contribution for 3 months payments during Jan–Sep 2020. Postponement at longest for 12 months.
- Application to the Swedish tax Agency required. The following costs apply to the amount of postponed tax payment: non-deductible interest costs of 1.25% annually and non-deductible postponement fee of 0.3% per month. When compared to the external funding, this equals to a deductible interest cost of approx. 6.6% (1.25+[13x0.3])/0,786. If external interest is non-deductible, the calculation should be adjusted.

Increased provision to tax allocation reserve for individual entrepreneurs (proposed)

- 100% of the taxable profit for 2019 may be allocated to the tax allocation reserve (up to maximum of SEK 1 million), which can then be offset against possible future losses. This measure applies to individual entrepreneurs and individuals who are partners in Swedish partnership companies. It is supposed to increase liquidity, the company get back the preliminary tax they paid in 2019.

Reduced social security contributions

- Social security contributions to be reduced for certain entities and for certain employees (from 31.42% to 10.21%, only pension contribution will be payable). Should apply for the period March 1-June 30, 2020 and for up to 30 employees and for salaries up to SEK 25,000 per month for each employee. The tax reduction is capped at SEK 5,300 per employee per month. For companies with more than 30 employees, only 30 employees are eligible for the rebate.
- Individual entrepreneurs are not required to pay any other fees than the old-age pension contribution and two-thirds of the other deductibles and the general salary contribution will be paid in 2020.

Tax measures — Individuals

Crisis package for jobs and transition for individuals. The following measures were presented by the Swedish Government on 30 March 2020:

- Temporary reinforcement of unemployment insurance. Temporarily relaxed requirements in terms of how much people need to have worked and how long people need to have been a member of a fund (3 months instead of 12). The highest and the lowest amounts paid out by an unemployment insurance fund be raised temporarily and the six initial qualifying days be removed.
- More active labour market policy. Increased funding paid to Arbetsförmedlingen (the Swedish public employment service) and labour market policy programs
- More places and more distance learning at higher education institution. Number of places to be increased and increased funding.
- More opportunities for vocational education and training throughout the country.
- Removal of income ceiling for student aid (temporarily during 2020).

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Sweden (2/4)

As of 07 April 2020

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

Increased lending to small and medium-sized companies via Almi (enacted)

- Almi Företagspartner receives a capital injection of SEK 3 billion to increase its lending to small and medium-sized companies throughout the country. To companies who's operations are adversely affected by the outbreak of covid-19.

Increased loan frame for The Swedish Export Credit (SEK) (enacted)

- The Swedish Export Credit (SEK) loan frame is increased from SEK 125 to 200 billion and can be used to issue both government-supported and commercial credits to Swedish export companies. These measures, together with the cancelled dividend announced on March 19, means that SEK is given additional conditions to meet the export industry's increased demand for credit.

The Central Bank of Sweden

- Lends SEK 500b to Swedish banks. The proposal means that the banks will in turn lend money to companies to secure the necessary credit supply lending via banks).
- The Central Bank of Sweden announced on 16 and 19 March that it will extend its purchases of securities during the year by up to SEK 300 billion. The purchases will if necessary include government and municipal bonds, covered bonds and securities issued by non-financial corporations.
  - Corporate bonds issued by non-financial corporations are eligible for a buy-out program

USD loans:

- The Riksbank will enable loans in US dollars against collateral to ensure a continued and adequate supply of one of the most important currencies for Swedish companies. An adequate supply of both Swedish kronor (SEK) and US dollars (USD) is important to mitigate the consequences for output and employment in the wake of the corona pandemic
- Requirements:
  - The Riksbank will offer loans in US dollars against collateral. The framework amount is USD 60 billion for the period 19 March 2020 up to and including 18 September 2020.
  - Riksbank monetary policy states that counterparties, no later than on the banking day before the auction, have registered to participate.
- Amended regulations for collateral:
  - The Riksbank has decided to remove limit rules for covered bonds. This is to enable counterparties to use significantly more covered bonds for credit at the Riksbank and help improve functionality on the market for covered bonds.

Extra resources for culture and sports (proposed)

- The cultural sector and the sports movement receive SEK 1 billion in extra support due to the economic consequences that affected the sectors as a result of the spread of the new corona virus. The proposal will help the cultural sector and sports organizations to tackle the costs associated with the virus.

Extra financial aid to municipalities and regions (proposed)

- The state will compensate municipalities and regions for extraordinary measures and additional costs in health care and care linked to the virus. The proposal will help municipalities and regions to tackle the costs associated with the virus.

Temporary discount for rental costs in exposed industries (proposed)

- In order to reduce the costs of companies with major difficulties due to the corona virus in certain sectors (e.g. hotels, restaurants and some other sectors), it is proposed that the government should bear up to 50 percent of agreed rental rebates. More information will follow.
  - The idea is that the aid can be applied for in retrospect and apply for the period 1 Apri–30 June.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Sweden (3/4)

As of 07 April 2020

Economic stimulus measures (continued)
(e.g. loans, moratorium on debt repayments…)

Extended credit guarantees for The Swedish Export Credit Commission's (EKN) (proposed)

— The Swedish Export Credit Guarantee Agency's (EKN) ceiling for credit guarantees will be increased from SEK 450b to a total of SEK 500b, and the lower risk for banks will give companies new and improved credit opportunities.

Airline companies are given state credit guarantees (enacted)

— Airlines are given the opportunity to obtain credit guarantees worth a maximum of SEK 5 billion, of which SEK 1.5 billion is directed to SAS. The proposal will support Swedish airline companies to survive the crisis.

Government loan guarantee for small and medium sized companies (enacted)

— The proposal means that the state guarantees 70 percent of new loans from the banks to companies that, due to the consequences of the new corona virus, have encountered financial difficulties, but otherwise are viable. The guarantee is issued to the banks, which in turn issue guaranteed loans to the companies. The loan guarantee is primarily aimed at small and medium-sized companies, but there is no formal limit on the size of the company to participate in the program.

  — The Debt Office (Riksgälden) will administer the guarantee and each company is proposed to borrow a maximum of SEK 75 million, but exceptions can be made. Companies can apply for a loan with a state credit guarantee by applying to a bank.

The Swedish Financial Supervisory Authority (FI) (enacted)

— have reduced the countercyclical capital buffer requirement for banks from 2.5 percent to 0 percent.

— Are temporarily allowing banks to underwrite the liquidity coverage ratio (LCR) for individual currencies and for total currencies.

The Swedish Financial Supervisory Authority (FI) (proposed)

— intends to give banks the opportunity to exempt all housing mortgage holders from the requirement to amortize on their loans due to the Corona virus effects on the economy. The exemption is proposed to be active until June 2021 (Pending approval process. Proposal will potentially be active from April 14).

Other measures and sources

Main sources of information:

Economic measures provided by the Swedish Government to alleviate the economic effects for companies due to the covid-19:https://home.kpmg/se/sv/home/nyheter-rapporter/2020/03/tax-proposal-in-sweden-in-response-to-covid-19.html

Economic measures in response to COVID-19: https://www.government.se/articles/2020/03/economic-measures-in-response-to-covid-19/

Riksbank lends up to SEK 500 billion to safeguard credit supply:

https://www.riksbank.se/en-gb/press-and-published/notices-and-press-releases/press-releases/2020/riksbank-lends-up-to-sek-500-billion-to--safeguard-credit-supply/

Main sources of information

— Swedish Customs authorities' Notice of march 24, 2020

— Swedish Customs authorities' Notice of 27 march 2020

— Swedish Customs authorities' Notice of march 30, 2020

— Non-official communication

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Sweden (4/4)

As of 07 April 2020

Employment-related measures
(e.g. compensation schemes, training…)

Temporary lay-offs

— The temporary lay-offs are aimed to save employments in Sweden. The employees will, during the temporary lay-offs, reduce their work hours but still receive more than 90 percent of the salary, with a cap up to SEK 44,000 per month. The Government will take on 75 percent of the cost for the employees´ reduced work hours. The suggested measure will come into force on 7 April and will be applied from 16 March 2020 to 31 December 2020. The proposal means that the employer's salary costs can be reduced by half while the employee receives more than 90 percent of the salary.

— A requirement to be eligible for the allowance is that the company is in a temporary and serious financial situation due to the Covid-19 crisis. In connection to this the Swedish Finance Committee has argued that it cannot be considered justifiable for a employee to that receives this support to distribute any dividends or other payments. Furthermore, the Swedish Agency for Economic and Regional Growth states that it is seen as inappropriate for a company to be paying out large amounts in dividends and at the same time receive the support.

— The Swedish Agency for Economic and Regional Growth (Tillväxtverket) will be the government body responsible to process and decide on temporary lay-offs. To receive the support, an application must be submitted to the Agency. If rejected by the Agency, it will be possible to appeal the decision to the Administrative Court.

Enacted as of April 2nd 2020

— Adjusted rules for splitting of costs between the state and the employer when an employee reduces work time and salary. The proposal on short-term layoffs is based on a previous proposal on a new system of support in the event of short-time work, but the degree of subsidy has been significantly increased. Central government will cover three quarters of the costs when staff working hours are reduced, compared with short-time work where central government covers one third of the costs. This proposal means that employers' wage costs can be halved, while employees receive more than 90 per cent of their wage. The aim is for affected companies to be able to retain their staff and rapidly gear up again when the situation improves. The enacted rules also includes a change which allows for government funded organizations and staffing companies to apply for the Government support.

— The Swedish state will assume the responsibility for payment of sick pay (Sw. sjuklön) during April and May 2020.

— The state will pay a sickness benefit the first day of illness (Sw: Slopat karensavdrag) between March 11 and May 31.

— The obligation for an employee to validate its reduced work capacity with a doctor's certificate is temporarily removed.

Customs Measures

— Possibility, under certain conditions, to defer the payment of the Customs debt and other taxes collected by the Swedish Customs authorities.

— Reliefs from customs duties and import VAT for goods intended to be imported to State bodies, approved charitable or philanthropic organizations, and rescue units. (Effective but under validation process of the Commission)

— Swedish Customs has also contributed with protective equipment for health care from their own stocks.

— Suspension of Customs audits, (to be verified)

KPMG

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

Switzerland (1/5)

CONTACTS:
Tax: Olivier Eichenberger — oeichenberger@kpmg.com
Restructuring: Peter Dauwalder — pdauwalder@kpmg.com
Legal: Joerg Kilchmann — jkilchmann@kpmg.com

As of 07 April 2020

General Information	On 20 and 25 March 2020, the Federal Council approved a package of measures worth CHF 32 billion to mitigate the economic impact of the spread of the coronavirus. Taking into account the measures decided on 13 March, more than CHF 40 billion is available. The aim of these measures, which are aimed at different target groups, is to safeguard jobs, guarantee wages and support the self-employed. Measures have also been taken in the field of culture and sport to prevent bankruptcies and to cushion the financial consequences. Furthermore, there are provisions to delay payment of or temporarily waive late payment interest on social security contributions and various taxes. These new measures aim to avoid as far as possible cases of hardship and to provide, where necessary, targeted and rapid support to the persons and branches concerned by means of procedures that are as simple as possible from an administrative point of view.

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Liquidity buffer in the area of tax Liquidity reserve in the tax area on federal level: companies are able to postpone payment deadlines without interest on arrears. The interest rate is reduced to 0.0% for VAT, certain customs duties, special consumption taxes and incentive taxes between 20 March and 31 December 2020; i.e. no default interest will be charged during this period. An identical regulation applies for direct federal tax invoices from March 1 to December 31, 2020 that become due within this period. Withholding tax and stamp duty do not appear to benefit from these advantages.

Some cantons have also already communicated measures relating to cantonal and municipal taxes. In particular, most of the cantonal tax authorities have implemented certain measures in connection with the cantonal/communal taxes (e.g. extension of payment deadlines, waiving of late interests, postponement of filing deadline of the 2019 tax return, etc.).

The due dates for these taxes and duties do remain formally in place. Therefore, companies wishing to settle tax liabilities after their due date must submit a corresponding application — in practice, this can be fairly informal in nature — to the tax authorities. The form of notification can vary depending on the type of tax in question.

The approach of the Swiss tax authority concerning relief related to value added tax (VAT) reflects the following

- To benefit from tax payment deferrals, companies must file a written request in accordance with provisions of the VAT law, and this applies to all taxpayers including foreign companies with a Swiss tax representative. Requests to extend the payment deadline up to 3 months could be submitted
- The Swiss tax authority is currently prioritizing the review of requests for early payments of VAT credits and is aiming for fast payment settlement.
- There are currently no separate extensions to the deadlines for VAT refund procedures planned (i.e., the deadline concerning VAT incurred in the calendar year 2019 is still 30 June 2020).

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Switzerland (2/5)

As of 07 April 2020

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

Aid to undertakings in the form of liquidity

- Affected by company closures and falling demand, many companies have less and less cash to cover their running costs, despite compensation for reduced working hours. A package of additional measures has therefore been adopted to prevent otherwise solvent companies from finding themselves in difficulty.
- Immediate assistance in the form of specific transitional credits: the Confederation has set up a guarantee programme with a volume of CHF 40 billion to ensure that affected SMEs (sole proprietorships, partnerships and legal entities) obtain transitional bank credits. This programme is based on the existing structures of the guarantee organisations. Therefore, requests for such credits can be made by the Swiss bank where the requestor has its bank account since 26 March 2020. The credits have a term of 5–7 years. The aim is that the companies with less than CHF 500 million turnover in 2019 concerned are able to access credits of up to 10% of their turnover or up to CHF 20 million quickly and simply. Amounts up to CHF 0.5 million are paid out immediately by the banks. These credits are issued interest-free, but are subject to an annual amendment based on the market developments and are fully covered by the federal guarantee. For amounts exceeding this ceiling, the guarantee is reduced to 85%, which is therefore subject to a brief review by the banks. An interest of 0.5% is charged on those credits. Amounts up to CHF 0.5 million should cover the needs of more than 90% of the companies affected by the consequences of the coronavirus epidemic.
- There are restrictions for companies that obtain a COVID-19 credit. This is because the sole purpose of the COVID-19 (bridging) loan is to cover running costs. Excluded are, among other things, the payment of dividends, the repayment of capital contributions, refinance shareholder loans, advance COVID-19 funds to foreign affiliates or new investments in fixed assets that are not replacement investments. Once a company has recovered and wants to finance growth plans or distribute capital again, it can repay the guaranteed COVID-19 loan and finance itself through profits, "normal" bank loans or the capital market. Therefore from the time a COVID-19 loan is granted, no more dividends may be paid out until the loan has been fully repaid.
- Suspension of debt collection and bankruptcy proceedings under the Federal Debt Enforcement and Bankruptcy Act (DEBA): Until 19 April 2020 inclusive, debtors cannot be prosecuted throughout Switzerland

Culture: CHF 280 million released for immediate assistance and cancellation compensation.

- The Federal Council wants to prevent lasting damage to Switzerland's cultural landscape and to maintain the country's cultural diversity. Immediate aid and compensation should help to alleviate the economic consequences of the ban on events for the cultural world (performing arts, design, film, visual arts, literature, music and museums). An initial tranche of CHF 280 million is made available for two months. During these two months, the Confederation will discuss developments with the cantons and cultural organisations. The following measures are planned:
  - Firstly, the Confederation provides financial means to provide immediate assistance to cultural enterprises and artists: non-profit cultural enterprises (e.g. foundations) facing liquidity problems are able to obtain interest-free repayable loans. Artists, for their part, may apply for non-repayable emergency aid for their immediate vital needs, provided that these are not covered by the new allowances paid on the basis of the allowance for loss of earnings scheme. The cantons (in the case of cultural enterprises) and the association Suisseculture Sociale (in the case of artists) are responsible for implementing this measure.
  - Secondly, cultural enterprises and artists may claim compensation from the cantons for financial loss caused in particular by the cancellation or postponement of events or the closure of establishments. This compensation covers a maximum of 80% of the damage; the Confederation pays half of the compensation granted by the cantons.
  - Thirdly, amateur music and theatre companies may be financially supported in covering the costs of cancelling or postponing events.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Switzerland (3/5)

As of 07 April 2020

Economic stimulus measures (continued)
(e.g. loans, moratorium on debt repayments…)

Tourism and regional policy

— Emergency measures have already been implemented as early as February 2020 under the tourism promotion instruments. These were mainly information and advisory activities as well as measures to overcome liquidity shortages. The Confederation is strengthening its support by waiving the repayment of the outstanding balance of the additional loan granted to the Swiss Hotel Credit Corporation (SCH), which expired at the end of 2019. The SCH thus has an additional CHF 5.5 million at its disposal for loans to retroactively finance the investments of the accommodation facilities, which the latter have financed through their cash flow over the past two years.

— Within the framework of regional policy, federal loans for projects (60% of which are in the tourism sector) currently amount to around CHF 530 million. By law, the management of these loans is delegated to the cantons. In order to make more liquidity available to borrowers, the Confederation allows the cantons greater flexibility in managing the possibilities of deferring payments. This should help the ropeway sector in particular in the short term, where repayments often fall due after the winter season.

Other measures and sources

Payment of invoices by the Confederation

The Federal Finance Administration has instructed the administrative units to check and settle creditors' invoices as quickly as possible, without waiting for payment deadlines to expire, in order to increase the liquidity of the Confederation's suppliers.

CHF 100 million for sports organizations

— Due to the cancellation of amateur or professional sports competitions and championships, the survival of sports clubs and associations as well as organizers of sporting events is at stake. In order to prevent the structures of the Swiss sports world from being undermined, the Federal Council is making the following financial assistance available:
  — CHF 50 million in repayable loans to enable organizations that are active in a Swiss league and focus primarily on professional sport or that organize professional sports competitions to overcome liquidity shortages;
  — CHF 50 million in subsidies for voluntary organizations promoting mainly grassroots sport that are threatened in their existence.

— This support is linked to the obligation for leagues and federations to take measures to ensure their liquidity levels in the event of a crisis. This obligation is enshrined in the performance agreement that the Confederation concludes annually with Swiss Olympic.

— In addition, this ordinance, which is valid for a maximum of six months, allows for the flexible handling of interruptions to training and further training within the framework of the Youth & Sport and Adult Sport programs. These provisions also apply to the training courses provided by the Swiss Federal Institute of Sport in Magglingen.

Main sources of information

— COVID-19 landing page of KPMG Switzerland: https://home.kpmg/ch/en/home/insights/2020/03/coronavirus-business-continuity-plan.html

— Switzerland: Tax measures in response to coronavirus (COVID-19): https://home.kpmg/us/en/home/insights/2020/03/tnf-switzerland-tax-measures-response-coronavirus.html

— The Federal Council of Switzerland: https://www.admin.ch/gov/en/start.html

— Guidance on transitional credits: https://covid19.easygov.swiss/

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Switzerland (4/5)

As of 07 April 2020

Employment-related measures
(e.g. state compensation schemes, training…)

Aid to undertakings in the form of liquidity

— Deferral of social insurance contributions: Companies affected by the crisis are able to defer the payment of social insurance contributions temporarily. No late interest is levied on instalment payments until September 2020. An adjustment of the usual amount of advance payments made under these insurances in the event of a significant drop in the wage bill could be requested. Moreover, no payment reminders will be sent until June 2020. These measures also apply to self-employed persons whose turnover has dropped. Moreover, employers may temporarily use their accumulated employer contribution reserves to pay employer contributions to occupational pension funds.

Extension of short-time working and simplification of procedures

The instrument of reduced working hours (short-time working) makes it possible to compensate for a temporary drop in activity and to preserve jobs. Today's exceptional economic situation is also hitting hard at people who work for a limited period of time or on a temporary basis, at people in a position similar to that of an employer and at people who are doing an apprenticeship. For this reason, the entitlement to compensation for reduced working hours is extended, and is easier to apply for it.

— Short-time working may now also be granted to employees with a limited period of employment and to persons in the service of a temporary work organisation.

— The loss of work is counted for persons who are in an apprenticeship.

— Short-time work may be granted to persons who occupy a position comparable to that of an employer. This includes, for example, partners in a limited liability company (e.g. GmbH) who work for remuneration in the company. Persons who work in the company of their spouse or registered partner can also benefit from short-time working and claim a lump-sum compensation of CHF 3,320 for a full-time position.

— The waiting period (waiting period) for entitlement to short-time working, which had already been shortened, is abolished. This means that the employer will does not have to assume any loss of work.

— Employees will no longer have to compensate overtime before they can benefit from short-time working.

Compensation for loss of earnings for self-employed persons

— Self-employed persons who suffer a loss of earnings due to government measures to combat the coronavirus are compensated if they are not already receiving compensation or insurance benefits. Compensation is provided in the following cases:

  — closure of schools;

  — quarantine ordered by a doctor;

  — closure of an independently managed school open to the public.

— The regulations also apply to independent artists who have suffered a loss of earnings because their engagement has been cancelled due to coronavirus control measures or because they have had to cancel an independently organized event.

— Compensation is paid on the basis of the earnings loss allowance scheme and is paid in the form of per diems. These correspond to 80% of the salary and are capped at CHF 196 per day. The number of daily allowances for self-employed persons who are in quarantine or who assume managerial duties is limited to 10 and 30 days respectively. Claims are examined and the benefit paid out by the Old Age and Survivors Insurance (AVS) compensation funds.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Switzerland (5/5)

As of 07 April 2020

Employment-related measures (continued)
(e.g. state compensation schemes, training…)

Earnings Loss Allowances for Employees

Parents who have to interrupt their professional activity to take care of their children are entitled to compensation. The same applies in the case of interruption of work due to a quarantine ordered by a doctor. As for self-employed persons, compensation are paid on the basis of the system of loss of earnings allowances (loss of earnings allowances for service and maternity) and paid in the form of daily allowances. These correspond to 80% of salary and are capped at CHF 196 per day. The number of daily allowances is limited to 10 for persons in quarantine.

Additional measures relating to the Labor Act

— Hospitals and clinics, in particular, are under great strain in the current situation. It is impossible for them to employ their staff in compliance with all legal provisions given their extraordinary workload and limited staff numbers. They are allowed the greatest possible flexibility in terms of working hours and rest periods. The priority remains, however, to ensure sufficient protection for medical and nursing staff, care assistants and all other persons involved, who contribute with their valuable commitment to the management of this exceptional situation.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Ukraine (1/3)

CONTACTS:
Tax & Legal: Yuriy Katser — ykatser@kpmg.ua
Restructuring: Yuriy Fedoriv — yfedoriv@kpmg.ua

As of 07 April 2020

General Information	
	18 March 2020 President of Ukraine Volodymyr Zelensky has signed the law "On Amending Certain Legislative Acts of Ukraine aimed at Preventing the Occurrence and Spread of Coronavirus Disease (COVID-19)“ 24 March 2020 President of Ukraine Volodymyr Zelensky, at a meeting with newly appointed Ambassador of the People's Republic of China to Ukraine Fan Xianrong, asked the Chinese government to provide Ukraine with additional assistance to combat the spread of COVID-19 coronavirus: test systems, medical equipment and medicines are needed. 25 March 2020 quarantine is extended till 24 April 2020 and the extraordinary case was announced 28 March 2020: Ukraine closes the boarders and bans all the cross-boarder transport communications

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Simplified fines and penalties accrual:

For the period from 1 March till 31 May 2020:

— Penalties for violation of tax legislation shall not be applied except for violations regarding:

a) VAT, excise tax, rental payments;

b) production of ethanol, alcohol, tobacco and fuel;

c) alienation of property in the pledge

d) breaches of insurance agreements

— No penalties accrued for violation of tax legislation. Accrued but unpaid penalties for this period are subject to write off.

For the period from 1 March till 30 April 2020:

— Penalties do not apply for late filing and late payment of single social tax;

— Single social tax payers are not charged a penalty. Already accrued penalties are subject to write-off

VAT: medical products for counteractions against COVID-19

— Added a rule on exemption from VAT of operations on the supply in the customs territory of goods (including medicines, medical devices and / or medical equipment) necessary for the implementation of measures aimed at preventing the occurrence and spread, of coronavirus diseases, the list of which has been determined by the Cabinet of Ministers of Ukraine

VAT: public and charitable organizations

— Non-governmental organizations and charities do not include in VAT calculation operations for the import and supply of goods required to implement measures aimed at preventing the occurrence and spread of COVID-19, the list of which has been determined by the Cabinet of Ministers of Ukraine.

Corporate income tax

— Taxpayers become exempt from the application of tax differences on the amount of money or value of goods, provided free of charge to public associations, charitable organizations, relevant public authorities, health institutions, communal property (and other sites) which operate to prevent the spread of COVID-19 in Ukraine

— For a organizations authorized for a supply of healthcare goods special regime of tax differences implemented

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

Ukraine (2/3)

As of 07 April 2020

Tax measures — Direct and Indirect (continued)
(e.g. payment deferrals, rate reductions…)

Land and property taxes

— Charges for April 2020 were cancelled
— Deadline for payments for the March 2020 was delayed till June, 30 2020
— There is no charge for land (land tax and rent for state and communal property) used in business
— No tax charges for non-residential real estate owned by persons and businesses

Excise tax

— From May 31, 2020, the excise tax is charged at the rate of 0 UAH per 1 liter of 100% ethanol used for the production of disinfectants. During the same period, permission was granted for the shipment of alcohol to manufacturers of medicinal products and manufacturers of chemical and technical products for the production of disinfectants

Simplified tax audits

For the period from March, 18 till May, 31 2020:

— A moratorium on documentary and factual audits has been established, with the exception of audit of budgetary VAT refunds. Tax audits scheduled to begin during this period will be postponed.
— Current tax audits will be suspended until May 31, 2020

For the period from 18 March till 18 May 2020:

— A moratorium on documentary checks on the correctness of the single social tax calculation has been established

Main sources of information:

— Ukraine: Tax relief measures, responding to coronavirus (COVID-19): https://home.kpmg/us/en/home/insights/2020/03/tnf-ukraine-tax-relief-measures-coronavirus.html

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

— The law forbids the banks from charging any penalties, fines, increased interest rates on consumer loans
— Implementation of the law on mandatory installation of cash registers for businesses is postponed for three months till January 1, 2021
— Until June 30, 2020, it is prohibited to carry out state supervision (control) on the economic activity (except for the supervision of high-risk entities, in the area of compliance with the requirements of establishment of state regulated prices and sanitary issues) and epidemic well-being).
— Limits for single tax payers raised

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

Ukraine (3/3)

As of 07 April 2020

Other measures and sources

- The changes also affect the Criminal Code of Ukraine. It is supposed to introduce administrative responsibility for the unauthorized abandonment of the place of observation or quarantine by a person who may be infected with a coronavirus, as well as increasing criminal liability for violation of sanitary rules and norms for the prevention of infectious diseases. Establishment of administrative responsibility for non-disclosure of information on public procurements carried out under this law.
- Article 325 of the Criminal Code of Ukraine is interpreted in such a way that a penalty of 1,000 to 3,000 tax-free minimum incomes of citizens will be imposed for violation of the rules and norms established with the aim of preventing epidemic and infectious diseases, as well as mass non-communicable diseases, arrest for a period of six months, restriction or imprisonment for three years, if such actions led or could lead to the spread of the disease. COVID-19 coronavirus will be added to the list of such diseases.
- Exemption from liability for late filing and disclosure of financial statements (including consolidated and audited reports) if such report is filed and made public within the quarantine or 90 calendar days from the day following the end of such quarantine, but no later than 31 December 2020

Employment-related measures
(e.g. state compensation schemes, training…)

- A set of legal norms aimed at protecting the rights of individuals and legal entities during quarantine and restrictive measures related to the spread of coronavirus disease (COVID-19), namely: the possibility of working at home for employees, (including government employees) and providing vacation by agreement; granting the right to owners to change the operating modes of bodies, institutions, enterprises, organizations, in particular, receiving and servicing individuals and legal entities with mandatory informing the population about this through websites and other communication tools; a ban on the cancellation of a certificate of registration of an internally displaced person (for the quarantine period and 30 days after its cancellation); attribution of the legal fact of quarantine introduction to force majeure circumstances; extension of terms for receiving and providing administrative and other services.
- The law includes an instruction to the government to establish additional weekly wage supplements to medical and other workers directly involved in the elimination of coronavirus infection (COVID-19) in the amount of up to 200% of wages for the period of implementation of measures to prevent the occurrence and spread of the disease, until the completion of these activities, as well as additional payments to certain categories of workers, providing the main areas of life;
- From 1 April 2020, the government will be ready to pay additional UAH 1,000 ($35) to those having a pension of less than UAH 5,000 ($180), from 1 May 2020, pensions will be indexed.
- On 30 March 2019 government of Ukraine approved law which introduce the concept of a remote work and compensation to the employees who lost their work due to the coronavirus infection
- Deadline for the preparation of personal tax returns was extended till July, 1 2020

KPMG

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

United Kingdom (1/7)

CONTACTS:
Tax: David Woodward — david.woodward@kpmg.co.uk
Restructuring: Blair Nimmo — blair.nimmo@kpmg.co.uk
Legal: Isabel Ost isabel.ost@kpmg.co.uk

As of 07 April 2020

General Information	The Chancellor has set out a package of temporary, timely and targeted measures to support public services, individuals and businesses through the economic disruption caused by COVID-19. The government continues to work closely with the Bank of England and international partners and announced a three-point plan at the Budget to: (i) support Public Services (NHS in particular), (ii) support People affected by COVID-19; and (iii) support Businesses experiencing increases in costs or financial disruptions. Additional measures and guidance are being announced each week and the Government are in dialogue with businesses, industry bodies and the professional services community to ensure policy objectives are achieved

Tax measures — Direct and Indirect
(e.g. payment deferrals, rate reductions…)

Deferral of VAT payments due between 20 March 2020 and 30 June 2020

- The UK government has announced that VAT payments (including payments on account) due between 20 March and 30 June 2020 can be deferred at the option of the taxpayer. Where the taxpayer chooses the deferral option the payment must be made on or before 31 March 2021. No interest or penalties will be charged as a result of deferral and taxpayers do not need to notify or seek approval from HMRC for the deferral to apply. The deferral does not apply to VAT payments under the Mini One Stop Shop (MOSS) scheme under which VAT is reported and paid on sales of digital services to consumers in the EU or to Import VAT. The deferral is available for all UK VAT registered businesses. HMRC will continue to repay taxpayers any VAT during this period as usual, such as repayment VAT returns, or VAT refund claims. HMRC are not automatically suspending collection of direct debit payments of VAT during this period and businesses will need to cancel their direct debit mandate and remember to set it up again in due course. Businesses should continue to prepare VAT returns as normal and file them by the due date.
- The guidance issued by the Government to date is quite limited. Widely circulated, but as yet unpublished HMRC guidance, indicates that the deferral does not apply to VAT due to be paid in relation to disclosures and assessments. It also confirms that the deferral does not apply to Customs Duties and other taxes/duties such as Machine Games Duty, Insurance Premium Tax etc. If businesses cannot pay these other tax liabilities then the Time To Pay process described below needs to be engaged. It also confirmed that any subsequent refunds/repayments will not be set-off against deferred VAT, but will be set-off against any existing debt prior to the announcement.

July 2020 Income Tax payment deferral to 31 January 2021

- Income Tax payments due on the 31 July 2020 ('payments on account') may be deferred until 31 January 2021 and HMRC will not automatically charge penalties or interest for late payment. The deferment is optional and those who are still able to make July payments are encouraged to behave as 'good citizens' and pay the tax they owe on time. Payments on account normally apply to income that has either not been accounted for through the PAYE system, or has not had sufficient tax deduction through PAYE

This is only relevant to taxpayers within the income tax regime; which would typically be those not operating via a company structure within the charge to corporation tax such as:

- Individuals:
  - who operate a business on a self-employed basis;
  - who are partners in a partnership (including LLPs); and
  - with income tax obligations outside of PAYE
- Trustees
- Companies subject to income tax

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

United Kingdom (2/7)

As of 07 April 2020

Tax measures — Direct and Indirect (continued)
(e.g. payment deferrals, rate reductions…)

Time To Pay requests to HMRC

— For other taxes Time to Pay requests can be made to HMRC to defer tax payments which are due (or overdue) for payment to HMRC. Taxpayers seeking to defer tax payments should be able to justify why a deferral is needed. For taxpayers with a Customer Compliance Manager this is likely to be the quickest route to get a deferral agreed. There is also a HMRC Coronavirus helpline on 0800 024 1222 for other requests. HMRC's approach to date has been to allow deferral for 3 months.

Waiver of import taxes on vital medical supplies

— On 31 March 2020 the UK Chancellor announced that import taxes would be waived on vital medical equipment including ventilators, coronavirus testing kits and protective clothing. Only limited guidance has been provided to date.

Business rates reliefs

— Business rates or non-domestic rates are a property based business tax which are administered by local authorities in England, Scotland, Wales and Northern Ireland. Rates are charged on most non-domestic properties, like shops, offices, pubs, warehouses, factories, holiday rental homes or guest houses. Business rates may need to be paid if a building or part of a building is used for non-domestic purposes.

— The UK Government has increased the Business Rates Retail Discount applicable in England to 100% for the 12 month period beginning 1 April 2020. In addition to increasing the discount to 100% the UK Government has expanded the scope of the relief so it covers retail, leisure and hospitality businesses. Properties that will benefit from the relief must be occupied and wholly or mainly used for a qualifying purpose. Where properties have had to temporarily close due to the COVID-19 outbreak they are still treated as occupied. The Government has issued guidance on what properties in England will qualify for the relief here. The Scottish and Welsh Governments have introduced equivalent non-domestic rates holidays for retail, leisure and hospitality businesses covering the same 12 month period. There is no limit on the rateable value of the properties eligible for 100% rates relief in England and Scotland. Properties with a rateable value of up to £500,000 are eligible for the Retail, Leisure and Hospitality Rates Relief in Wales.

— Businesses that received the retail discount in 2019-20 will be rebilled by their local authority as soon as possible. Those businesses eligible for the newly expanded retail discount who were not in receipt of the retail discount in the previous year (or only received it on some of their properties) may need to apply to their local authority to ensure the discount is applied correctly for 2020/2021. Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority.

— In Northern Ireland no rates will be charged for the 3 month period ended 30 June 2020 for all business ratepayers excluding public sector & utilities.

— It should be noted that distressed businesses may also be able to request Hardship Relief via their local authority. There are a number of other exemptions and reliefs which can apply.

— According to the guidance (as updated on 2 April 2020) the Government's assessment is that, given the impact of COVID-19 in the sectors receiving the relief, the business rates expanded retail, leisure and hospitality discount 2020–21 is not a state aid. The Government has considered this matter in discussions with the European Commission and is content with this analysis following those discussions. This means local authorities can apply the relief to all eligible properties as the EUR 800,000 cap under the EU State Aid Temporary Framework does not apply.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

United Kingdom (3/7)

As of 07 April 2020

Economic stimulus measures
(e.g. loans, moratorium on debt repayments…)

Coronavirus Business Interruption Loan Scheme for smaller businesses (for Businesses with turnover of up to £45m)

— Under the Coronavirus Business Interruption Loan Scheme (CBILS) UK businesses with annual turnover of no more than £45m can borrow up to £5m interest-free for 12 months under a British Business Bank (BBB) scheme where the Government provides the lender with a guarantee for 80% of each loan (subject to a per-lender cap on claims) and covers the cost of the first 12 months of interest.

— Financing can be provided under CBILS for up to 6 years through term loans, overdrafts, invoice finance and asset finance.

— The £45m turnover threshold applies to group turnover, rather than at individual company turnover level.

— Access to CBILS is through circa 40 BBB accredited lenders. The number of providers of the CBILS continues to grow and new alternative finance lenders are being accredited under the scheme creating more choice and diversity of supply for smaller businesses.

— Businesses should speak to their existing bank lender(s) if they wish to access CBILS. On 3 April. the Government introduced certain structural enhancements to the Scheme guidelines which are expected to improve and accelerate its use by eligible SMEs. Further details on CBILS can be found here.

Coronavirus Large Business Interruption Loan Scheme (for Businesses with turnover of £45m - £500m)

— On 3 April 2020, the Chancellor announced that a new scheme, Coronavirus Large Business Interruption Loan Scheme (CLBILS) is to be introduced. Similar to the SME CBILS scheme this involves a government guarantee of 80% to enable banks to make loans of up to £25 million (CBILS was capped at £5 million) to businesses with an annual turnover of between £45 million and £500 million.

— This is intended to give banks the confidence to lend to more businesses which are impacted by coronavirus but which they would not lend to without CLBILS. This Scheme is for businesses that were viable pre COVID-19, experiencing cashflow shortfalls and who would be able to trade out of difficulty with the additional funding. CLBILS loans will be through commercial banks and commercial rates of interest will be charged. Further details of the scheme are expected to be announced later this month following further consultation with business groups and banks.

COVID-19 Corporate Finance Facility (CCFF)

— The CCFF has been created to provide funding to large businesses through the purchase of short-term corporate debt in the form of commercial paper. The Bank of England have published guidance on the facility including details of eligibility and how to apply.

— Funding is open to companies (1) making "a material contribution to the UK economy"; (2) able to demonstrate they were in sound financial health prior to the pandemic; and (3) with a short term or long term investment grade credit rating or otherwise able to demonstrate financial strength equivalent to investment grade.

— The scheme will operate for at least 12 months and for as long as steps are needed to relieve cash flow pressures. Businesses seeking to make an application should discuss their eligibility with their bank.

— The CCFF launched on 23 March 2020 and Bank of England data released on 2 April 2020 showed that £1.9 billion of commercial paper has been purchased under this facility already and according to a HM Treasury release on 3 April 2020 a further £1.6 billion has been committed.

KPMG
© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

United Kingdom (4/7)

As of 07 April 2020

Economic stimulus measures (continued)
(e.g. loans, moratorium on debt repayments…)

Grants administered by local authorities

— Under the Retail, Hospitality & Leisure Grant Fund (RHLGF) scheme businesses can access cash grants of £25,000 for each property in England with a rateable value of £15,001-£51,000 and £10,000 for each property in England with a rateable value of £15,000 or lower.
— Under the Small Business Grant Fund (SBGF), small businesses which occupy premises in England and already receive small business rate relief or rural rate relief are eligible for a one-off Small Business Grant of £10,000 to help meet their ongoing business costs.
— The Government has issued guidance providing details of eligibility and delivery of the RHLGF & SBGF in England.
— Scotland, Wales and Northern Ireland have announced similar grant schemes with some variations in the rateable value thresholds applied.
— EU State aid rules apply to the grants meaning that the maximum amount any individual undertaking can receive is limited to the GBP equivalent of EUR 800,000.

Ban on evictions for commercial tenants who miss rent payments

— The Government has announced that any commercial tenants who cannot pay their rent because of coronavirus will be protected from eviction for three months, as of 23 March 2020.
— Commercial tenants will remain liable for the rent due — it is not a rent holiday. The intention is that landlords' right to forfeit leases will be reinstated at the end of the three month period.

Insolvency law changes

— The government has announced proposed changes to insolvency laws aimed at reducing pressure on businesses during the COVID-19 crisis. The proposed changes include:
  — Wrongful trading — currently directors can be at risk of personal liability if they continue to trade in circumstances where there is no reasonable prospect of avoiding insolvency. It is proposed that these provisions be suspended during the crisis to remove the threat of personal liability and therefore give directors the space to make difficult decisions about the future of their business. The suspension is expected to be backdated to 1 March 2020. Existing fraudulent trading and directors disqualification rules will remain in force.
  — Moratorium and restructuring plan — the government previously consulted upon and announced plans to introduce corporate insolvency reforms in 2018. It appears that those reforms will now be implemented, including a short moratorium or "breathing space" to allow companies in difficulty time to explore options for rescue. This will include protection of supplies to allow companies to continue to trade during the moratorium. These plans also include the ability to propose a restructuring plan.
  — It is proposed that Parliament will consider the new laws at the earliest opportunity although it is not clear when that will be or whether there is going to be any consultation on the legislation.

Economic stimulus measures (continued)
(e.g. loans, moratorium on debt repayments…)

Useful sources of information

– HM Treasury
– Bank of England
– Government Covid-19 guidance to employers & businesses
– Business support government website
– Tax helpline
– KPMG UK Covid-19 resources (client portal)

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

United Kingdom (5/7)

As of 07 April 2020

Employment-related measures
(e.g. state compensation schemes, training…)

Available measures to support people employed by corporations

Job Retention Scheme (JRS)

— To support employers whose operations have been severely affected by the COVID-19 outbreak, HMRC will pay them:
  — 80% of ‘furloughed workers’ pay up to a cap of £2,500 per month; plus
  — The associated Employers’ NIC and minimum automatic employer pension contributions
— The employer must pay the furloughed worker the lower of 80% of their reference pay and £2,500 per month.
— Employers have the option to top up but are not required to pay furloughed employees more than this amount, but any reduction in pay is subject to current employment law.
— The JRS will run for at least 3 months from 1 March 2020 and will be extended if necessary. HMRC are working urgently to set up a system for reimbursement and intend to start payments in April.
— Changing the status of employees remains subject to existing employment law and may be subject to negotiation.
— Employees can be furloughed multiple times, provided that each time they are furloughed is a minimum of three weeks.
— To be eligible for the grant, employees cannot undertake work for, or on behalf of, the organisation while on furlough. However, employees are permitted to work for another employer while on furlough.
— The JRS is available businesses of all sizes who are severely impacted by COVID-19. HMRC have published guidance on the scheme here.
— For further details please see our On a Page summary for clients.

Statutory Sick Pay refunds for smaller businesses

— Businesses with less than 250 employees on 28 February 2020 can obtain a refund from the Government for Statutory Sick Pay paid for up to 2 weeks’ absence due to COVID-19.
— This also covers absence due to self-isolating in line with Government advice (i.e. where an employee may not be sick or have symptoms of COVID-19 but has been advised to self-isolate and cannot work as a result).
— Under the normal SSP rules, SSP is only payable from the fourth day of sickness related absence.
— The Government is introducing changes so that workers are able to claim SSP from the first day of sickness absence, rather than from day four.
— It does not appear that this is limited only to employees with COVID-19 related absence and it could apply to workers with sickness absence for other reasons.
— The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible. Existing systems are not designed to facilitate employer refunds for SSP.
— HMRC have published guidance here Claim back Statutory Sick Pay paid to employees due to coronavirus (COVID-19). Some of the key points covered in the guidance are:
— Reimbursement will be based on the current rate of SSP for periods of sickness starting on or after 13 March 2020.
— Company’s that claim reimbursement must have a PAYE payroll scheme that was created and started on or before 28 February 2020.

KPMG

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

United Kingdom (6/7)

As of 07 April 2020

Employment-related measures (continued)
(e.g. state compensation schemes, training…)

- The scheme covers individuals on all types of employment contracts (including full-time employees, part-time employees, employees on agency contracts, and employees on flexible or zero-hour contracts).
- The 250 employees test is based on the total combined number of PAYE employees for connected companies.
- Employers will need to consider keeping records of staff absences for purposes of refund claims; there will be no need for employees to provide a doctor's note.
- The government has launched a new online 'isolation notes' service. The notes will provide employees with evidence for their employers that they have been advised to self-isolate due to COVID-19 and cannot work, either because they have symptoms themselves or because they live with someone who has symptoms.
- An isolation note will now be satisfactory evidence of inability to work, where an employee is self-isolating, rather than requiring a fit note from a doctor.
- The notes can be obtained through the NHS website, NHS 111 online or the NHS App.

Available measures to support people employed by corporations

Relaxation of annual leave rules

- Employees who have not taken all of their statutory annual leave entitlement due to coronavirus will be able to carry it over into the next 2 leave years. This change is aimed at allowing staff to continue to work in the national effort against COVID-19 without losing out on annual leave entitlement.
- The regulations will allow up to 4 weeks of unused leave to be carried over for two years. The measure is not currently binding on all businesses and is primarily aimed at 'key workers'.
- The rules will be introduced by amending the Working Time Regulations, which apply to almost all workers, including agency workers, those who work irregular hours, and workers on zero hours contracts.

[Currently, almost all workers are entitled to 28 days holiday including bank holidays each year. However, most of this entitlement cannot be carried between leave years, meaning workers lose their holiday if they do not take it. There is also an obligation on employers to ensure their workers take their statutory entitlement in any one year — failure to do so could result in a financial penalty.]

Available measures to support people not employed by corporations to support the economy

Self-Employment Income Support Scheme (SEISS)

- The SEISS is a grant to support self-employed and members of a partnership/LLP who have lost income due to COVID-19. HMRC will pay individuals a taxable grant of 80% of trading profits up to a maximum of £2,500 per month for 3 months (this may be extended). Individuals who receive a grant under SEISS can continue to work.
- Trading profits must be:
  - Less than £50,000 per annum; and
  - more than half of the individual's total taxable income.
- The grant will be paid in one instalment directly into an individual's bank account. HMRC will contact individuals who are eligible for this grant and invite them to make an online application. Individuals should not contact HMRC about the grant unless invited to do so. HMRC issued guidance on 26 March 2020.

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.
Information contained in this document was prepared by local KPMG professionals.

United Kingdom (7/7)

As of 07 April 2020

Employment-related measures (continued)
(e.g. state compensation schemes, training…)

- Individuals who are self employed or are members of a partnership/LLP need to meet all the requirements below to qualify for the grant. The individual must:
  - Have submitted their Income Tax Self Assessment tax return (Tax Return) for the 2018-19 tax year;
  - Have traded during the 2019-20 tax year;
  - Be trading when applying for the grant, or would have been trading if it were not for COVID-19;
  - Intend to continue to trade in the 2020-21 tax year; and
  - Have lost trading or partnership profits due to COVID-19.
- Those who started trading on or after 6 April 2019 are not eligible. Self-employed profits must be less than £50,000 (for either 2018/19 or average profits over the last three years) and represent more than half of taxable income.
- Those operating via a company are not covered by SEISS, but their salary may qualify for the Job Retention Scheme if they are operating PAYE.
- Individuals who have not yet filed a 2018-19 Tax Return but would otherwise meet the eligibility requirements for this grant need to take action quickly by filing a tax return by 23 April 2020.
- Averaging can apply in determining the level of total trading profits and the proportion of trading income to total taxable income such that an individual either has:
  - Trading profits of less than £50,000 and these constitute more than half of their taxable income for the 2018–19 tax year; or
  - For the tax year 2018-19 and the previous two years, average trading profits of less than £50,000 and these constitute more than half of average taxable income for the same period.
- For those who commenced trading in the three year period from 6 April 2016 to 5 April 2019 HMRC will only use those years for which Tax Returns have been filed.
- HMRC will base the calculation of 80% of trading profits on average profits from the three tax years from 6 April 2016 to 5 April 2019.

Other state compensation for people who are not employed by a corporation

- For the duration of the outbreak, the requirements of the Universal Credit Minimum Income Floor will be temporarily relaxed for those who have COVID-19 or are self-isolating according to government advice, ensuring self-employed claimants will receive support. People will be able to claim Universal Credit and access advance payments without the current requirement to attend a Job center Plus if they have COVID-19 or are following government advice to self-isolate.
- Contributory Employment and Support Allowance will be payable, at a rate of £73 (£74 from 6 April 2020) a week if you are over 25, for eligible people affected by COVID-19 or self-isolating in line with advice from Day 1 of absence, rather than

KPMG

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Information contained in this document was prepared by local KPMG professionals.

The materials contained in this document are intended for general reference and do not constitute advice from KPMG International or any of its member firms. Readers of these materials who have specific questions regarding the matters discussed herein are encouraged to contact their KPMG advisor or other advisor. The materials are updated as new developments emerge but readers should recognize the rapidly evolving nature of the underlying subject matter.

For any questions please contact: covid19@kpmg.com

home.kpmg/socialmedia

© 2020 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Information contained in this document was prepared by local KPMG professionals.