

COVID-19: What financial and economic support measures are available for your company in each of the Baltic States and Poland?

COMPILED BY: NJORD Law Firms Estonia, Latvia and Lithuania in co-operation with Law Firm Penteris (Poland)



Get in touch if you'd like to discuss further the support that may be available to you!

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SUPPORTIVE MEASURES	ESTONIA	LATVIA	LITHUANIA	POLAND
Employment support	Temporary salary compensation 70% of the average monthly wage for the period of 01.03.-31.05.2020, but no more than for 2 calendar months, max EUR 1000. The company needs to prove that the emergency situation has had a considerable impact (at least 2 criteria: 30% decline in turnover; 30% of the employees do not have work in normal volumes; the employer has cut the wages of at least 30% of employees by at least 30% or down to the minimum wage.)	The allowance for idle time - 75 % (employee)/50% (micro-enterprise employee) of the average monthly gross work remuneration for the period of last 6 months before the declaration of the emergency, but not exceeding EUR 700 per month. Applied to Employers whose income has decreased by at least 30 % in March or April 2020 in comparison with the respective month in 2019 or whose income decreased by at least 20 % in March or April 2020 in comparison with the respective month in 2019, and they meet at least one of the following criteria: 1) in 2019, the export volume amounts to 10 % of the total turnover or is not less than EUR 500 000; 2) the average monthly gross work remuneration disbursed by the employer in 2019 is not less than EUR 800; 3) as on 31 December 2019, long-term investments in fixed assets are at least EUR 500 000. The minimal amount of the allowance for idle time - 180 euro.	Subsidies on wages paid during the idle time All companies entitled to the state compensation for the employee's salary, when employees are sent on idle time and such employees cannot work remotely. Subsidy amounts Salary subsidies shall at the discretion of the employer amount to either: 1) 70 % of the employee's salary, but no more than EUR 910,5 gross, or 2) 90 % of employee's salary, but no more than EUR 607 gross. The subsidies will be paid as long as the state of emergency and quarantine declared by the Government continues. Main other conditions: 1) The company is subject to obligation to preserve 50 % of workplaces for at least 3 months after the end of the subsidy payments; 2) Employees to whom idle time is declared must not work during the downtime; 3) The company must not be under bankruptcy or in liquidation. Additional conditions are applicable.	Temporary (max 3 months) remuneration subsidy up to: 1) 50% of the remuneration, not higher than 40% of the average monthly remuneration for work in case of reduction of a working time; 2) 50% of the minimum remuneration for work in case of the suspension of operations. Basic condition for receiving the subsidy is a decrease in turnover by: 1) not less than 15% calculated as a ratio of turnover during 2 consecutive months after 1.1.2020 in comparison to 2 analogous months in the previous year; or 2) 25% calculated as a ratio of turnover during any month falling after 1.1.2020 in comparison to the previous month. In case of lack of reduction of working time or the suspension of operations, micro, small and medium-sized entrepreneurs who are affected by at least 30% decrease in turnover may apply for a subsidy for the employees' remuneration and social security contributions. The subsidy may be granted for a period of maximum 3 months, in the amount of 50% - 90% of employee's remuneration together with social security contributions (not higher, however, than 50% - 90% of the minimum remuneration for work in Poland increased by respective social security contributions). The exact amount of a subsidy depends on the amount of decline in turnover. The employer who receives the subsidy is obliged to retain the employees covered by this solution during the period of receiving the subsidy.
Liquidity support (guarantees)	KredEx's extraordinary guarantees (up to EUR 5M) for alleviating repayment schedules of existing liabilities and emergency guarantees for new loans, covers 35-90% of the loan amount. Small loans are guaranteed for 100% of the loan, but no more than EUR 100 000 per enterprise. For a small loan guarantee the enterprise must have fewer than 50 employees, with an annual turnover of less than EUR 10M. For enterprises in the accommodation and catering sector, travel agencies and tour operators, there is a separate extraordinary guarantee. Covers 100% of the guaranteed loan but no more than EUR 700 000 per enterprise. For projects of national importance there is an extraordinary guarantee from EUR 10M per enterprise, but no more than 90% of the guaranteed loan. In the case of financing a retail or wholesale trade enterprise and in the case of an enterprise in the construction sector, up to 60% of the guaranteed loan. In the case of a real estate development project, up to 50% of the guaranteed loan, and a guarantee amount of less than EUR 10M per enterprise is also possible.	Up to 50 % of the outstanding principal amount of the financing (investment loan, loan for current assets, including credit limits (credit lines and overdraft facilities), financial leasing, financial leasing limits). The sum of financial service covered by guarantee shall not exceed 25 % of the total turnover for 2019 of the enterprise, the maximum amount of guarantee for one enterprise and the group of enterprises linked thereto shall not exceed EUR 5 million.	1. Guarantees for loans : An amount of €470M has been earmarked for the state enterprise INVEGA guarantees, which will be provided to small and medium-sized as well as large enterprises that are experiencing difficulties. INVEGA may guarantee the repayment of loans arising from the investments and leasing transactions, as well as financial credits granted for large companies (in any case up to 80 %) by offering individual and portfolio guarantees (up to €5M). 2. Guarantees for factoring : An additional sum of €10M has been allocated to fund state-guaranteed factoring transactions, which means that a state can guarantee the portfolio of factoring transactions amounting to €62,5M. This instrument is intended to help companies to manage the lack of working capital and thus maintain the operations of these companies. Each factoring transaction included in the portfolio of the financial institution implementing this instrument will be covered by 80% guarantee; however, the total sum of all payments cannot exceed the upper limit equal to 20% of the guarantee sum of the compiled portfolio for factoring transactions. The maximum limit for a single factoring transaction is €1,875M, or €937,500 for companies engaged in road freight transport activities. The maximum factoring transaction funding period is 12 months.	The Polish development bank (Bank Gospodarstwa Krajowego, BGK) offers several programmes of guarantees for enterprises. 1. De minimis guarantee can secure operational (up to 39 months) and investment (up to 99 months) loans. It covers up to 80% of the loan amount (there is a threshold for the amount that may be guaranteed). Currently, there is no commission for granting a guarantee. This guarantee is for SMEs and can be granted only to enterprises which i.a. do not have arrears with payments towards the Tax Office and Social Security Institution. The amount of loan that can be guaranteed is limited. 2. BGK's Liquidity Guarantee was created to help companies struggling due to the COVID-19 outbreak. This guarantee can be issued for up to 27 months. It covers up to 80% of the loan (from 3,5 million PLN to 200 million PLN) and the maximum amount of the loan is 250 million PLN. Guarantee can only be used by medium and large enterprises that i.a. were not in a bad economic situation on 31 December 2019 and did not have arrears with payments towards the Tax Office and Social Security Institution on 1 February 2020. Enterprise must pay a certain commission depending on the type of company (medium or large) and the length of the guarantee. Certain companies might be eligible for other BGK's guarantee programmes that are limited to specific sectors.

<p>Liquidity support (loans)</p>	<p>Extraordinary loans from KredEx, up to EUR 5M, loan period is 6 to 72 months, can be issued and modified until 31.12.2020. The intended use of the loan should be for overcoming the temporary difficulties caused by the outbreak of COVID-19.</p> <p>For projects of national importance, a loan from EUR 10M per enterprise. Loan period 6 to 72 months. Intended use of the loan is to finance any expenses made to overcome the temporary difficulties caused by the COVID-19 outbreak.</p>	<p>The maximum amount of loans for one enterprise and a group of persons linked thereto - up to EUR 1 000 000. The loans can be intended for the financing of current assets of the enterprises if the enterprise is economically viable and the operational financial data of the enterprise demonstrate a fall in turnover in comparison with the relevant period in the previous year or a decline in the liquidity ratios in comparison with 2019.</p>	<p>If the financial institution approves loan or finance lease "holidays", the borrowers will be reimbursed 100% of the interest to be paid during the deferral period by the state enterprise INVEGA. The government has allocated €23M in order to fully compensate interest for the small and medium enterprises in cases where loans or finance lease (leasing) payments have been deferred from 16.03.2020 due to the coronavirus pandemic.</p> <p>Companies will be entitled for investment loan or financial leasing interest compensation (up to %100) for a maximum of six months up to 31.12.2020. Such interest compensation will be paid monthly. Moreover, soft loans up to €100.000 may be granted by 31.07.2020 if companies need a financial support due to the COVID-19 (if their turnover has decreased more than %60)</p>	<p>Microentrepreneurs may apply for low-interest loans of up to PLN 5,000 for the purposes of pursuing business activity. The loans should be repaid within 12 months, however, entrepreneurs who continue to pursue business activity for 3 months following granting a loan, may be released from the obligation to repay the loan.</p>
<p>Liquidity support (tax relief)</p>	<p>Estonian Tax and Customs Board has suspended the calculation of interests on their tax arrears with retroactive effect from 1 March to 1 May. From 1 May reduced interest rates from the current 0.06 % to 0.03 % for an indefinite period. Reduced interest rates on tax arrears paid in instalments by up to 100 % in the future. At present, the maximum possible interest reduction is 50%.</p> <p>Certain fuel and electricity excise duty rates have been decreased to alleviate the effects of the emergency situation.</p>	<p>The tax administration, based on taxpayers representing the sectors affected by the crisis application, has the right to divide the payment for late tax payments in instalments or to defer it for a period of up to three years as of the date of the submission of the application.</p>	<p>During emergency and quarantine suspension of tax obligations is applied:</p> <ul style="list-style-type: none"> • exemption from default interest (applied automatically); • no compulsory recovery of taxes (applied automatically); • after the end of emergency, the company shall within two months either pay taxes or enter into interest-free tax loan agreement. <p>The company shall be entered into a special list of affected companies, which is done either automatically or by simple application. If the company will not find itself on the list, it can apply by written request to the State Taxes Inspectorate because of the difficulties due to COVID-19 situation. The affected businesses will have 2 months after the end of the state of emergency to pay taxes or enter into a payment agreement of tax arrears without interest. The deadline to declare and pay personal income tax has also been extended from 1 May to 1 July.</p>	<p>a) loss carryback up to PLN 5 million for taxpayers whose income falls by at least 50% compared with the previous fiscal year as a consequence of the epidemic;</p> <p>b) possibility of opting out of simplified tax prepayments for 'small' taxpayers (no prepayments when losses incurred);</p> <p>c) extended deadline for PIT prepayments until 1 June 2020 if negative economic consequences due to Covid-19 are suffered;</p> <p>d) debtors who have suffered negative economic consequences in a given month due to Covid-19, causing a drop of at least 50% may benefit from deferred bad-debt-relief obligation in 2020;</p> <p>e) deadline for payment of commercial property tax for March, April, and May 2020 has been extended until 20 July 2020 for those who suffered negative economic consequences due to Covid-19 and whose income in that period was lower by at least 50%;</p> <p>f) PIT and CIT taxpayers who are actively involved in combating the epidemic may benefit from special tax relief i.e. (i) one-off depreciation allowance, (ii) eligible R&D expenditures may be included in the calculation of income tax prepayments; (iii) IP Box - possibility of applying a preferential 5% tax rate with respect to income from eligible intellectual property rights when calculating income tax prepayments; (iv) tax deductible donations.</p> <p>g) collection of retail sales tax has been postponed until 1 January 2021;</p> <p>h) self-employed persons and individuals working under contracts of mandate may be released from the obligation to pay social security contributions for March, April, and May 2020;</p> <p>i) microenterprises may be released from payment of social security and health insurance contributions for March, April, and May 2020, both for entrepreneurs and their employees;</p> <p>j) no prolongation fee will be collected for decisions deferring or spreading tax payments over time;</p> <p>k) tax capital group that suffered negative economic consequences due to Covid-19 may retain the status of tax capital group even though it does not meet the profitability and non tax arrears conditions;</p> <p>l) revenues on account of the exempt social insurance contributions and forgiven relief loan are not treated as a revenue being subject to PIT and CIT;</p> <p>m) COVID-19-related tax relief is classified as a State aid aimed at remedying serious disturbances in the economy referred to in the Commission Communication - Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (2020/C 91 I/01). As a result, such State aid may be awarded up to the maximum amount of EUR 800,000.</p>
<p>Debt enforcement / insolvency measures</p>	<p>Amendments to the Bankruptcy Act have entered into force, suspending the obligation to submit bankruptcy petitions during the emergency situation and for two months following the emergency situation. Ordinarily, the management board of a company would be obligated to submit the bankruptcy petition not later than within 20 days after the date on which insolvency became evident. The amendments suspend that obligation.</p>	<p>Creditors are prohibited to submit an application for insolvency proceedings of legal person until 1 September 2020.</p> <p>A creditor or a provider of debt recovery service, upon commencing the recovery of a debt, shall notify the debtor in writing regarding existence of a debt and invite to fulfil the late payment liabilities voluntarily, indicating information in the notice regarding the possibility of expressing justified written objections regarding existence, amount, and payment term of the debt and determining a term for expressing objections which is not less than 60 days from the day of receipt of the notice.</p>	<p>On 25 April 2020, the Law of the Republic of Lithuania on the Impact of the Consequences of the New Coronavirus (COVID-19) on the Application of the Law on Insolvency of Legal Entities entered into force. This law applies to legal entities that have experienced financial difficulties and / or become insolvent due to the spread of the new coronavirus (COVID-19) worldwide. The purpose of this law is to exempt the CEO from duty to apply to a court for restructuring or insolvency proceeding or to initiate bankruptcy proceedings out of court during the quarantine period and for 3 months from the date of quarantine period revocation.</p>	<p>Any time limits in court, enforcement or administrative proceedings will not run pending the state of the pandemic except for a narrow catalogue of urgent matters.</p> <p>All hearings will be held during the epidemic expect for urgent matters; the hearings scheduled for the coming weeks have been cancelled.</p> <p>Since the courts are open, new actions may be filed and any legal action taken during the epidemic will be possible and effective.</p> <p>If a new claim is filed it will be duly registered.</p> <p>Temporary injunction relief may still be sought, as in Poland such relief may be granted based on the documents filed along with a motion, and no hearing is necessary.</p> <p>Enforcement proceedings may be commenced and continued with the exception of residential evictions which are temporarily disallowed.</p> <p>Suspension of applicable time limits will effectively prevent new court rulings from becoming final and enforceable unless the court declares that a given ruling is immediately enforceable or issues an order based on a bill of exchange or cheque.</p>

<p>Reduction on rent and utility bills by state /municipal owned landlords</p>	<p>The city of Tallinn aid package provides all tenants of the city rent discounts from 20%-100% for up to 3 months. Also an advertising tax rebate of 50% was introduced.</p>	<p>State and local government institutions as well as derived public persons and capital companies controlled by a public person, free ports, and special economic areas shall, for the duration of operation of this Law, exempt merchants of the sectors affected by the crisis from lease payment for a public person property and a property of a capital company controlled by a public person or decide on reduction of the lease payment and on the use of the public person property, and also shall not apply late interest and contractual penalties in case of a late payment, except for the money for the services consumed - electricity, thermal energy, water supply, and other services related to the maintenance of the property.</p>	<p>As of 4 May 2020, the description of the state aid scheme and conditions of the measure "Partial rent compensation for the companies most affected by COVID-19" came into force. Up to 50% business premises rental price may be reimbursed, if the lessor provides the company with at least 30% rent rebate. Compensation period - the period from 2020 March 16 until not less than 60 calendar days after the end of the quarantine period (in any case, the compensation period may not exceed 31 December 2020). This measure is applicable to the companies, which activities were prohibited due to quarantine. Residents of Vilnius who are experiencing financial difficulties during the quarantine period and have overdue payments for utilities or municipal housing rent, will be provided possibility to pay for services over a longer period than usual. Customers' requests to place payments will be assessed on an individual basis, agreeing on a mutually acceptable payment schedule.</p>	<p>The anti-crisis regulations allowed the authorities managing public real properties (governmental and local authorities) to write off, defer or re-schedule the payment of contractual receivables concerning these properties. Aid may be granted to entities that have suffered liquidity deterioration as a result of COVID-19. As a rule, applications of entrepreneurs are considered on individually. Some local authorities (e.g. in Warsaw and Łódź) have introduced resolutions specifying the aid granting rules, such as: (i) clarification of the grounds for granting aid - e.g. a percentage decrease in turnover during the epidemic, (ii) clarification of the type of aid - e.g. a 50-90% rent reduction, suspension of collecting rent for food establishments, exemption from real property tax. Similar solutions have been introduced by certain state-owned companies, such as the PKP (Polish Railways). Please note, however, that the introduced regulations do not create a claim for rent reduction on the part of users of public real properties, but only entitle relevant public authorities to apply such a reduction. Nevertheless, according to the available information, the scale of aid is significant. For example, the Warsaw City Hall reported that as of the beginning of May 2020 (1.5 months of the epidemic), the amount of aid towards tenants exceeded PLN 5 million.</p>
<p>SECTOR SPECIFIC SUPPORT MEASURES</p>	<p>ESTONIA</p>	<p>LATVIA</p>	<p>LITHUANIA</p>	<p>POLAND</p>
<p>Special scholarships for cultural and sports persons</p>	<p>Special scholarships for cultural and sports persons (limits for expert group scholarships up to €500 and endowments up to EUR 2,000) and pharmaceutical support. Also, freelance creative persons may apply for support for creative activities up to the end of the emergency situation and for the following six months even if they have received support within the past two years. There is no competition held for applying for the support measures. Everyone who qualify will receive the support as long as there are enough funds.</p> <p>Sports organisations can apply for additional support measures for the employment costs of coaches with at least the 3rd category professional level. The additional support is granted for up to three calendar months in the amount of EUR 250 per month.</p> <p>There is also a special measure for the persons involved with the song and dance festival to support the employment costs for conductors, concertmasters, folk dance conductors etc.</p>	<p>none</p>	<p>none</p>	<p>none</p>
<p>Special support for farmers / agricultural companies</p>	<p>Farmers can apply to the Rural Development Foundation for a guarantee (up to EUR 50M), a working capital loan (up to EUR 100M) or land capital (up to EUR 50M).</p>	<p>none</p>	<p>none</p>	<p>Both farmers and agricultural companies can benefit from various forms of support already available for individuals and businesses. The government is also planning support for farmers as well.</p>
<p>Aid for self-employed persons</p>	<p>The state transfers the amount of the advance payment of social tax of the self-employed for the first quarter to the prepayment accounts with their tax and customs authorities. If a self-employed person has already paid an advance, he can use this money to cover any tax liability, either immediately or in the future, and can ask for it in his bank account.</p>	<p>The allowance for idle time is determined in the amount of 50 to 75 % (depends on taxpayer type), but not more than 700 EUR. The idle time period is a fixed period from March 14 to May 14, 2020, but not longer than the validity of the decision of the Cabinet of Ministers on the emergency situation. Can be applied to a self-employed person whose economic activity has been affected by the crisis. The minimal amount of the allowance for idle time - 180 euro.</p>	<p>Self-employed persons will be able to receive flat-rate allowance of 257 EUR per month for a maximum period of 3 months or until the end of quarantine (whichever is earlier).</p>	<p>a) self-employed persons who employ other people or whose income in the preceding month did not exceed PLN 15,681 gross may be released from the obligation to pay social security contributions for March, April, and May 2020; b) self-employed persons who operated prior to 1 April 2020 and: (i) did not formally suspend the business activity but in the month directly preceding submitting of the motion for subsidy obtained an income at least 15% lower comparing to the previous month; or (ii) suspended the business activity after 31 January 2020, are entitled to one-off allowance of PLN 2,080. The same allowance may be granted to persons performing civil law contracts concluded before 1 April 2020, if their income in the month directly preceding submitting of the motion for subsidy did not exceed PLN 15,994.41.</p>
<p>Direct support to organisers of cultural and sports events</p>	<p>The state will compensate the part of the direct costs of cultural and sports events that had to take place in March-April but were cancelled due to Covid-19 in the amount of up to EUR 3M.</p> <p>There are special support mechanisms for museums, theaters, concert organisers and musicians, sports events and organisations and organisations that are involved with movies, arts or design. The total amount intended for the support mechanisms is EUR 19.8M.</p>	<p>none</p>	<p>Outdoor sports are allowed, as well there are exemptions for professional athletes. Museums and libraries are opened, of course with restricting the flow of people, using protective measures. The Government allowed cultural events to be held in open spaces when the participants can not get out of the cars. For example "drive in" cinema, where people come to watch movies from their cars, thus, it is an opportunity for some cultural businesses to return to the market.</p>	<p>Organizers will have more time to return money to customers for cancelled events. An organizer can also agree with a customer to exchange a ticket for a cancelled event for a voucher to be used for future events.</p> <p>Application of 1,5% levy to revenue from commercials and membership fees is imposed on VOD and streaming services, which will be apportioned to Polish Film Institute.</p>

<p>Special measures for SME's and tourism sector</p>	<p>The Ministry of Economic Affairs and Communications, in cooperation with KredEx and the Enterprise Estonia, has developed support measures for companies in the tourism sector. Companies in the tourism sector can apply for a loan with favourable surety conditions from KredEx. The surety can be used to secure the obligations arising from loan and leasing agreements. The Enterprise Estonia will also offer direct monetary support to SMEs in the tourism sector, as well as to micro enterprises offering tourism services. The amount of monetary support will be between EUR 2,000 - 60,000, depending on the field of activity, size and other aspects of the company. It is important to note that the abovementioned support measures have been developed, yet the European Commission must approve them before they can be applied.</p>	<p>none</p>	<p>SMEs might use liquidity support, which is described above in the relevant sections above. In tourism sector the coupon system was introduced, although it is not finally approved yet. Travellers, whose travel has not happened due to COVID-19 situation, shall be issued a coupon worth equal to the amount paid for the not happened travel, to relieve the companies to refund the costs. It is important to note that the coupon would be issued only by mutual agreement of the parties, if there is no such agreement, the tour operator should return the money for not happened trip in the usual way within 14 days. Foreign nationals are allowed to leave Lithuania, as well as private flights on small planes accommodating up to 5 passengers are allowed. Citizens of the Republic of Lithuania are also allowed to leave the country, flights are resumed - first of all will be resumed the Vilnius-Frankfurt and Vilnius-Riga flights. It is intended to remove travel restrictions for the travels between Lithuania, Latvia and Estonia from 15 May 2020.</p>	<p>Various forms of support are available, described above under employment support and liquidity support.</p>
<p>Support for tenants who operate department stores</p>	<p>The Estonian government will allocate 4 million euros to support tenants who operate department stores. This is meant to alleviate the financial damages which department stores have suffered due to a significant decrease in their revenue. Department stores who have experienced a decrease in revenue of at least 30% are eligible to apply for the support. The support is given only if the landlord also agrees to reduce the rent. The amount of the support given depends on how much the landlord reduces the rent.</p>			