Newsletter
June 2020

COVID-19

International publication

TOGETHER FOR YOUR SUCCESS

www.auren.com

COVID-19

International publication

In response to this crisis, governments all over the world have enacted legal, fiscal and monetary stimulus measures to counteract the disruption caused by the coronavirus. We have compiled an overview of the different measures that are available to support businesses in some countries in these uncertain times. This overview is ever evolving, we will continue to post tax updates and news as they come through.

Índex

ARGENTINA

Economic impact of COVID-19

Analysing the economic impact of COVID-19 is challenging, as there are no recent similar findings to use for reference or comparison. A parallel could be Brexit: a few days after the referendum where most Britons decided to leave the European Union, Mark Carney, the Governor of the Bank of England, organized a press conference to communicate the ecological and financial impact of that decision. . To everyone's surprise, the Bank of England's conclusion was that there was great uncertainty about various key variables in the economy, but that it was unable to estimate or quantify its impact because it was an event that had never happened in the past.

Argentines choose to prioritize health over the economy. This logical and irrefutable decision does not exempt us from the economic damage that these measures generate.

The guidelines we use for this evaluation consider:

a) OFFER

Continuity of operations during isolation.

b) DEMAND

The behavior of the demand for goods and services each organization provides.

What in principle was generated as a supply crisis (not being able to produce and offer goods in the market), could quickly transform into a demand crisis (the population would lower its level of consumption to a lower level, or even by a time at a level close to subsistence minimum). There is a potential impact of this pandemic on consumer behavior, which could represent a paradigm shift worldwide.

Let's imagine a specific case. If a person was evaluating, or was determined to change the car, buy an appliance or take a trip in the coming months; How would the pandemic affect your decision? Would you still be willing to make that purchase, or would you postpone or cancel it?

Based on these guidelines, we designed a risk and impact matrix, to qualify each organization object of the survey:

Operation/ Demand	Very low demand	Reduced demand	Normal demand
Can´t operate			
Operation with limitation			
Operate normally			

ARGENTINA

Our survey indicates that:

High impact

Approximately 25% of organizations will have a very significant impact, linked to activities that require physical presence: industry, construction, transportation, tourism and entertainment. We believe that State support should be focused on this sector.

MEDIUM IMPACT

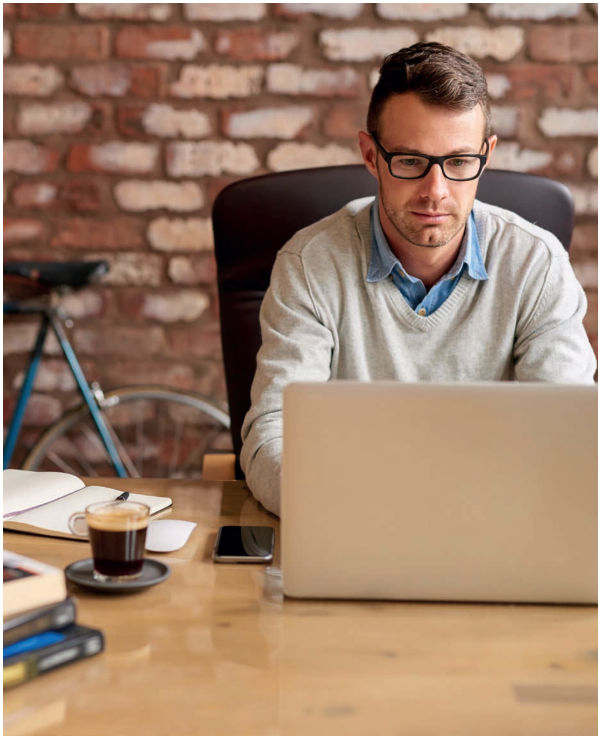
50% of organizations will have an indirect impact produced by the drop in demand for goods and services in their sector. The impact in this case depends especially on the specific characteristics of each organization, and its level of relationship with the rest.

LOW IMPACT

Finally, the last 25% of organizations will have a lesser impact, especially in organizations linked to activities defined as essential (food, agrobusiness, energy), and to those that do not require physical presence (tech, e-commerce, remote services).).

Another important factor to take into account is the timing of the measures. Although the companies are already aware of the impact of COVID-19 on their operations, there is still a great uncertainty that consists of how long they will be affected by this new reality, and how the reaction will be after the end of the isolation.

Javier *Panno*
Auren Argentina
jpanno@bue.auren.com
www.auren.com



CYPRUS

New Coronavirus disease (COVID-19) updates in Cyprus

Pursuant to the Quarantine (Determination of Measures to Prevent Spread of the COVID-19 Coronavirus) Decree (No. 28) 2020, issued on 5 June 2020 Cyprus is in the Third Phase and gradually easing of Lockdown measures.

As of the 9th of June, the following started operation,

a. Public and private preschool premises, kindergartens, nurseries, children's clubs, all-day and summer schools, as well as schools of special education and training (special schools).

b. Sports championships without spectators and without the use of changing rooms.

c. Malls, retail enterprises, and any other kind of Multi store, cinemas, theatres and outdoor performance venues, children's outdoor playgrounds, sports clubs, cultural clubs, associations, and societies.

d. Indoor and outdoor catering services have started operation and specifically:

    - restaurants, hotels and tourist accommodation, taverns, cafeterias/coffee shops, pubs, snack-bars and bars, canteens, or/and refectories of schools, sports clubs, cultural clubs, associations, societies.

All the operations of the following remain suspended,

- Nightspots, any kind of entertainment venues, music and dance venues
- Cinemas, theatres and indoor performance areas.
- Children's indoor playgrounds.

As of the 13th of June, the following will start operation,

a. Indoor and outdoor sports venues

b. Theme parks and water sports

c. Casinos

Prerequisites for travellers flying to the Republic of Cyprus will be divided into two phases, Phase A - 09/06/2020-19/06/2020 and Phase B 20/06/2020. Countries have been divided into 3 categories depending on the number of new cases of COVID-19 each country has.

Phase A:

a. Passengers should have conducted, a test confirming negative PCR for Covid19 during the last 72 hours before departure and possess a certificate which confirms negative PCR for Covid-19, issued from a certified laboratory.

CYPRUS

b. Passengers should complete the Passenger Locator Form and the Declarations for Category A or B Countries accordingly. Concerning category C, special permission from the Minister will be required and need to be under specific categories.

Phase B:

a. For Category A Countries passengers will need to complete the Passenger Locator Form

b. For Category B Countries passengers will need to complete the Passenger Locator Form and conduct a test confirming negative PCR for Covid19 during the last 72 hours before departure and posse a certificate.

c. Concerning category C, special permission from the Minister will be required and need to be under specific categories

Andri Christodoulou
Zathea-Zoe
andri.christodoulou@zathea.com.cy
www.zathea.com.cy

ZATHEA-ZOE
QUALITY SERVICES

ECUADOR

Summary of new measures taken in Ecuador by COVID-19

A new law for humanitarian support has been proposed, The final draft before possible approval has been as follows:

- Prohibition of suspension of students from educational institutions for lack of payment; In addition, financial aid for institutions that reduce pensions by 25%; Also, If there is a breach of more than 6 quotas, you may be given a place in a public school.
- Prohibition of eviction for 60 after confinement, with exceptions, of tenants, only if they get to pay, at least 20% of the amounts owed.
- For 6 months, the increase in the values of basic services, including telecommunications, is prohibited. The service cannot be terminated within 30 days after the publication of the law.
- Prohibition of suspension of policies and medical coverage for non-payment in the middle of the quarantine.
- Extension of social security coverage for an additional 60 days to workers who lose their jobs.
  - They can also access unemployment insurance.
  - Micro and small companies may request payment facilities for social security contributions.
- Lines of credit will be established that benefit the productive sector and credits to guarantee sources of employment. Also refinanced credits will be tax exempt.
- Certain investment and humanitarian tax debts may be deferred with payment facilities.
- Suspension of registration fees and vehicle checks.
- Creation of a special account of humanitarian support to combat crises.
  - You will get funds from Contributions, donations, and the mentioned contributions.
- Labor agreements to modify the labor regime of the company.
  - Must be approved by the employer and most employees.
  - For the duration of the agreement, it is not possible to fire employees or distribute dividends and they must increase the share capital.
  - It cannot be less than the basic salary

ECUADOR

- Creation of an emerging employment contract much more flexible than the ordinary one with one year of validity, renewable for one more year.
- A poorly made dismissal based on force majeure, will be compensated as untimely dismissal
- Allow the possibility of reducing the workday, unilaterally, by force majeure or fortuitous event applicable for one year; the reduction generates the obligation to increase the share capital.
- Creation of pre-bankruptcy agreements of exception and preventive contests, to face debts by companies and companies.
- Change of the priority of credits.
- Establishment of virus disease as an occupational accident for agents who work in the health area.
- Telework typification.
- Elimination of the power to create taxes by the tourism ministry.
- Approval of the possibility of requesting reduction of alimony.
- The voluntary advance of income tax is allowed, with interests in favor of the taxpayer, counted from the day of payment.
- Creation of an operating permit for new companies, to avoid bureaucratic procedures, the first 160 days of its management.

- Increased possibility of borrowing by sectional governments.
- Elimination of lifetime salaries to presidents dismissed from office for the reasons of the constitution.
- Boost to virtual government, including notarial processes.
- Expenses in passenger cars will be tax deductible for individuals.

Javier Bustos
ABC Tax
javier.bustos@abcglobal.tax
www.abcglobal.tax

ABC
ADVICE, BUSINESS, CONSULTING

GERMANY

Special bonus for nursing staff

The German government has released the care bonus and the respective federal states and employers can top it up.

In 2020, everybody employed in nursing care will receive a graduated entitlement to a one-off special benefit.

- The Federal Government ensures the financing of this so-called “Corona bonus” in the amount of up to 1,000 euros.
- The federal states and employers in the nursing care sector may top up the bonus to 1,500 euros.
- Recipients of the bonus may also be trainees, volunteers, helpers in the voluntary social year and temporary workers and employees of service companies.
- The plan is to pay the bonus together with the July salary.
- This special Corona bonus is tax-free up to an amount of 1,500 euros.

The financing of the bonus is still open: The bill of the Second law for the protection of the population in the event of an epidemic situation of national significance *(Zweites Gesetz zum Schutz der Bevölkerung bei einer epidemischen Lage von nationaler Tragweite)* drafted by the Federal Ministry of Health talks about an obligation of employers in the nursing sector. The wording of the bill reads as follows: “Nursing establishments are obliged to pay graduated special benefits (Corona bonus) to their employees. The expenses for this Corona bonus are reimbursed to the nursing establishments by the social long-term care insurance and, in the outpatient sector, proportionately by the statutory health insurance fund by way of advance payments. In the second half of 2020, the Federal Ministry of Health and the Federal Ministry of Finance will jointly determine the extent to which the statutory health and long-term care insurance will receive federal subsidies to stabilise the respective insurance contribution rates. This will also include the question of refinancing this one-off bonus.”

Birgit Ennemoser
Auren Germany
Birgit.Ennemoser@str-auren.de
www.auren.com

GERMANY

Temporary reduction of VAT

New tax rates of 16% and 5%. From 1 July to 31 December 2020

Online sales?

VAT registration in Germany can generate savings of up to 5%.

As a basic part of measures to stimulate the economy, the German government has approved a temporary reduction in VAT.

The new tax rate will apply from July 1 to December 31, 2020. With this modification, the general rate will be reduced from 19% to 16% and the reduced rate from 7% to 5%.

It is important to take into account the accrual rules of the tax, which do not always coincide with the date of issue of the invoice, and that in case of return of the purchased goods or cancellations the original tax rate remains in force.

An interesting option to consider now is the possibility of **voluntarily VAT registration** in Germany, even if the 100,000 euro limit is not exceeded. In Germany, the general VAT rate will be 16% as opposed to 21% in Spain or the Netherlands, 23% Portugal or even 25% in Denmark and Sweden, thus obtaining a **tax advantage of up to 9 points**, depending on the country, that can compensate for the costs of the tax advisor in that country.

In addition, economic circumstances lead Germany to be a country where online shopping is constantly growing and is not affected by

the global crisis. Our registered customers in Germany have not only not been harmed by the current crisis, but have experienced a considerable increase in sales compared to their sales in other countries and are now also benefiting from this tax advantage.

From the German Desk we will be pleased to attend your questions.

Eulalia Galceran
Auren Germany
eulalia.galceran@str-auren.de
www.auren.com

auren

GREECE

Support Scheme against Covid-19 outbreak-Greece

The Greek Government unveiled new measures to combat Covid-19 impact. Some of these measures include:

1. Special leave

The beneficiaries of the special leave shall be the natural, adoptive or foster parents of children, provided that the children:

- Are registered in nurseries
- Attend compulsory education (kindergarten, primary and secondary school)
- Attend special schools or special education units, regardless of the age of the children
- Children have disabilities and are benefiting from open care services structures for people with disabilities, regardless of their age

2. Employees

All employees whose employment contract is temporarily suspended due to mandatory Governmental measures will receive compensation in early April amounting to €800.

The Government fully covers the insurance rights, pension and health rights of employees and their social insurance contributions, based on their total nominal salary.

3. Suspensions of taxes and contributions of undertakings

The measures concern all, however, strictly those belonging to the sectors which are severely affected by the emergence and spread of the Covid-19.

The measures are horizontal, as they concern all companies of specific Activity Number Codes (NACE), whether they remain open, operate part of their activity, close by government mandate, or close on their own Initiative. The period of application of the measures is March and, if necessary, an extension will be granted.

For all undertakings in these sectors, the following payments shall be suspended for 4 months, i.e. until 31 July for the March debts, without interest and surcharges:

1. The payment of debts established by VAT declarations, payable in March.
2. The payment of any kind of certified debts to the Tax Office or the Audit Centers.
3. The payment of instalments of arrangements for the payment of certified debts.

GREECE

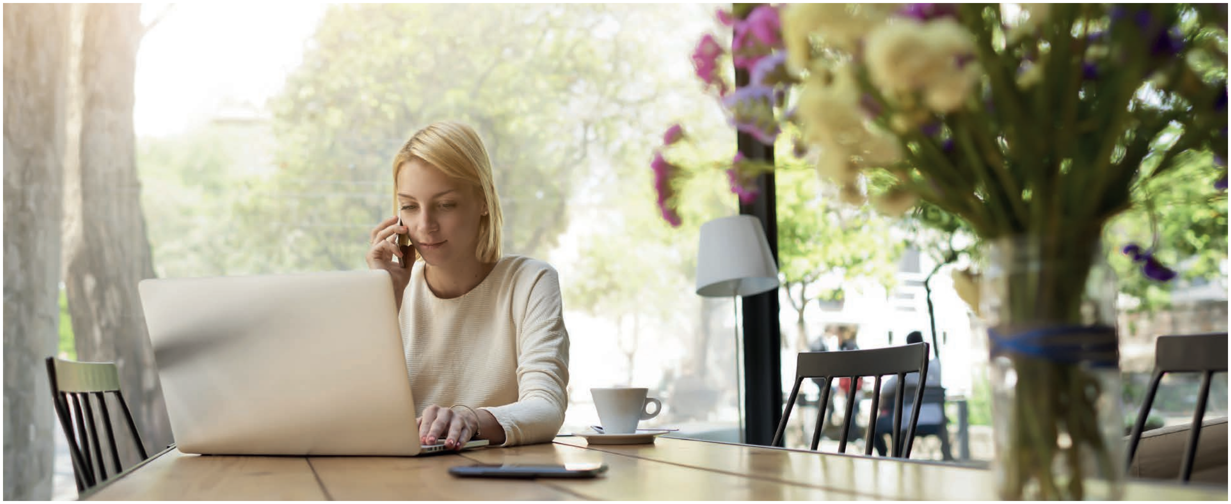
4. **It reduces to 6%, from 24%, VAT on products necessary to protect against the Covid-19 and to avoid its transmission**

- Masks and gloves
- Antiseptic solutions, wipes and other preparations
- Soap and other preparations for personal hygiene
- Ethyl alcohol

5. **Other measures**

- The European Investment Bank will provide liquidity to banks for the granting of new business loans of EUR 2 billion.
- In cooperation with the European Investment Bank group, a guarantee mechanism shall be established for investment loans of up to EUR 500 million.
- The Entrepreneurship Fund of the Hellenic Development Bank is simplified and we increase its resources by EUR 250 million.

Kostas Sakkas
Eurofast
kostas.sakkas@eurofast.eu
www.eurofast.eu



INDIA

Measures Implemented by Government of India to Support Businesses and Economy during COVID-19

Hon'ble Prime Minister Shri Narendra Modi on 12th May, 2020 announced a Special economic and comprehensive package of INR 20 lakh crores (approx. USD 265.19 billion) equivalent to 10% of India's GDP. He gave a clarion call for Self-Reliant India Movement. He also outlined five pillars of Aatmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand.

Hon'ble Finance minister detailed these reforms in five tranches starting from 13th May to 17th May, 2020 for relief and credit support related to businesses, especially MSMEs, Poor including migrants and farmers, Agriculture, New horizons of growth, Government reforms and enablers to support Indian Economy's fight against COVID 19. Measures relating to MSMEs (tranche1) are already covered in article published in May, 2020 and followings are the remaining measures announced thereafter:

i. To provide the Direct Support to Farmers & Rural Economy post COVID, Interest Subvention and Prompt Repayment Incentive on crop loans, due from 1st March, extended up to 31st May, 2020.

ii. To provide the Liquidity Support to Farmers & Rural Economy agriculture loans of INR 86,600 crore approved from the month of March to April 2020 and refinancing of INR 29,500 crore provided by NABARD, to Cooperative Banks & Regional Rural Banks in March, 2020.

iii. To provide the Support for Migrants and Urban Poor Government of India has permitted State Governments to utilize State Disaster Response Fund (SDRF) for setting up shelter for migrants and providing them food and water etc. Central Government also released INR 11,002 crore of its contribution in advance to all States on 3rd April, to augment funds in their SDRF.

iv. To provide the Benefits for Workers:

- Statutory concept of National Floor Wage introduced which will reduce regional disparity in minimum wages.
- Universalization of right of minimum wages and timely payment of wages to all workers including unorganized workers, presently minimum wages applicable to only 30% of workers.
- Occupational Safety & Health (OSH) Code also applicable to establishments engaged in work of hazardous nature even with threshold of less than 10 workers.
- Extension of ESIC coverage pan-India to all districts and all establishments employing 10 or more employees as against those in notified districts/areas only.
- Gratuity for Fixed Tem Employment - Provision of gratuity on completion of one year service as against 5 years.

v. Policy Reforms to fast-track Investment -Effort towards Atmanirbhar Bharat:

- Fast track Investment Clearance through Empowered Group of Secretaries (EGoS).
- Incentive schemes for Promotion of New Champion Sectors will be launched in sectors such as Solar PV manufacturing; advanced cell battery storage; etc.

vi. Policy Reforms -Introduction of Commercial Mining in Coal Sector:

- Need to reduce import of substitutable coal and increase Self-reliance in coal production. Government will introduce competition, transparency and private sector participation in the Coal Sector through revenue sharing mechanism instead of regime of fixed Rupee/tonne.
- Earlier, only captive consumers with end-use ownership could bid but now, any party can bid for a coal block and sell in the open market.
- Against earlier provision of auction of fully explored coal blocks, now even partially explored blocks to be auctioned.
- Will allow private sector participation in exploration.
- Coal Gasification / Liquefaction will be incentivised through rebate in revenue share.

vii. Policy Reforms - Defence Production:

- FDI limit in the defence manufacturing under automatic route will be raised from 49% to 74%.

viii. India to become a global hub for Aircraft Maintenance, Repair and Overhaul (MRO):

- Tax regime for MRO ecosystem has been rationalized.
- Aircraft component repairs and airframe maintenance to increase from INR 800 crores to INR 2000 crores in three years.
- Major engine manufacturers in the world would set up engine repair facilities in India in the coming year.
- Convergence between defence sector and the civil MROs will be established to create economies of scale.

ix. Ease of Doing Business for Corporates:

- Improvement in rankings in ‘starting a business’ and ‘insolvency resolution’ have contributed to the overall improvement in India’s ranking on EoDB.
- Direct listing of securities by Indian public companies in permissible foreign jurisdictions.
- Private companies which list NCDs on stock exchanges not to be regarded as listed companies.

Vikas S. Chaturvedi

Valuecent Consultancy Pvt. Ltd.

vikas@valuecent.com
www.valuecent.in

Valuecent

INDONESIA

The Convening of a virtual general meeting of shareholders in light of Covid-19

In light of the spread of the COVID-19 outbreak, this requires the Government of Indonesia to take preventive action in order to avoid worsen condition. The Government has begun to initiate a social restriction policy. In Jakarta, the Large-Scale Social Restrictions (*Pembatasan Sosial Berskala Besar* or "**PSBB**") has officially been commenced since Friday 10 April 2020, current information announced the PSBB will be up to 22 May 2020, however there is no further information related to the extension of the PSBB. It could affect the public capital market industry, particularly for public companies that are required to hold a general meeting of shareholders ("**GMS**") which is identically holding a physical meeting or meeting which is attended by many people. Basically, Law No. 40 of 2007 concerning Limited Liability Companies ("**UUPT**") has regulated that the GMS can be conducted using teleconference media, video conference or other electronic media facilities that allow all GMS participants to see and hear each other directly and participate in meetings.[1]

In response to that matter, the Indonesian Financial Services Authority (*Otoritas Jasa Keuangan* or "**OJK**") through its letter No. S-92/D.04/2020 dated 18 March 2020 concerning Relaxation of Report Submission Obligations and Implementation of General Meeting of Shareholders ("**OJK Letter No. 92**"), OJK announces the policy regarding the extension deadline for the submission of several reports, including annual reports, financial statements, deadline to hold an Annual GMS by the public companies and the virtual GMS. The Annual GMS is extended for 2 (two) months to be no later than 31 August 2020. Following up the OJK Letter No. 92, on 20 April 2020, OJK has issued 2 (two) new regulations on GMS of public companies namely OJK Regulation No. 15/POJK.04/2020 concerning Planning and Organization of the General Meeting of Shareholders of a Public Company ("**POJK No. 15**") and OJK Regulation No. 16/POJK.04/2020 concerning Implementation of the Public Company Virtual General Meeting of Shareholders ("**POJK No. 16**). POJK 15 revokes OJK Regulation No. OJK No. 32/POJK.04/2014 concerning Planning and Organization of the General Meeting of Shareholders of a Public Company as amended by OJK Regulation No. 10/POJK.04/2017 concerning the Amendment of OJK Regulation No. No. 32/POJK.04/2014 concerning Planning and Organization of the General Meeting of Shareholders of a Public Company ("**Previous POJK**").

POJK 15 and POJK 16 allow public companies to hold their GMS virtually through a System

[1] *Indonesia, Law of Limited Liability Company, Law No. 40 of 2007, LNRI No. 106 Tahun 2007, TLNRI No. 4756, Article 77.*

(**“e-GMS”**) provided by e-GMS provider. The following, we summarize the important provisions regarding the implementation of the virtual GMS based on the OJK regulations:

The Implementation of Virtual GMS:

OJK provides public companies the flexibility to hold a virtual GMS through their own electronic GMS platform or through the platform run by e-GMS provider[2] which is the Depository and Settlement Institution appointed by OJK (i.e. PT Kustodian Sentral Efek Indonesia **“KSEI”**) or another third-party approved by OJK[3] under condition provided such party must take the form of a legal entity and domicile in the territory of Indonesia[4]. The e-GMS provider or public company must connect with Depository and Settlement Institution and Securities Administration Agency to ensure that shareholders are entitled to attend/ participate the GMS.

E-GMS:

On 3 April 2020, KSEI has launched an *Electronic Proxy* platform namely *Electronic General Meeting System* (**“eASY.KSEI”**) through the Board of KSEI Decree No. No. KEP-0016/DIR/KSEI/0420 regarding the Convening of the Facility of KSEI Electronic General Meeting System as a Giving Electronic Power of Attorney Mechanism in the Process of GMS For Securities Issuers which is a Public Company and the Shares are Saved in KSEI Collective Custody. This platform is to accommodate the needs of shareholders to be able to participate in the GMS without the need to be physically attended. This method will adjust the existing social distancing policy. By implementing this system, increasing of shareholder participation in the implementation of the GMS is expected, because shareholders can participate in various GMS which take place at the same time, but in different locations. The implementation of the e ASY.KSEI platform will be divide into 2 phases, namely e-Proxy (short-term) and e-Voting (long-term).

For e-Proxy implementation, authorization from shareholders to the authorized recipients can be delivered electronically through the eASY. KSEI Platfrom. The convening of the physical GMS is still mandatory to be held, hence the physical presence of the authorized recipient is still needed. Meanwhile, for the implementation of e-Voting, the physical GMS can be conducted online using live streaming technology.

All Shareholders, Securities Companies/Custodian Banks can join the GMS from their respective places[5]. Some provisions regarding the procedures and procedures for using eASY.KSEI can be accessed on the KSEI website (www.ksei.co.id) . POJK No. 16 stipulates implementation of virtual GMS which

[2] *Indonesia, OJK Regulation No. 16/POJK.04/2020 Implementation of the Public Company Virtual General Meeting of Shareholders, LNRI No. 104 of 2020, TLNRI No. 6491, Article 4 Paragraph 1*
[3] *Indonesia, OJK Regulation No. 16/POJK.04/2020 Implementation of the Public Company Virtual General Meeting of Shareholders, LNRI No. 104 of 2020, TLNRI No. 6491, Article 4 Paragraph 2*
[4] *Indonesia, OJK Regulation No. 16/POJK.04/2020 Implementation of the Public Company Virtual General Meeting of Shareholders, LNRI No. 104 of 2020, TLNRI No. 6491, Article 4 Paragraph 5*
[5] *KSEI, “Penggunaan Aplikasi Electronic General Meeting System – eASY.KSEI, Frequently Asked Questions”, https://www.ksei.co.id/Download/FAQ_Penggunaan_Aplikasi_eASY.KSEI.pdf, accessed on 1 May 2020, at 10.00*

has the following features: a. to display the rules, materials for the GMS and the agenda of the GMS needed for shareholders to make decisions at each agenda item of the GMS; b. enable all participants of the GMS to participate and interact in the GMS; c. for the calculation of the attendance GMS quorum; d. for voting and vote counting, including if there are more than 1 (one) stock classifications; e. to record all interactions in the GMS and f. for electronic authorization.

The Announcement and Summon of Virtual GMS:

In terms of announcement and summon of virtual GMS, POJK No. 15 distinguishes the obligations of publicly listed companies based on the status of listing of shares in the Indonesia Stock Exchange ("**IDX**") and also distinguishes the media for announcements and summons of GMS for public companies based on the system of GMS provided by (i) the Public Company itself and (ii) e-GMS provider, here is the summary[6]:

Media for Announcement and Summon	e-GMS Provider Website	Stock Exchange Website	Public Company Website	Website Provided by OJK
Public Company Using the System of the e-GMS Provider/ Depository and Settlement Institution:				
Stocks Listed on the IDX	✔	✔	✔	-
Stocks Unlisted on the IDX	✔	-	✔	✔
Public Companies That Use Their Own System:				
Stocks Listed on the IDX	-	✔	✔	-
Stocks Unlisted on the IDX	-	-	✔	✔ (or newspaper with Indonesian Language which circulate nationally)

Procedure of the Virtual GMS:

E-GMS Provider stipulates provisions regarding procedures of using e-GMS which can be effective after obtaining approval from OJK. Provisions regarding procedures for using e-GMS must be owned by e-GMS provider no later than 6 (six) months after POJK No. 16 applied. The procedures for the implementation of the Virtual GMS are as follows[7]:

1. In carrying out the Virtual GMS, a public company is required to conduct:

[6] *Indonesia, OJK Regulation No. 15/POJK.04/2020 concerning Planning and Organization of the General Meeting of Shareholders of a Public Company, LNRI No. 103 Tahun 2020, TLNRI No. 6490, Article 8*
[7] *Indonesia, OJK Regulation No. 16/POJK.04/2020 Implementation of the Public Company Virtual General Meeting of Shareholders, LNRI No. 104 of 2020, TLNRI No. 6491, Article 8*

a. contains information regarding the plan to carry out the Virtual GMS in the notification of the GMS agenda to OJK, the announcement of the GMS and summons to the GMS; and

b. hold a physical GMS and attended by at least:

   i. the chair of GMS;

   ii. 1 (one) member of the Board of Directors and/or 1 (one) member of the Board of Commissioners; and

   iii. capital market supporting professions that assist the GMS.

2. The place where the Virtual GMS is held is the place where the physical GMS is held as referred to point 1 letter b. However, if a public company does not hold a physical GMS, the place where virtual GMS is held is the domicile of the e-GMS Provider or the place of domicile of the public company in the event that the company conducts the GMS virtually using a system provided by the public company.

3. Shareholders (or their authorized) of shares can be physically or virtually present through e-GMS provided by the e-GMS Provider or a system provided by a Public Company

4. The number of shareholders (or their authorized) who can be physically present is determined by the Public Company provided that the shareholders (or their authorized) who first state that they will be physically present, are more entitled to be physically present than the one who stated later, until the amount that is fulfilled has been established.

5. The presence of shareholder virtually through e-GMS can replace the physical presence of shareholdersand is counted as meeting attendance quorum.

6. The GMS is carried out sequentially with efficiency which at least contains the following activities: a. opening, b. determination of attendance quorum, c. discussion of questions or opinions raised by shareholders (or their authorized) submitted virtually at each agenda item; d. decision making for each agenda based on a decision making quorum; and e. closing.

Under certain conditions determined by the Government or with the approval of the OJK, the Public Company may not carry out a physical GMS or limit the physical presence of shareholders.

Voting of the Virtual GMS

After the summons of the GMS until the opening of each agenda item that requires voting in the GMS, the virtual voting can then be conducted. E-GMS Providers who has information on votes must keep their votes a secret until the time of vote counting. Shareholders who have voted virtually before the GMS are held, considered valid attending GMS. Shareholders who have voted virtually before the GMS are held, will be considered valid attending the GMS and the shareholders vote can be changed or revoked no later than before the chairman of the GMS starts voting for decision making at each of the intended agenda of the GMS. However, if the votes cast before the GMS are not changed or revoked, the vote shall be binding when the Chair of the GMS closes the voting for decision making at each agenda item of the GMS.Shareholders with valid voting rights who attend virtually but abstain (not use their voting rights), will be considered valid attending GMS and cast the same votes as the majority shareholders who vote by adding the intended vote to the majority vote of the shareholders[8].

Minutes of Virtual GMS

The virtual minutes of the GMS must be made in the form of a notarial deed by a notary registered in the OJK without requiring the signatures of the GMS participants. Then, the e-GMS Provider is also required to submit a printed copy to the Notary that contains at least[9]:

a. shareholder list who present virtually;
b. shareholder list who provide power of attorney virtually
c. recapitulation of attendance quorum and decision quorum; and
d. transcript recording all interactions in the GMS virtually to be attached to the minutes of the GMS minutes.

Conclusion

Thus, the OJK Letter and POJK that have been issued by the OJK have answered the problem of physical Annual GMS, where the GMS can still be held without prejudice to the social distancing policy that has been made by the Government to prevent the spread of COVID-19 which is endemic in Indonesia. Important changes brought about in POJK No. 15 and POJK NO. 16 is that a virtual GMS can be carried out through e-GMS provided by the e-GMS provider, in this case KSEI or a system provided by the Public Company. With the provisions regarding the e-GMS system made by the OJK and also KSEI, it is expected to be able to complete the regulations regarding the implementation of the Virtual GMS as mandated by Article 77 of the Company Law which is still difficult to find technical implementation. In this case, the Public Company must also adjust its articles of association within 18 months of the enactment of POJK No. 15 to ensure that the provisions on GMS that have been implemented are in accordance with the POJK No. 15 and POJK No. 16.

Defrizal Djamaris
Kudri & Djamaris
d.djamaris@kndlawyers.com
www.kndlawyers.com

KUDRI & DJAMARIS
ATTORNEYS - COUNSELORS AT LAW

[8] *Indonesia, OJK Regulation No. 16/POJK.04/2020 Implementation of the Public Company Virtual General Meeting of Shareholders, LNRI No. 104 of 2020, TLNRI No. 6491, Article 11*
[9] *Indonesia, OJK Regulation No. 16/POJK.04/2020 Implementation of the Public Company Virtual General Meeting of Shareholders, LNRI No. 104 of 2020, TLNRI No. 6491, Article 12*

IRELAND

A number of supports are available to business owners during the COVID-19 (coronavirus) pandemic

Temporary COVID-19 Wage Subsidy Scheme (TWSS)

On 24 March, the Government announced a new Income Support Scheme to assist employers with paying workers during the COVID-19 pandemic. Employers will receive up to 85% of their employee's weekly take home pay up to a maximum of €410 per week.

General help for businesses -

The Government has introduced a number of measures to assist businesses reduce their operational costs.

Waiving of commercial rates

Rates due to local authorities from the most immediately impacted businesses – primarily in the retail, hospitality, leisure and childcare sectors, are waived (previously deferred) for a 3 month period beginning on 27 March for businesses that have been forced to close due to public health requirements.

Annual returns and tax returns

All annual returns due to be filed by companies will be deemed to have been filed on time if all elements of the annual return are completed and filed by 31 October 2020 (extended from 30 June, 2020).

Revenue has advice for businesses experiencing trading difficulties as a result of COVID-19. This includes information on tax returns, late payment interest, debt enforcement, tax clearance and customs.

"Warehousing" of tax liabilities

COVID-19 related VAT and payroll tax debts, due from 1 March 2020 to the date when sectoral restrictions are lifted, will be deferred for a period of 12 months. There will be no debt enforcement action taken by revenue and no interest charge accruing for warehoused debit.

Joint First Responder support

The Department of Employment Affairs and Social Protection and DBEI will provide joint First Responder support services through the Intreo Offices and development agencies, Enterprise Ireland and IDA Ireland in each region to provide tailored supports for impacted firms, with the objective of avoiding mass lay-offs and buying time for firms to work through the short-term disruptions.

Cash flow supports for businesses

A variety of other supports for businesses affected by COVID-19 have been made available by the State and State agencies.

Pandemic stabilisation and Recovery Fund

A €2 billion Pandemic Stabilisation and Recovery Fund within the Ireland Strategic Investment Fund (ISIF), will make capital available to medium and large companies on commercial terms.

IRELAND

Working Capital Loan Scheme

Loans from €25,000 to €1.5 million are available under the Working Capital Loan Scheme, operated by the Strategic Banking Corporation of Ireland (SBCI). Loans are available to viable micro, small and medium sized enterprises ("SMEs") and Small MidCap enterprises, who meet the eligibility criteria. The loans have a maximum interest rate of 4% and the first €500,000 borrowed can be unsecured.

Future Growth Loan Scheme

Longer term loans from €100,000 to €3,000,000 are available for SME's under the Future Growth Loan Scheme also operated through the SBCI. The loans have a maximum interest rate of 4.5% and the first €500,000 borrowed can be unsecured.

Credit Guarantee Scheme

A €2 billion COVID-19 Credit Guarantee Scheme will provide an 80% guarantee on lending to SMEs until the end of this year, for terms between 3 months and 6 years. SMEs will be able to go directly to the banks in the Scheme, and the guarantee can be used for a range of lending products between €10,000 and €1 million that have a maximum term of 6 years or less. It will be available to all SME sectors, including primary producers.

Microenterprise loans

Microenterprise loans of up to €50,000 are available from MicroFinance Ireland for sole traders, partnerships and limited companies with less than 10 full-time employees and annual turnover of up to €2m. Applications can be made through the MFI website or through your Local Enterprise Office.

Business Continuity Voucher

A new Business Continuity Voucher is available through Local Enterprise Offices for businesses that employ up to 50 people. The voucher is worth up to €2,500 in third party consultancy costs and can be used by companies and sole traders to develop short-term and long-term strategies to respond to the COVID-19 emergency.

Trading Online Voucher Scheme

A new Trading Online Voucher Scheme is available through Local Enterprise Offices to help small and microenterprises get online. The voucher is worth up to €2,500. A second voucher of up to €2,500 can be sought once the first has been successfully utilised.

Business Financial Planning Grant

A Business Financial Planning Grant from Enterprise Ireland to the value of €5,000 to assist companies to develop a Business Sustainment Plan and to engage the services of an approved Financial Consultant.

Finance in Focus grant

A Finance in Focus grant of €7,200 will be available to Enterprise Ireland and Údarás na Gaeltachta clients.

Online Retail Scheme

A COVID-19 Online Retail Scheme is open to retailers employing over 10 people. Grants

IRELAND

ranging from €10,000 to €40,000 will be awarded under the competitive scheme to retailers seeking to improve their existing online capability.

Restart Fund for micro and small businesses

A Restart Fund of €250 million has been created for micro and small enterprises. The fund will operate through a system of rebates/waivers of commercial rates payments from 2019. Companies will receive a total amount equivalent to no more than their 2019 rates bill and that there will be a cap per business of €10,000. The grant can be used to pay ongoing fixed costs, for replenishing stock and for measures needed to ensure employee and customer safety.

To get the grant a business must:

- Be in the Local Authorities Commercial Rates Payment System
- Have an annual turnover of less than €5 million and employ between 1 to 50 people
- Have closed or suffered a projected 25% or more loss in turnover to the end June 2020
- Commit to remain open or to reopen if it was closed
- Declare the intention to retaining employees that are on the Temporary Wage Subsidy Scheme and to reemploy staff on the COVID-19 Pandemic Unemployment Payment where applicable

Garrett McCarthy
Hugh McCarthy & Associates
Garrett@hmca.ie
www.hmca.ie

HUGH MCCARTHY & ASSOCIATES CHARTERED ACCOUNTANTS

ITALY

Measures of law decree no. 34/2020 “decreto rilancio”

The Law Decree no. 34/2020, called “Decreto Rilancio” entered into force on 19th May 2020 introduces measures in favour of enterprises and families against the covid-19 emergency. Following are listed the main ones

PERIOD OF SUSPENSION OF TAXES, CONTRIBUTIONS AND FISCAL FULFILMENTS

ART. 126 AND 127

In Covid-19 emergency period, the tax and social security calendar for 2020 has been completely turned upside down. In recent months there have been various suspensions of both taxes and contributions, on several occasions and with rules not always aligned with each other. In fact, the Legislator for defining the suspensions has not always used the same criteria to identify the subjects involved and the conditions to be able to benefit from them, with the consequence that It is necessary to apply some criteria to the payments of March, while for those of April and May it is necessary to apply others.

The provisions of articles 126 and 127 of the Law Decree no.34/2020 **shift to 16th September** most of the payments previously suspended by the Decree no.18/2020 and no.23/2020.

The payment of VAT, tax withholding on employee’s income and social security contributions due on April and May 2020 **are deferred on 16th September 2020**, without penalties and interests. This suspension is aimed to the entities who carry out business activity, art or profession, located in the Italian territory, conditioned to the following requirement:

- Entities with revenues/remunerations on 2019 not exceeding 50 million euros: decrease on March and/or April 2020, of more than 33% of the turnover (compared to March and April revenues of 2019);
- Entities with revenues/remunerations on 2019 exceeding 50 million euros: decrease on March and/or April 2020, of more than 50% of the turnover (compared to March and April revenues of 2019).

The aforementioned suspensions apply, without taking into account 2019 revenues, also:

1. to VAT subjects who started the business after March 31, 2019;
2. to VAT subjects who have their tax domicile or their registered or operational headquarters in the provinces of Bergamo, Brescia, Cremona, Lodi and Piacenza, provided, however, that they have suffered a 33% drop in turnover in April and May;

The payment of VAT, tax withholding on employee’s income and social security contributions **expiring in the period 8/03/2020-31/03/2020** by entities who carry out business activity, art or profession, located in the Italian territory, with revenues/remuneration **not**

exceeding 2 million euros, are deferred on **16th September 2020**. For subjects carrying out business activities, art or profession who have their tax domicile, registered office or operational headquarters in the Provinces of Bergamo, of Brescia, Cremona, Lodi and Piacenza the suspension of VAT payments applies, regardless of the volume of revenues or fees received.

The tax payment can be made with **F24 model in one solution or with 4 instalments** (F24 of the same amount) from 16th September 2020, without the application of tax penalty for the delay.

ART. 140 - EXTENSION OF THE TERM FOR THE TELEMATIC SUBMISSION OF THE DAILY REVENUES

The Law Decree no. 34/2020 contains some simplification measures for the telematic submission of the daily revenues. In particular, considering the difficulties in the distribution and activation of telematic recorders due to the epidemiological emergency, the Decree extends of six months the disapplication of sanctions provided by art. 2 par. 6-ter of the Legislative Decree no.127/2015 for VAT subjects with a turnover not exceeding 400,000.00 euro, which can continue to transmit the revenue data on a monthly basis for transactions carried out until 31.12.2020;

ART. 144 - SUSPENSION OF THE AMOUNT REQUIRED BY THE TAX ADMINISTRATION AS A RESULT OF AUTOMATIC AND FORMAL INSPECTION

The payments required by the Tax Administration as a result of automatic and formal inspection, according with articles 2,3 and 3-bis of the Legislative Decree no.462/1997, expired in the period between 8th March and 19th May 2020, may be carried out on 16th September 2020.

The payment can be made with a single payment or with 4 monthly instalments of the same amount starting from 9.16.2020, without penalties and interests.

ART. 149 - PAYMENTS OF "PACE FISCALE" OF LAW DECREE NO.119/2018

Will be extended to 16th September 2020, the payments deadline resulting from:

- **Verification with acceptance** (composition - art. 7 of Legislative Decree no.218/1997);
- **Tax settlement agreement** (art.48 and art.48-bis Legislative Decree no.546/1992);
- **Tax mediation (**art. 17-bis of Legislative Decree no.546/1992);
- **Tax settlement deed for the attribution of cadastral income** (art. 12 of Legislative Decree no.70/1988);
- **Tax settlement for the omitted registration of rental contracts and other contracts** (art.10,15 and 54 of the Decree of the President of the Republic no. 131/1986);
- **Recovery deed** (art.1, par.421 of Legislative Decree no.311/2004);
- **Tax settlement deed for omitted, lacking or late payment of registration duty** (Decree of the President of the Republic n.131/1986), succession and donation duty (art.33, par.

1-bis of Legislative Decree no.346/1990), duty for insurance (Legislative Decree no. 1216/1961) and substitute-tax on funding (Decree of the President of the Republic n.601/1973).

The deadline extension to 16th September is provided also for the instalment payment due in the period from 9th March to 31st may (i.e. report of verification, verification notice, tax legation).

The payment can be made with a single payment or with 4 monthly instalments of the same amount starting from 9.16.2020, without penalties and interests.

ART. 154 - SUSPENSION OF ASSESSMENT ACTIVITIES OF COLLECTION AGENTS

The settlement, assessment, tax ligation and collection activities are suspended from 8th March to 31st August 2020.

The payment terms due from 8th March 2020 till 31st August 2020 related to:

- notices of payment,
- verification notices,
- payment and executive orders from local authorities are deferred to 30th September 2020.

The instalments of tax notice scrapping ("Rottamazione-ter") are deferred to 10th December 2020.

ART. 177 - EXEMPTION OF TOURISM SECTOR FROM IMU (MUNICIPAL TAX ON REAL ESTATE)

Art.177 provide the exemption from the payment of the first instalment of IMU (Municipal tax) due on 16th June 2020.

This benefit regard for instance buildings used for sea, lake and river bathing establishments, as well as thermal baths, and buildings of agritourism, tourist villages, youth hostels, mountain huts, seaside and mountain colonies, short-stay rooms, holiday homes and apartments, bed & breakfast, residences and campsites, provided that their owners are also managers of the activities carried out there.

MEASURES FOR ENTERPRISES AND SELF-EMPLOYED WORKERS

ART. 24 - PROVISIONS ON REGIONAL TAX ("IRAP") PAYMENTS

Enterprises and self-employed workers will not have to pay:

- the IRAP balance for the tax period in progress on 31.12.2019 (2019, for "solar" VAT subjects);
- the first IRAP advance-payment relating to the following tax period (2020, for "solar").

The measure regard enterprises and self-employed workers which in the tax period prior to the current one (2019 for "solar") have achieved revenues or compensation not exceeding 250 million euro (regardless of the trend in turnover and compensation for 2020).

The following entities are excluded from this benefit:

- **financial intermediaries, financial and non-financial holding companies** as defined by art. 162-bis of TUIR;
- **insurance companies** (as defined by art. 7 of Legislative Decree no. 446/97);
- **Public Administrations** (as defined by art. 10-bis of the Decree no. 446/97).

ART. 25 - NON-REFUNDABLE CONTRIBUTIONS

With the publication in the Official Journal no. 128 of 05.19.2020, entered into force from 05.19.2020 the Law Decree no. 34/2020, called "Decreto Rilancio".

Among the most awaited measures is the introduction of a non-refundable contribution for a multitude of VAT subjects (in fact exclusively to be referred to companies).

SUBJECTIVE SCOPE

Recipients of the contribution are:

- subjects carrying out business, commercial or agricultural activities (including non-commercial entities with commercial / agricultural activities carried out in a non-prevalent way);
- subjects exercising self-employed activities with VAT;

that result:

- active at the time of submission of the application for the contribution;
- have generated revenues / fees in the 2019 tax period not exceeding €. 5 million.

The revenues are as defined in art. 85 , paragraph 1, letters a) and b) of the TUIR *(the fees for the supply of goods and the provision of services to the production or exchange of which the company's business is directed; the fees for the supply of raw and ancillary materials, semi-finished products and other movable assets, excluding instrumental ones, purchased or produced for use in production).*

Excluded subjects:

- the subjects whose activity is ceased as of 03.31.2020;
- the public entities;
- the financial intermediaries ex art. 162-bis Tuir (banks / insurance companies, holding companies and industrial companies, etc.);
- employees and professionals registered in a professional fund.

REQUIREMENTS

The contribution is due on condition that, in relation to April 2020, the amount of turnover/fees is less than 2/3 of the total turnover/fees of the corresponding month of April 2019 (therefore there has been a reduction of 1/3).

EXCEPTIONS

The turnover reduction requirement does not apply to the following subjects:

- to activities established from 01/01/2019 onwards;

- to subjects who, as of the onset of the disaster, have their tax domicile or operational headquarters in the territory of municipalities affected by events for which a state of emergency has been declared (the illustrative report refers to the municipalities affected from seismic, alluvial or infrastructure collapses that led to the state of emergency resolutions).

TURNOVER AND FEES AND CALCULATION OF THE CONTRIBUTION

The law clarifies that for the quantification of turnover and fees, reference should be made to the date of execution of the transaction for the sale of goods or the provision of services.

The amount of the contribution is determined:

- assuming the reduction in turnover/fees referred to above, referring to the months of April 2019 and April 2020;
- applying to it a variable percentage based on the "size" of the taxpayer:
  1. 20% for subjects with 2019 revenues/fees not exceeding €. 400,000
  2. 15% for subjects with 2019 revenues/fees between €. 400,000 and €. 1,000,000
  3. 10% for subjects with 2019 revenues/fees greater than €. 1,000,000 (and up to €. 5 million)

Minimum amount: if the calculation indicates an amount lower than the following limits, the contribution will still be recognized within this amount:

- €. 1,000: for individuals (sole proprietorships and professionals)
- €. 2,000: for other entities (associated companies and studios).

FULFILLMENTS

In order to obtain the contribution, taxpayers must submit, also through intermediary, a specific electronic application to the Revenue Agency , certifying the existence of the related requirements (amount of revenue/compensation reduction for the months of April 2019 and 2020; volume of revenue/compensation for 2019; etc.) and indicating the bank / postal account to which the sums will be credited.

Submission deadline: within 60 days from the opening of the telematic channel by the Revenue Agency.

The methods for implementing the facility will be defined with the Revenue Agency's Provision (for which the legal text does not provide a specific deadline).

ANTI-MAFIA REGULARITY

The application will also contain the self-certification of anti-mafia regularity, as well as the subjects to be subjected to verification pursuant to art. 85 Legislative Decree 159/2011.

CHECKS AND SANCTIONS

The subsequent control activity will be based on art. 31 and following of the Presidential Decree no. 600/73. In case of acknowledgment of missing requirements for receiving the contribution (also due to the failure to pass the anti-mafia verification), the Tax Administration proceeds to a “recovery act” (8-year term of expiry) of the contribution applying also a penalty “for credit non-existent” (pursuant to art. 13 par. 5 of Legislative Decree 471/97, from 100% to 200% of the sums not due), in addition to interest on late payments.

The penal sanctions to be applied are those of art. 316-ter of the Italian Penalty Code.

In the event of cessation of the activity after the disbursement of the contribution, the signer of the telematic application must keep all the supporting elements of the contribution; an eventual recovery deed will be sent to the signatory.

TAX ASPECTS

The contribution is not taxable neither for Personal Income Tax (Irpef), nor for Corporate income Tax (Ires) nor for Regional Tax (Irap), and doesn’t contribute to the pro rata deduction of general expenses and interest expense.

ART. 26 - CAPITAL STRENGTHENING OF MEDIUM-SIZED ENTERPRISES

Article 26 has the objective of promoting the capitalization of medium-sized companies and, conditioned to the cash transfer, provides the possibility of accessing a tax credit for:

- Shareholders of capital companies that make cash contributions aimed at strengthening the company’s equity position;
- Capital companies that receive the cash contribution.

STAKEHOLDERS

The access to the tax credit is allowed for cash capital increases in favour of companies with revenues between 5 and 50 million euros which underwent a reduction in turnover of over 33% compared to the corresponding period of 2019 due to COVID emergency. In particular:

- Joint stock company;
- Limited Joint stock partnership
- Limited Liability Company (also in simplified form)
- Cooperative companies
- European Companies (EC Regulation 2157/2001)
- European cooperative companies (EC Regulation 1435/2003)

Financial intermediaries, family holding companies and insurance companies are excluded.

CONDITIONS FOR ACCESS TO TAX CREDIT

- Reduction of turnover due to COVID-19 of more than 33% in the period 1/03/2020-30/04/2020 compared with the same period of 2019; in the case of belonging to a group, to verify the reduction in turnover, it is necessary to take into consideration the amount of revenues on a consolidated basis at the highest degree of consolidation without considering intra-group revenues;
- Carrying out a capital increase to be deliberated and fully paid-up by 31/12/2020;

- The capital company benefiting from the capital increase must also satisfy additional conditions, like being in compliance with the contributions and tax payments, with the provisions on building and urban planning regulations, labour, accident prevention and environmental protection.

BENEFITS

In case of capital increase through cash contribution, benefits are available to both the shareholder making the cash contribution (1) and the company benefiting from the cash contribution (2). To this distinction correspond two different mechanisms for calculating the tax credit:

1. Shareholder making the cash contribution: tax credit equal to 20% of the amount paid with a maximum limit of € 400,000 (20% of € 2,000,000).

   It is specified that:

   - Investments in permanent establishments based in Italy of companies based in member states of the European Union or in countries belonging to the European Economic Area can also access the benefit;
   - Companies that directly or indirectly control the transferring company, which are subject to joint control or are connected with the same or are controlled by it, cannot benefit from the facility;
   - The participation deriving from the contribution must be maintained at least until December 31, 2023;
   - Reserves of any kind cannot be distributed until December 31, 2023. In the event of distribution, the company will have to return the tax credit it has received plus the legal interest;
   - the tax credit does not belong to companies that directly or indirectly control the transferring company;
   - the tax credit can be used as compensation starting from the tenth day following the presentation of the tax return related to fy 2020 and does not contribute to the formation of income for corporate taxes purposes.

2. Company benefiting from the cash contribution: tax credit equal to 50% of the losses exceeding 10% of the shareholders' equity (maximum up to 30% of the share capital)

   It is specified that:

   - Condition for accessing to the benefit is the prior approval of the financial statements for the year 2020;
   - Reserves of any kind cannot be distributed before January 1, 2024. In the event of distribution, the company will have to repay the tax credit it has received plus the legal interest;
   - The credit can be used as compensation starting from the tenth day following the presentation of the tax return for 2020 and does not contribute to the formation of income for corporate income tax purposes.

It should be noted that the amount of the two tax credits cannot cumulatively exceed the limit of 800,000 euros, reduced to 120,000 euros for businesses operating in the fisheries and aquaculture sector and to 100,000 euros for businesses employed in the primary production sector of agricultural products.

ISSUANCE OF FINANCIAL INSTRUMENTS

It is then envisaged that the same companies previously mentioned can be financed through the issue of bonds (Financial Instruments) for an amount equal to the lesser between 3 times the amount of the capital increase and 12.5% of the revenues art. 85, paragraph 1 lett. a) and b) of Presidential Decree 917/1986.

These financial instruments may be subscribed by a specific body (PMI Asset Fund) subject to the undertaking of some commitments by the issuing company (by way of example, the commitment not to distribute reserves or repay loans to shareholders, to allocate the financing to investments in Italy).

Finally, it should be noted that the both the capital strengthening measures in question are subject to prior authorization by the European Commission.

ART. 28 - RENTAL FEE TAX CREDIT FOR INSTRUMENTAL BUILDINGS

Article 28 provides the possibility of benefiting from a tax credit on the rental fees of properties for instrumental use by extending the tax credit introduced by the previous Decree of 17 March 2020 so-called “Cura Italia Decree”, which was limited to subjects carrying out business activities, tenants of properties stacked in category C/1 (shops).

It should be noted that the partial overlapping of the two decrees abovementioned has led the legislator to introduce the express prohibition of cumulation in relation to the rents for the month of March.

STAKEHOLDERS

The recipients of the aforementioned tax credit are:

- business operators;
- Self-employed workers;
- non-commercial entities.

APPLICATION AREA

The benefit applies with reference to the following types of contract:

- property rental contracts;
- property leasing contracts;
- company leasing contracts;
- contracts with complex services, i.e. those contracts which provide the premises and a series of additional services.

The amount of the tax credit is differently modulated according to the contract:

- in the case of rentals, leasing and property concessions, a tax credit of 60% of the monthly fee paid is due;

- in the case of contracts with complex services or company leasing contracts, including at least one property for non-residential use intended for carrying out the business, a tax credit of 30% of the monthly fee paid is due.

With regard to the type of property, the benefit is granted:

- to any non-residential property, therefore to any property not belonging to categories A to A/10;
- to properties intended for carrying out the activity, so-called “Instrumental use properties”.

CONDITIONS FOR ACCESS

The tax credit can be required on the condition that revenues/fees not exceeding 5 million euros have been generated in the tax period preceding the one in progress on the date of entry into force of the decree (19th may 2020).

The aforementioned “limit of revenues / fees” is not required for hotels and agritourism structures which are entitled to the tax credit regardless of the turnover.

The amount of the fees on which to calculate the tax credit corresponds to the amount paid with reference to each of the months of March, April and May 2020.

For tourist accommodation with only seasonal activities, the tax credit is commensurate with the amount paid in the months of April May and June 2020.

The access to the benefit is subject to a test on turnover. In fact, the tax credit is receivable on condition that the leaseholder has suffered a decrease in turnover or fees in the reference month of at least 50% compared to the same month of the previous tax period (e.g. March 2020 on March 2019, April 2020 on April 2019 and so on).

Quarterly taxpayers must in any case carry out the calculation on a monthly basis (i.e. by comparing the invoices issued / fees paid for the single month of 2020 compared to that of 2019).

USE OF TAX CREDIT

The tax credit can be used, alternatively through:

- the use in compensation, with model F24, pursuant to article 17 of Legislative Decree 241/1997, conditioned to the previous payment of the rental fees;
- the use in the tax return relating to the tax period in which the expenses incurred (Income form referring to the 2020 tax period);
- the transfer, in whole or in part, to other entities, including credit institutions and other financial intermediaries. In the latter case, the transferee will be able to take advantage of the tax credit in the same way as for the transferor. The implementing provisions for the methods of transferring the tax credit are delegated to the director of the Revenue Agency.

The tax credit is not subject to compensation limits and does not contribute to:

- the formation of income for tax purposes;
- to the value of production for Regional Tax purposes;
- for the purposes of calculation of the deductibility ratio of interest expense referred to in Article 61 of the Presidential Decree no.917/1986;
- for the purposes of calculation of the deductibility of the negative components referred to in Article 109, paragraph 5, of the Presidential Decree no.917/1986.

ART. 120 - TAX CREDIT FOR ADAPTATION OF WORK ENVIRONMENTS DUE TO COVID-19

It is recognized a tax credit in favour of enterprises and self-employed workers performing their activities in places open to the public listed in Annex 1 to the Law-Decree (i.e. hotels, restaurants, bars, ice cream parlours, pastry shops, theatres, libraries, museums, bathing establishments and spas, etc.), and in favour of foundations and other private entities including third sector entities

The tax credit is 60% of the costs incurred for the adaptation of work environments, up to a maximum of 80.000 euros.

The eligible costs are:

- building interventions;
- purchase of safety furniture;
- purchase or development of tools and technologies for working activities;
- purchase of temperature control equipment necessary for compliance with the health and containment requirements for the spread of Covid-19.

ITALY

The tax credit can be combined with other benefits provided for the same types of costs and it can only be used in compensation, during 2021, without limits.

It will be published a Decree to specify the criteria and methods for using the tax credit.

ART. 125 - TAX CREDIT FOR SANITISING THE WORK ENVIRONMENT AND PURCHASING PROTECTIVE EQUIPMENT

The article 125 of Law Decree no.34/2020 repeals the article 64 of the Law Decree no. 18/2020 ("so-called Cura italia") and the article 30 of the Law Decree no.23/2020 ("Decreto Liquidità") and, introduces a tax credit for the sanitization of work environments and tools and for the purchase of protection devices.

The tax credit is 60% of the costs incurred for the sanitization of work environments and purchase of tools and protective equipment, during the 2020, up to a maximum of 60.000 euro.

The eligible costs consist of the following categories:

a. sanitization of environments and working tools
b. purchase of personal protective equipment
c. purchase of cleaning and disinfectant products
d. purchase of security devices
e. purchase of devices to ensure the interpersonal safety distance.

The tax credit can be used in the tax return related to fy 2020, in compensation without limits or it can be disposed.

It will be published a Decree to specify the criteria and methods for using the tax credit.

***

The attention of the interested parties is recommended on the fact that this circular constitutes first-time information and application guidance on the commented rules and provisions.

For obvious reasons of timeliness and brevity, it does not contemplate the complete and exhaustive discussion of the topics and does not intend to suggest decisions and / or binding behaviours.

We remain available for any eventual or further clarification.

Best regards

Gianluca Zattera
Baldazzi Zattera & Associati
gzattera@tributarioassociato.it
www.tributarioassociato.it

STUDIO TRIBUTARIO
BALDAZZI ZATTERA
& ASSOCIATI

ITALY

Wage subsidies and easing measures for employers pursuant to Legislative Decree 19 May 2020, n. 34 ("Decreto Rilancio")

1. Introduction.

The Italian Government's Legislative Decree n. 34 of 19 May 2020 provides the extension and build-up of the easing measures for employers introduced by Legislative Decree n. 18 of 17 March 2020, such as extended or exceptional guarantee funds and allowances, plus the suspension/postponement of the payment of social security contributions.

2. Exceptional Unemployment Benefit (CIGD) (Article 70).

2.1. Article 70 of the Decree provides an extension of Exceptional Unemployment Benefit (*"Cassa Integrazione in Deroga"* or CIGD). The maximum subvention period of nine weeks (between 23 February 2020 and 31 August 2020) is increased by five further weeks for employers which were already granted the first period. A further four-weeks period shall be granted between 1 September and 31 October 2020.

2.2. Employers operating in the tourist business (including exhibitions, conventions, amusement parks, live shows and cinemas) are entitled to apply for the four-weeks CIGD period even before 1 September 2020, provided that they have already benefited the previously granted fourteen-weeks (9+5) period.

2.3. Differently to what is provided for the other measures to be seen below, employers such as small companies, artisan business, agricultural sector, fishery and non-profit are entitled to be granted the CIGD, regardless to the number of their employees (one is enough, for instance).

2.4. The CIGD for the further five-weeks and four-weeks periods is granted directly by INPS (the national social security agency in Italy). Employers with more than 5 employees have to sign a preliminary agreement with the most representative trade unions at national level, which can also be negotiated and executed on line/ electronically.

2.5. 2.4 The maximum expenditure limit as been risen to 4.936,1 million euros by the Decree.

3. Special provisions on Ordinary Unemployment Benefit (CIGO) and Wages Support Fund (FIS) (Article. 68).

3.1. Pursuant to Article 68 of the Decree, employers - operating in areas such as industry, manufacturing, transports, energy, agri-food and services - reducing or suspending their activities *"due to* *the Covid-19 emergency"* are entitled to extend by five weeks the previously granted nine-weeks period of Ordinary Unemployment Benefit (CIGO). As seen above for CIGD, a further four-weeks period shall be granted between 1 September and 31 October 2020.

3.2. Employers operating in the tourist business (including exhibitions, conventions, amusement parks, live shows and cinemas) are entitled to apply for the four-weeks CIGD period even before 1 September 2020, provided that they have already benefited the previously granted fourteen-weeks (9+5) period.

3.2. The simplified procedure is confirmed, to be mainly performed electronically. Application shall be filed within the end of the fourth month since the beginning of the reduction or suspension of the activity.

3.4. Similarly, the same extension is granted for the Wages Support Fund (FIS) to the workers hired by employers which operate in same areas as 3.1 and employ an average of 5 workers.

3.5. The maximum expenditure limit has been risen to 11.599,1 million euros has been set.

4. Special provisions for employers already receiving the CIGS (Article 69).

4.1. Article 69 of the Decree has modified the rules regarding employers who are already receiving the Extraordinary Unemployment Benefit (*"Cassa Integrazione Guadagni Straordinaria"*, CIGS) accordingly, by providing a similar extension of 5 + 4 weeks, as seen above.

4.2. The maximum expenditure limit has been risen to 828,5 million euros.

5. Safety measures subsidy (Article 77).

Pursuant to Article 77 of the Decree, INAIL (the on-the-job injuries public insurance agency) is transferring 50million euro to be distributed among entrepreneurs and non-profit organizations for the purchase of personal protection devices and tools in order to sustain a safe and uninterrupted activity.

6. Moratorium on dismissals for economic reasons (art. 80).

It is also worth noting that the moratorium on dismissals for economic reasons - namely because of the pandemic-induced recession - has been extended to 17 August 2020 (original deadline was 15 May 2020).

Alessandro Facchino
Studio Guardamagna e Associati
afacchino@gealex.eu
www.gealex.eu

Studio Legale Guardamagna e associati

LEBANON

Gradual Societal Immunity

Lebanon have entered the stage of "gradual societal immunity," Lebanon's commercial complexes, hotels, cafes and museums reopened their doors to customers after closing due to the coronavirus disease (COVID-19) pandemic.

People and employees are undergoing complete sanitization when entering malls, and putting face masks when leaving their houses.

According to the decision of the Ministry of Interior, places still excluded from reopening are cinemas, theaters, assembly and wedding halls, and internet centers.

The curfew hours also decreased; they are now from midnight to 5 a.m.

The airport is currently continuing the process of returning Lebanese people stranded abroad, who return via private planes or planes belonging to non-Lebanese companies that have permission to land in Lebanon to evacuate citizens of other countries to their homelands.

The government in Lebanon has suspended all legal, judicial and contractual deadlines till 30/07/2020.

The aforementioned suspension covers all deadlines relating to administrative, civil and commercial matters as well as legal deadlines provided for the meeting of public organizations of syndicates and cooperatives.

It should be noted that are excluded from the provisions of this Law, the following deadlines:

- Judicial deadlines which are left to the discretion of the judge;
- Deadlines granted by the administration or those provided by the latter and which fall within its discretion;
- Limitation periods and freed on bail deadlines in criminal matters provided that the deadlines relating to the exercise of personal rights shall be also suspended.
- All the legal deadlines relating to the meeting of public organizations of syndicates and cooperatives provided for before the promulgation of the said Law;
- Deadlines relating to familial matters, such as pension, guardianship, visit…
- Deadlines provided for by the Rental Law was also modified.

Hatem R. Hatem
Hatem Audit Firm
gm@hatemcpa.com
www.hatemauditfirm.com

HATEM AUDIT FIRM
Certified Auditors & Tax Advisors

MALTA

Covid-19: 4th Financial Aid package announced

On the 8th June 2020, the Prime Minister of Malta, Dr. Robert Abela, has announced a plan to regenerate the economy following the impact of COVID-19 on the country.

The plan is based on the three main pillars with the objectives being:

1. Reducing business costs;
2. Enhancing domestic demand; and
3. Supporting employment.

The main incentives were the following:

1. Wage Supplement Scheme

Wage Supplements that have been made available by the government at the beginning of the pandemic will be further extended to September 2020 as follows. In the months of July, August, and September the wage supplements will be granted as follows:

- In full at existing rates for businesses operating in the tourism industry;
- At €600 per full-timer and €375 per part-timers for other industries which had been classified under Annex A;
- At Annex B rates for that business which have now opened their doors to their customers; and
- Students and pensioners who are working on a part-time basis, who were previously excluded, will now be eligible for the wage supplement scheme

2. Tax deferral scheme

The tax deferral scheme which was introduced in March will be extended to August 2020

3. Business rent costs and water & electricity bills

Certain businesses may benefit from a subsidy of €2,500 to subsidise their rental expense 50% of their water and electricity costs up to a maximum of €1,500 per business

4. Taxes on immovable property

Final taxes on the sale of immovable property will be reduced from 8% to 5%, whist stamp duty levied on the acquisition of immovable property will be 1.5%. These reductions will apply to properties with values below €400,000 and contracts signed until March 2021

5. Fuel prices

Diesel and petrol prices will be reduced by €0.07 per litre

6. Vouchers

Each individual who is of 16 years of age or more will receive a voucher of €100 which can be used to the extent of 80% at hotels, restaurants and bars and 20% at other establishments which have been hit negatively by COVID 19

MALTA

7. Wedding costs

A maximum of €2,000 per couple will be granted to those couples who had to postpone their weddings during the pandemic

8. In-work benefit

The in-work benefit will be extended to include more low income families and those who are already under the scheme will be given a grant of €250

9. NGOs and homes for the elderly

NGOs whose income was affected by the pandemic and the homes for the elderly will benefit from a fund specifically created by the government

10. Micro Invest Tax credits

30% up to a maximum of €2,000 of the micro invest credits will be converted into a grant. The maximum increases to €2,500 for businesses operating in Gozo and those owned by females

11. Skills development scheme

A fund will be set up for businesses employing less than 50 employees on in-house training

12. Business re-engineering

Malta Enterprise will also be running a scheme to help companies re-engineer and re-structure their business models, with €5,000 per business being reserved for consultancy services.

13. Shipping business

A 33% refund of port charges will be given to ships which import goods to Malta and 10% refund to ships which export goods out of Malta

14. Exhibition costs

Businesses that had the intention to participate in an international trade fair that was cancelled because of Covid-19 will receive an 80% refund.

15. Export credit guarantee scheme

This scheme will be launched for the development of new markets

16. Environment-friendly equipment

Contractors will receive €200.000 which invest in such equipment

17. Malta Development Bank

Malta Development Bank will step in to underwrite any bonds which are not sold when these mature.

Clive Caruana
CCPS
clive@ccpsmalta.com
www.ccpsmalta.com

CCPS Malta
Tax | Assurance | Advisory | Corporate

MEXICO

Declaration of “force majeure public health emergency” and labor-law implications for companies

On March 31, 2020, the extraordinary actions to address COVID-19 public health emergency were published in the Official Federal Gazette. At that point, authorities were expected to clarify the legal-technical gaps that had caused confusion in respect to several decrees issued in the previous days, the faulty legislative procedures whereby those decrees had been enacted, as well as in respect to the vagueness in the specific field of corporate labor relations.

To our surprise, instead of clarifying this situation, authorities decided to create a “hybrid legal concept” by using concepts that do not exist in our federal laws (public health emergency), and a mixture (if we can call it that way) of two hypotheses described in the Labor Federal Law, which are “collective suspension of labor relations” (a suspension given by a declaration of a labor contingency set forth in Articles 42 bis, and 429, paragraph IV of the Federal Labor Law), and “suspension of labor activities” caused by force majeure (set forth in Articles 427 and 430 of said Law).

In the various decrees enacted in regards to COVID-19 pandemic, health authorities ordered that labor activities be suspended, meet each and every one of the requirements for a health contingency to be declared as per the following arguments:

1. If we analyze the text published on March 23, 2020, issued by the General Security Council in the Official Federal Gazette, we can conclude that the power of the Council set forth in Article 9, paragraph VII, in its Internal Regulatory Code is mentioned in the Facts Section.
2. Said decree published on March 31, 2020, and the decrees published before that one, the order to suspend labor actions after recognizing the pandemic is reiterated.

In line with the above, in technical terms, we fall within the scenarios described in Articles 42 bis and 429, paragraph IV of the Labor Federal Law, which is “suspension due to public health contingency”.

Regardless of the above, aiming at protecting the society, the federal government has used a set of concepts to prevent the application of Article 42 bis (suspension due to public health contingency). In other words, the federal government has used other concepts to frame the scenarios described in Article 427, paragraph I of the Labor Federal Law, which are the “suspension caused by force majeure”, the labor law-related consequences of which are very different.

As we have mentioned it in several notes, in summary both scenarios are different.

MEXICO

If a public health contingency is declared, articles 42 bis and 429 paragraph IV of the Labor Federal Law will be applied. Under these scenarios, employers would be obliged to pay minimum wages during a maximum period of 30 days and no authority approval would be needed. In other words, it would not be necessary to file any action with Conciliation and Arbitration Boards.

The use of these concepts “public health emergency” and “force majeure” would automatically fall within the hypothesis set forth in Article 427 paragraph I of the Labor Federal Law which, as opposed to the scenario described in the previous paragraph, forces employers to file an action set forth in the law and to pay one full month’s wages.

Notwithstanding the fact that the agreement whereby essential and non-essential activities of companies, which is attached to this letter, are poorly listed, these groups must be considered for the purposes of determining whether to suspend labor activities or not. Said classification is summarized below:

Essential activities are classified in five general groups:

One.- Activities necessary to face the emergency (medical and paramedical tasks; public health system support tasks, supply and service activities for health systems; manufacture of supplies, equipment and technologies; disposal of residues and sanitization, mainly).

MEXICO

Two.- Public security and protection, national sovereignty and defense; law enforcement, and federal and local legislative tasks.

Three.- Fundamental economic industries (financial, tax collection, energy sectors, potable water, food, supermarkets and markets, childcare centers, private security, telecommunications, information media and burial services, for example).

Four.- Activities related to governmental social programs.

Five.- Activities necessary to preserve and repair essential services infrastructure (potable water, electric energy or gas, for example). Given the exclusion mentioned, the activities not mentioned in this broad and confusing list are not deemed essential.

As mentioned before, according to the decrees published about this force majeure public health emergency which, according to our authorities, is not a public health contingency under Article 42 bis of the Labor Federal Law (which argument can be challenged due to the reasons mentioned before), if a force majeure suspension is enforced, in strict respect for the rule of law and under the principles mentioned, the only manner to apply said complex scenario is the following:

- To suspend tasks of companies based on said legal provisions and, on the first day when the (Conciliation and Arbitration Board) resumes its duties, to file it so that in the same process, within the corresponding procedural stage, an agreement with the company's union is reached, as long as said union is the legal representative of workers, or otherwise, if said union is not empowered to represent workers, a long process would have to be completed, which would not be feasible for companies.

I believe that this strategy should be used only if other negotiation strategies have been attempted and failed, such as:

- To reach agreements with workers regarding early holidays.
- To reach agreement with the union to reduce temporarily labor shifts and therefore, to reduce wages temporarily, as well.
- Home office

It is truly important to consider these provisions so that companies do not face administrative or labor penalties, significant fines or important labor claims as a consequence of disregarding said provisions.

At Auren, we are ready to offer the best solution for your company.

Luis M. Rovira Castro
Auren Mexico
luis.rovira@mex.auren.com
www.auren.com

auren

THE NETHERLANDS

Additional changes to second coronavirus support package

The ink was barely dry on the text of the second support package for entrepreneurs when the government announced a number of important changes on Thursday, 28 May.

What is changing? The second support package is being extended by a month to the end of September. The compensation that can be obtained for fixed costs (Reimbursement of Fixed Costs for SMEs scheme (Tegemoetkoming Vaste Lasten MKB)) has been increased to a maximum of € 50,000 in the event of a drop in turnover of at least 30%. A 5% redundancy penalty is also now being imposed under the Temporary Emergency Bridging Fund for Employment 2.0 (NOW scheme 2.0) if the conditions are not met in cases where more than 20 employees are made redundant, and the amount made available for the Coronavirus Bridging Loan (COL) has been increased to € 200 million.

Please note:

We are keen to ensure we provide up-to-date information. As we are writing, however, the government is constantly announcing new additions or improvements to (new) schemes. The overview in this Coronavirus Newsletter is based on the information available as at Friday, 29 May.

1. Reimbursement of Fixed Costs for SMEs: more compensation for fixed costs in the event of a drop in turnover of at least 30%
2. NOW scheme 2.0: 5% redundancy penalty
3. Temporary Bridging Scheme for Independent Entrepreneurs (Tozo) 2.0: extended to end of September
4. Deferment of tax payments: extended to end of September
5. Amount available for Coronavirus Bridging Loan increased to € 200 million

The second support package, including the changes announced on Thursday, 28 May, is presented below.

1. Reimbursement of Fixed Costs for SMEs: more compensation for fixed costs in the event of a drop in turnover of at least 30%

Under the Reimbursement of Fixed Costs for SMEs scheme (Tegemoetkoming Vaste Lasten MKB (TVL)) companies can obtain compensation for their fixed costs. This will be capped at € 50,000 (previously € 20,000) for the next fourth-month period, from June to September (previously three months). The level of the compensation will depend on the size of the company, the level of its fixed costs and the drop in turnover. Compensation is only available to companies with a workforce not exceeding 250 employees. The drop in turnover must amount to at least 30%. By means of these changes the scheme has been tailored more to specific situations. That was not the case with the Contribution for Entrepreneurs in Sectors Affected by COVID-19 scheme (TOGS) from the first support package, which applied from March to May. Under that scheme the drop in turnover suffered and the fixed costs incurred had to amount to at least € 4,000 for each company. The new TVL scheme is open to the same affected sectors that were eligible for the TOGS scheme. These include catering, recreation, gyms, events, fairs, gambling halls, venues and theatres. The compensation paid under the new scheme will also be free of tax.

2. NOW scheme 2.0: 5% redundancy penalty

A 5% redundancy penalty has been included in the NOW scheme 2.0. The NOW scheme will also now run until the end of September.

What does NOW 2.0 entail?

Companies that have suffered a drop in turnover can obtain a contribution towards their payroll costs. This NOW scheme reimburses up to 90% of the payroll costs of companies whose turnover drops by at least 20%. The maximum compensation of 90% applies if a company loses all of its turnover. If the

drop in turnover is smaller, the compensation is reduced proportionately. This means that if a company sees its turnover fall by 50%, it can receive compensation for 45% of its payroll costs.

How is the drop in turnover determined?

The drop in turnover is determined over a four-month period, for which the company can choose 1 June, 1 July or 1 August as the starting date. It is not yet known whether this period can also commence on 1 September. In the case of applicants who are taking advantage of the NOW scheme for a second time, no choice is available, as the turnover period must fit in with the timeframe chosen for the first scheme period.

Accumulation of coronavirus subsidies

Under NOW 2.0 the level of the wage bill is derived from the wage bill for March. Any subsidies that entrepreneurs receive within the context of the coronavirus crisis are counted as turnover for the purposes of both NOW 1.0 and NOW 2.0. As a result, entrepreneurs who also receive a contribution on the basis of the TOGS scheme or the new TVL scheme receive a lower contribution via the NOW scheme.

The government hopes that the extended NOW scheme 2.0 for June, July, August and September will be open for applications from 6 July. It is now possible to apply for the payroll costs subsidy under NOW 1.0 until 5 June (previously 31 May).

Please note:

The fixed (flat-rate) mark-up under NOW 2.0 has been increased from 30% to 40%. In this way the NOW scheme will also contribute towards costs other than payroll costs.

Seasonal businesses

An adjustment has been made to NOW 1.0 with a view to supporting seasonal businesses that increased their workforce between January and March. The wage bill for March will now be taken as the frame of reference instead of the unrepresentative wage bill for January.

If the wage bill from March to May is more than three times the wage bill for January, the wage bill from March to May is taken as the basis for calculating the final subsidy. The wage bills for April and May will then be capped at the level of the wage bill for March, with 15 May as the reference date. This new calculation method will automatically apply to all employers who have a higher average wage bill over the period from March to May compared with January (including capping).

Additional conditions for bonuses

A company that takes advantage of NOW 2.0 may not distribute any dividends to shareholders, pay any bonuses to its board and/or management or buy back any of its own shares. The condition that no transactions of this nature may be effected in 2020 will apply up to the shareholders' meeting in 2021, when the financial statements are adopted. Dividends, bonuses and shares for 2019 are not subject to this condition. 'Bonuses' is also understood to cover profit-sharing and other forms of bonus payment. This ban only applies to companies that are receiving a contribution for which a declaration from an accountant is required.

Please note:

Under NOW 1.0 the ban on paying out dividends and bonuses and buying back own shares also applies to companies that fall under the group scheme.

Declaration from an accountant

You need a declaration from an accountant if you have received an advance payment under NOW 2.0 or NOW 1.0 of € 100,000 or more. To determine this amount, you need to add together the various applications submitted for the payroll tax numbers within your company or group. If you are paid an advance of less than € 100,000, but receive a subsidy of € 125,000 or more when the final subsidy is determined, you also have to submit a declaration from an accountant. You will need to estimate yourself whether the final subsidy determined will come to € 125,000 or more.

If you receive an advance payment exceeding € 20,000, or an amount exceeding € 25,000 when the final subsidy is determined, you must submit a declaration from a third party confirming the drop in turnover. This third party may be a financial services provider, for example.

Redundancy penalty changed

The redundancy penalty is changing under the NOW scheme 2.0. Under NOW 2.0 the redundancy penalty is now 5% on the total amount of the NOW subsidy. This penalty is imposed if 20 employees or more are being made redundant and no agreement has been reached with the trade unions or employee representation body. If the parties are unable to reach an amicable solution, a request for mediation must be submitted to the Labour Foundation. In the absence of an agreement or mediation request, the redundancy penalty will be imposed.

Please note:

This applies to redundancy applications submitted to the Employee Insurance Agency (UWV) between 29 May and 30 September 2020.

One aspect of NOW 1.0 that has been retained under NOW 2.0 is the fact that no payroll subsidy is received for employees who are made redundant for commercial reasons. In this case a 100% correction is applied to the NOW subsidy. The 50% redundancy penalty applied under NOW 1.0 has been abolished under NOW 2.0. The statutory protection in the event of redundancy remains in force, which means the employer is still obliged to make a transition payment.

Further training and/or retraining mandatory

Employers who apply under NOW 2.0 will be subject to a best-efforts obligation to encourage their employees to undertake further training and/or retraining. The aim is to limit the number of compulsory redundancies as a result of the coronavirus crisis as much as possible. To this end, the government is making a € 50 million training package available under the name 'NL leert door' ('The Netherlands keeps learning'). This package, the further details of which are yet to be worked out, will include development advice and online training specifically geared towards career steps that are relevant to the needs of the labour market.

3. Temporary Bridging Scheme for Independent Entrepreneurs (Tozo) 2.0: extended to end of September

The support being offered under the Tozo scheme for self-employed persons in financial need is being extended until the end of September 2020. Under the Tozo scheme a person's income is supplemented up to the level of the minimum social income and this does not have to be paid back.

Conditions tightened to include partner test

Unlike Tozo 1.0, Tozo 2.0 will include a partner test, as previously announced. If the partner's income results in the family income exceeding the minimum social income, under the new scheme a self- employed person will therefore no longer receive any income support. However, there will still be no means test: the viability of the business will not be considered and the so-called 'kostendelersnorm' (cost standard divisor) will still not be applied. The cost standard divisor means that if several adults are living together, the benefit payment is lower, as it is assumed that the costs will be shared. This will therefore not apply under the new Tozo scheme either.

Working capital loan

It will also still be possible to obtain support in the form of a working capital loan of up to € 10,157 at a reduced interest rate.

Please note:

Entrepreneurs can submit applications for Tozo 2.0 to the local authority in their municipality of residence from 1 June to 30 September.

4. Deferment of tax payments: extended to end of September

The period during which affected entrepreneurs can apply for a deferment of tax payments has been extended until the end of September 2020. Any default penalties for late payment do not have to be paid. The rates of tax interest and late payment interest have been reduced to 0.01% until 1 October 2020 for all types of tax.

THE NETHERLANDS

In addition, the other tax measures introduced, namely the relaxation of the hour criterion for self- employed persons, the mortgage payment holiday, the VAT exemption for medical aids and the VAT exemption for the loaning out of healthcare personnel, are being extended until 1 October 2020.

Entrepreneurs will be immediately granted a three-month deferment of payments on submission of their first application. An application only needs to be submitted once for this three-month period.

Please note:

Entrepreneurs who apply for a deferment of more than three months may not pay out any dividends or bonuses or buy back their own shares.

A deferment granted for more than three months will last until the deferment is withdrawn, which will not be before 1 October 2020. Upon expiry of the deferment entrepreneurs will be offered an appropriate payment arrangement. What this payment arrangement will involve is not yet clear.

5. Amount available for Coronavirus Bridging Loan increased to € 200 million

The amount being made available for the Coronavirus Bridging Loan (COL) has been increased to

€ 200 million from an initial amount of € 150 million. The purpose of the COL is to improve the liquidity position of innovative companies. Companies that are eligible for the COL can take advantage of the scheme until the end of September.

Coronavirus loans and guarantees for entrepreneurs

The extension to the end of September also applies to other loans and loan guarantees for entrepreneurs. This relates to the coronavirus modules of the government-guaranteed scheme for loans to SMEs (BMKB) and Corporate Finance Guarantee Scheme (GO), the new Small Loans Coronavirus Guarantee Scheme (KKC) and the budget for the SEED Capital scheme.

Gerco Recter
Auren The Netherlands
GercoRecter@auren.nl
www.auren.com

Disclaimer

We have endeavoured to compile these texts as reliably and as carefully as possible. Our organisation cannot be held liable for any inaccuracies they may contain or the consequences thereof.

RUSSIA

Measures of state support for hotel industry in Russia

On May 19, 2020, tax, financial, and legal experts from SCHNEIDER GROUP (Ekaterina Lakatosh, Angelina Anokhina, and Ksenia Dikopolskaya) participated in the Hotels and Tourism Committee of the Association of European Businesses (AEB).

They delivered a thorough and detailed presentation on support measures provided to members of the hotel industry by the Russian government (both at the federal and regional levels). These measures include tax measures, subsidies, loans, and others, including the right to postpone payment of rent or demand its decrease from the landlord.

Unfortunately, the range of measures available to the hotel industry is not so large. This is because hotels can be rarely classified as small and medium-sized enterprises (SMEs), either due to having majority foreign shareholders / participants or revenue exceeding the established thresholds.

However, hotels are included in the list of the most affected industries (established by the Order of the RF Government No. 434 of April 03, 2020), which makes them eligible for certain measures aimed to help industries heavily affected by the pandemic.

We consider the main measures of state support for the hotel industry to be as follows:

- **interest-free payroll loans** (federal support measure for the most affected industries) – the rate is established at 0% for the first 6 months, for the next 6 months the rate is the key rate of the Bank of Russia, minus 2 pp (currently 3.5%). The maximum amount is calculated by the following formula: the number of employees (based on employment contracts) X minimum wage X for 6 months. To receive such a loan, the employer must keep at least 90% of its employees.
- **deferral of payment of taxes / payment of taxes in installments** (federal support measure for the most affected industries) – the rules apply to taxes, advance payments on taxes, and social contributions which are due in 2020 (except for excise taxes and mineral extraction tax). A company may receive deferral or tax payments by installment if it has at least one of the following indicators:
  - a decline in income of more than 10%
  - a decrease in income from the sale of goods (work, services) of more than 10%
  - a decrease in income from the sale of goods (work, services) under operations subject to value added tax at the rate of 0 per cent of more than 10%
  - receiving a loss according to corporate income tax returns for the reporting period of 2020, provided that there was no loss for 2019.

RUSSIA

- **deferral of paying rent under lease agreements** (federal support measure for the most affected industries) – applicable to the full amount of rent for the period of validity of the high readiness regime or emergency situation and 50% of rent between the date of termination of the high readiness regime or emergency situation and October 1, 2020. Rent arrears are to be paid not earlier than January 1, 2021 and not later than January 1, 2023.
- **state grants to owners of immovable property in Moscow** (Moscow support measure for trade objects, catering facilities, consumer services objects and hotels) – provided for payment of property and land tax to the landlords, which reduced lease payments for their tenants. For all hotel lease (sublease) agreements with lessees (sublessees) directly operating in the hotel concluded before April 1, 2020, the lease payments had to be reduced:
  - for the period of at least the second quarter of 2020
  - in the amount not less than twice the amount of property tax and land tax (land lease fee) related to the leased area and not less than 50% of the previously effective amount of rent payments under the lease agreement.

Additional criteria are also established for immovable property and companies receiving grants (including the obligation not to have participants registered in off-shore jurisdictions possessing more than 49% share in the charter capital).

Anton Perlin
Schneider Group
PerlinA@schneider-group.com
www.schneider-group.com

SPAIN

Further tax and account measures to alleviate the impact arising from COVID-19. Royal Decree-Law 19/2020.

On 27 May the Spanish government announced additional measures to alleviate the impact of COVID-19 in specific areas (science, agriculture, economy, social security and tax),

At the same time, Royal Decree-law 19/2020 extends and modifies some of the measures already announced in earlier weeks.

Specifically, the main measures approved by Royal Decree-Law 19/2020 of 26 concerning tax and accounts are the following:

1.- Tax measures

a) Deferral of tax debts:

Late payment interest will not be charged for four months, extended from three, on tax debts deferred applicable to Small & Medium companies and the self-employed of debts of up to 30.000.-€, provided their turnover did not exceed 6.010.121,04.-€.

b) Corporate Income Tax

Companies that cannot get their annual accounts signed off before the deadline for submitting their corporate income tax return, can file it based on the provisional annual accounts available at that time.

In case that income tax arising from the return is different from income tax arising from the final approved annual accounts, taxpayers will need to file a new tax return before 30 November 2020. If the new tax return results in a higher tax to pay or lower sum to be refunded compared to the initial result, the second self-assessment will be considered supplementary. In other cases, this second self-assessment will be a correction of the first, with no need for Spanish tax authorities to decide on whether it is required.

2.- Company filing requirements

New deadlines have been approved for the preparation and approving of annual accounts:

The time limit of three months for preparing annual accounts will start to run from 1 June 2020. Directors have two months, reduced from three, after annual accounts are prepared to approve these (so the companies must have their accounts approved within the first 10 months of the financial year).

Daniel Aroca
Auren Spain
daniel.aroca@acauren.onmicrosoft.com
www.auren.com

auren

THAILAND

Outline & Update for International Investment in Thailand.

Stages set to open doors to foreign businesspeople, industries and associations collaborate with Government

In a move to help reboot the economy, the Joint Standing Committee on Commerce, Industry and Banking will propose that foreign businesspeople be allowed to enter Thailand.

Kalin Sarasin, president of the Thai Chamber of Commerce, said this can be done if the government puts in place strict measures to contain the spread of Covid-19, such as ensuring every foreign visitor is tested for the virus 48 hours before landing on Thai soil.

"They can be tested again upon arrival and required to go into self-isolation for 14 days," he said. "These foreign arrivals will also be prohibited from using public transport."

Kalin, who also oversees the Board of Trade, says he expects businesspeople from Japan, South Korea and Taiwan to be given an opportunity to enter the country first.

"We also advise the government to let tourists from non-risky countries like Taiwan, Vietnam and China to land in Thailand provided they undergo Covid-19 preventive measures as well," he said.

Meanwhile, Supant Mongkolsuthree, chair of the Federation of Thai Industries, said a strengthening baht will not have an impact on the business sector because it is in line with regional currencies.

On Wednesday (June 10), the baht closed at Bt31.15 against the dollar which was partly put down to foreign investors making net buys of Bt859.49 million in the stock market and Bt3.04 billion in the bonds market.

Separately, the joint standing committee is also advising the government to meet and listen to the public sector's proposals on economic recovery.

Outline & Update for International Investment in Thailand

THAILAND: FOREIGN INVESTMENT

FDI in Figures

Foreign direct investment is an important element of Thailand's economic development, and the country is one of the major FDI destinations in its region. According to the UNCTAD *World Investment Report* 2019, in 2018, FDI flows continued their recovery and rose to USD 10.49 billion, and cccording to public agency Thailand Board of Investment, FDI flows in the first nine months of 2019 increased 69% from the year earlier period to USD 6.7 billion. This recovery is due to increased investment from Japan, Hong

Kong and Mauritius. The stock of FDI edged down slightly to USD 222.7 billion in 2018, or 48.9% of the country's GDP. Japan and Singapore are by far the largest investors in the country and account for slightly more than half of FDI inflows. Hong Kong, the Netherlands, Germany, Mauritius and the United Kingdom are also among the major investors. Manufacturing and financial and insurance activities attract nearly 70% of all FDI inflows. Investments in real estate, commerce and information and communication are important.

Thailand is among the countries with the most reforms in business regulation over the past few years, which have facilitated the setting-up processes and reduced the time to start a business from 29 days to 6 days. The country has improved considerably its ranking in the World Bank's Doing Business, and it occupies 21st position in the *Doing Business 2020* ranking, gaining six positions from the previous year. The rights of borrowers and creditors have been strengthened as well as the system of land administration. The country has taken steps to clarify corporate governance, ownership and control structures by enacting legislation requiring companies to appoint independent members of the board of directors and to establish an audit committee. Thailand continues to offer more incentives to invest in advanced technologies, innovative activities and research and development through the Investment Promotion Act, and the Eastern Enonomic Corridor (EEC) Act, which offers benefits to investors in this zone (tax subsidies, right to land ownership, issuing of visas), should provide further support to FDI flows in the upcoming years. The junta's continuing grip on power has reassured many foreign investors previously deterred by potential instability. Growing regional competition risks, however, risk to diminish Thailand's attractiveness as an investment destination.

Foreign Direct Investment	2016	2017
FDI Inward Flow (million USD)	1,815	6,478
FDI Stock (million USD)	190,365	223,816
Number of Greenfield Investments***	175	123
FDI Inwards (in % of GFCF****)	1.6	n/a
FDI Stock (in % of GDP)	46.4	n/a

Source: UNCTAD, Latest available data.

*Note: * The UNCTAD Inward FDI Performance Index is Based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. ** The UNCTAD Inward FDI Potential Index is Based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, Country Risk. *** Green Field Investments Are a Form of Foreign Direct Investment Where a Parent Company Starts a New Venture in a Foreign Country By Constructing New Operational Facilities From the Ground Up. **** Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased By Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped.*

THAILAND

FDI STOCKS BY COUNTRY AND INDUSTRY

Main Investing Countries	2018, in %
Japan	36.6
Singapore	13.9
Hong Kong	7.3
United States	6.8
Netherlands	6.6
Mauritius	3.5
United Kingdom	3.4
Main Invested Sectors	2018, in %
Manufacturing	43.1
Financial and insurance activities	26.0
Real estate	9.2
Trade and repair of motor vehicles	8.0
Information and communication	2.7

Source: Bank of Thailand - Latest available data.

What to consider if you invest in Thailand

Strong Points

Thailand has an optimal business environment and the *World Bank ranks it 26th* in its ranking of countries where it is easy to do business (*Doing Business Report 2018*).

- The Thai economy's strengths lie primarily in its diversity: agriculture (40% of world production of natural rubber but also rice, sugarcane, and fruits), industry (automotive, food processing electronics), services and tourism are highly developed.
- The workforce is inexpensive, skilled and above all diversified.
- The country's location in the heart of Asia makes it a gateway to Southeast Asia and the Greater Mekong Basin region, where new emerging markets have great economic potential.
- Government policy is generally in favour of investment and encourages free trade: there are, for example, no restrictions in the manufacturing sector or export conditions, just as there are many government agencies helping foreign and domestic investors.

Weak Points

Weaknesses in the Thai economy:

- Lack of infrastructure and innovation
- Political uncertainty (after the 2014 military coup)
- Strong collusion between economic and political circles and conflicts of interest
- High household debt

Government Measures to Motivate or Restrict FDI

The Thai *Board of Investment (BOI)* offers a number of incentives in six industrial sectors: eight years of tax exemptions for companies and 50% tax reduction for companies for five years, double transport, electricity and re-supply deductions as well as 25% deduction on net profits for establishment and construction costs.

The six sectors are:

- Agriculture and food
- Renewable and alternative energies
- Automotive
- Electronics, information and communication technologies (ICT)
- Fashion
- High added value services (including leisure, health and tourism)

The BOI also implemented measures aimed at contributing to the increase of company liquidity. Additionally, it offers import tax exemptions on raw materials required for production aimed at export.

On December 2014, the Thailand Board of Investment (BOI) approved the *'Seven-Year Investment Promotion Strategy'* (2015-2021). The new investment strategy focuses on giving priority to investments that will contribute to, and have a positive effect on, society and the environment. The investment strategy gives priority to high-tech and creative industries, service industries that support the development of the digital economy and activities that develop and utilise local resources.

Protection of Foreign Investment

Bilateral Investment Conventions Signed By Thailand

Thailand has signed 41 bilateral investment treaties. See the list on the *Thailand page of the UNCTAD Investment Policy Hub*.

Country Comparison For the Protection of Investors

	Thailand	East Asia & Pacific	United States
Index of Transaction Transparency*	10.0	5.0	7.4
Index of Manager's Responsibility**	7.0	5.0	8.6
Index of Shareholders' Power***	8.0	6.0	9.0

Source: Doing Business - Latest available data.

*Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.*

Procedures Relative to Foreign Investment

- Freedom of Establishment

  Certain types of business activities are reserved for Thai nationals only. Foreign investment in those businesses must comprise less than 50% of share capital, unless specially permitted or otherwise exempt.

- Acquisition of Holdings

  A Thai private limited company may be wholly owned by foreign parties. However, for certain business activities reserved for Thai nationals, foreign participation is generally allowed up to 49%.

THAILAND

- Obligation to Declare

  The *Board of Investment* gives information on the permits required to start a business.

- Competent Organisation For the Declaration

  Department of Business Development

  Industrial Estate Authority

- Requests For Specific Authorisations

  Prohibited sectors include: media, rice and livestock farming, fishery in Thai territorial waters and specific economic zones, extraction of Thai medicinal herbs, trading and auctioning of antique objects or objects of historical value and land trading. Restrictions apply to activities related to national safety or security, or those which affect arts and culture, or natural resources and the environment

  Specific authorisations are needed for the following sectors: accounting; legal, architectural, or engineering services; retail and wholesale; advertising businesses; hotels; guided touring; selling food or beverages and any kind of service business.

  Learn more about *Foreign Investment in Thailand* on Globaltrade.net, the Directory for *International Trade Service Providers*.

Investment Opportunities

- The Key Sectors of the National Economy

  Automotive, agriculture (rubber, seafood, rice, cane sugar, fruit), electronic components, computers, organic chemistry, tourism.

- High Potential Sectors

  All sectors related to rail, road, airport and electrical infrastructure are offering great business opportunities for foreign investors.

- Privatization Programmes

  None.

- Tenders, Projects and Public Procurement

  Tenders Info, Tenders in Thailand

  Asian Development Bank, Procurement Plans in Asia

  DgMarket, Tenders Worldwide

Finding Assistance For Further Information

- Investment Aid Agency

  The Board of Investment Promotion in Thailand

  Department for Business Development - Thailand's Ministry of Commerce

- Other Useful Resources

  RWT International Law Firm

Doing Business Guides

Kevin J. Harrington
R.W.T Law
kevin.h@rwtlaw.co.th
www.rwtlaw.co.th

R.W.T.
INTERNATIONAL LAW OFFICE CO.,LTD.

TURKEY

Covid-19 report 10.06.2020 – The Turkish Government

In Turkey to this day by the Government revenue is low and / or no to people who are not in total 5 billion. help was announced.

It was announced that donations were made by the citizens and institutions to the Bank Account numbers announced by the government.

The firms were not directly assisted by the government. Government guaranteed, first six months only interest payments, one- to three-year loan supports were provided.

From the Unemployment Fund for Employees until the end of July 2020, 60% of their wage is Short Work Allowance, and for those who are on leave for free leave, 1.034, - TL. payment is made. It is known that approximately 261 thousand workplaces have applied for their employees. The follow-up and monitoring of these applications are carried out as an additional burden for the Professional Accountants.

As of May 04, 2020, the Curfew Restriction has been terminated for the Accounting Professionals on the grounds that they have performed a Public Duty. Instead of working remotely, it was possible to go to workplaces of their own and customers. In this way, it is ensured that customers who are not covered by Force Majeure can receive their Tax Declarations and Social Security Premiums within their legal period. However, this situation was quite risky and disadvantageous for Professional Accountants but they succeeded.

Meanwhile, due to Covid-19, the necessary protection measures “Mask, physical distance and sterilization” are taken as much as possible, both in their own and in the customers’ workplaces.

It is our greatest wish that disasters such as Covid-19, which is a problem for our entire world, will not be experienced. We wish everyone a healthy day with these feelings. We convey our respect and love to see you in good times.

Nazım Anil
ANILYMM
nazim.anil@anilymm.onmicrosoft.com
www.anilymm.com

UNITED KINGDOM

Updates in UK

The Government is aiming to continue to slowly take steps to open the economy, subject to the number of new infections remaining under control. Many of the business support facilities that have already been put in place will remain available during this process. Additional funding is also being made available for local authorities to support vulnerable people in this time, as well as to support vital services such as bus services on routes that would otherwise be cancelled. While not an exhaustive list of the support available, some of the key measures and changes announced by the government are set out below.

SEISS

The Self-Employed Income Support Scheme (SEISS) has been extended, meaning that eligible self-employed workers will be able to claim a grant capped at £6,570. The grant is based on 70% of average historic monthly trading profits, paid in a single instalment to cover three months of trading. 2.3 million claims worth £6.8 billion have been made to date in the first tranche of SEISS.

Future Fund

The previously announced Coronavirus Future Fund has opened for applicants, providing government loans to UK-based companies ranging from £125,000 to £5 million. Companies are eligible if: they are UK-incorporated; they have raised at least £250,000 in equity investment from third-party investors in the last 5 years; none of their shares are traded on a regulated market, multilateral trading facility or other listing venue; they were incorporated on or before 31 December 2019; and at least one of the following is true: 50% or more employees are UK-based or 50% or more revenues are from UK sales.

The future fund support is in the form of a convertible loan note, so recipients need to be aware of the impact on equity and other long term consequences of seeking this kind of support.

Furlough scheme

The UK Government has extended the support that it provides under its Coronavirus Job Retention Scheme (“the furlough scheme”) albeit with some changes to the arrangements from June 2020 onwards.

The main points announced by the Chancellor are:-

- The last day for new employees to the scheme (which means those who have not been furloughed at any time since the scheme started) to be placed on furlough is 10 June 2020;
- From 1 July, ‘flexible furlough’ is being introduced. Employees will be able to work part-time and also be furloughed part-time. It will be for individual businesses to decide how that will work in terms of the split between work time and furlough time;

UNITED KINGDOM

- From 1 August, employers will have to pay employee's national insurance contributions and pension contributions, and can no longer reclaim them from the government through the scheme;
- From 1 September, the government will only reimburse 70% of an employee's salary (up to a maximum of £2,190). Employers will be required to top-up salaries of furloughed employees up to the minimum amount which is 80% of their salary (or higher, if the employer has agreed to pay more to furloughed employees);
- From 1 October 2020, the government contribution will decrease again and it will only reimburse 60% of salary (up to a maximum of £1,875). Employers will still have continue having to top up to 80% of salary (or more);
- The furlough scheme will close on 31 October 2020.
- It has also been announced that the grant for self-employed will also be extended for a final payment. Applications open in August and this mirrors the reducing level under the furlough scheme with the government paying 70% (not 80%) of average earnings up to £6,750.

Further details are expected in the government guidance due to be released on Friday 12 June.

Other support

SMEs have access to the Coronavirus Bounce Back Loan, and can borrow between £2,000 and £50,000, with a 100% guarantee provided by the government. Loans are capped at 25% of turnover, but there is no turnover limit. Loan periods are up to 6 years, with no repayments in the first year.

The Coronavirus Business Interruption Loan Scheme (CBILS) and the large company equivalent CLBILS continue to be available to businesses, and Individuals will not have to pay Payments on Account normally due in July until January 2021.

Richard Hill & Andrea Tishler
Haines Watts / GBH Law
RHill@hwca.com
Andrea@gbhlaw.co.uk
www.hwca.com
www.gbhlaw.co.uk

Goodyear Blackie Herrington SOLICITORS

Haines Watts Local Matters, National Strength.

auren

www.auren.com

Member of

Antea

Alliance of
independent firms