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THE INTERNATIONAL COVID-19 RESPONSE: AN OVERVIEW

A SPECIAL EDITION
OF THE EUROPEAN
ENERGY HANDBOOK

LEGAL GUIDE
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Legal advice

Please note that the content of this publication does not constitute legal advice and should not be relied on as such. Specific advice should be sought about your specific circumstances. The deadline for submissions was 6 April 2020.

Foreword

A Special, Global, Edition of the European Energy Handbook

The European Energy Handbook usually reports on regulatory, legal and market developments in the European energy sector. However, these are not usual times as the COVID-19 pandemic is creating significant health, social and economic challenges worldwide, forcing governments and businesses to critically assess the impact on their people, operations and governance.

In many jurisdictions, governments have made available support schemes for businesses in an effort to mitigate the consequences of the pandemic on their businesses.

This edition serves two purposes:

1. First, it provides an overview of governmental support initiatives across the world by setting out the details of the financial and practical support schemes available, the sectors and businesses covered, as well as the eligibility criteria for the relevant support schemes.
2. Second, it sketches out the impact the pandemic has had on the energy and infrastructure sectors. Although it is too early to tell the full impact on these sectors, some early issues and trends are emerging. In this special edition, we examine the early impact on the upstream oil and gas sector, as well as the power and infrastructure sectors across the globe.

As always, I am grateful to our colleagues across Europe who for this special edition are joined by colleagues from Asia, Australia, South Africa and the United States.

In addition to contributions for the European Union, Australia, China, France, Germany, Hong Kong, Ireland, Italy, Japan,

Malaysia, Russia, Singapore, Spain, South Africa, South Korea, the United Arab Emirates, the United Kingdom, and the United States, from our own offices, this special edition features contributions from Schoenherr (Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Moldova, Montenegro, Romania, Serbia, the Slovak Republic and Slovenia), Stibbe (Belgium), Kromann Reumert (Denmark), Roschier (Finland and Sweden), Kyriakides Georgopoulos (Greece), BBA//Fjeldco (Iceland), Hiswara Bunjamin & Tandjung (Indonesia), Meitar Liquornik Geva Leshem Tal Law Offices (Israel), Kinstellar (Kazakhstan and Uzbekistan), Cobalt (Latvia and Lithuania), Arendt & Medernach (Luxembourg), Zammit Pace Advocates (Malta), Houthoff (the Netherlands), Karanovic & Partners (North Macedonia), Arntzen de Besche Advokatfirma AS (Norway), WKB Wierciński, Kwieciński, Baehr (Poland), Campos Ferreira, Sá Carneiro & Associados (Portugal), Schellenberg Wittmer Ltd (Switzerland), Kolcuoğlu Demirkan Koçaklı (Turkey), and Avellum (Ukraine).

Thank you to everyone who has contributed to this publication, for your time and efforts, and for your generosity of spirit. Special thanks are due to Barbara McNulty, who was instrumental in compiling this special edition.

We hope that the publication provides an interesting overview of the measures taken and that it will be a useful resource. Stay safe.

Best wishes,

Silke Goldberg

**Partner, Herbert Smith Freehills LLP
May 2020**



Silke Goldberg

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COVID-19 response initiatives of the European Union

An overview of the COVID-19 response initiative of the European Union

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A. COVID-19 response investment and support initiative

Overview

As COVID-19 spread across Europe, the European Commission (Commission) set out an immediate common European response and announced it would use all instruments at its disposal to mitigate the socio-economic impact of the pandemic on all European Union (EU) member states.

The response outlined by the Commission on 13 March 2020, centred on a European coordinated measure that would ensure the necessary supplies for health systems and the necessary support for people so that lives and livelihoods were not disproportionately affected by the effects of the pandemic. The Commission also committed to measures that would bring immediate relief to hard-hit small and medium sized enterprises (SMEs), and support for businesses to ensure liquidity and sustain the economy.

To ensure the flexibility required for the EU to take all necessary measures to support and protect the member states' health systems, people and economies during the pandemic, the general escape clause of the EU's fiscal framework under the Stability and Growth Pact (SGP), which facilitates and maintains the EU's economic and monetary stability, would need to be activated.

On 20 March 2020, the Commission concluded that the conditions for use of the SGP's general escape clause were fulfilled, ie there existed in the euro area or the EU as a whole a severe economic downturn. On 23 March 2020, finance ministers of the member states concurred.

The Commission subsequently introduced a series of measures to make the state aid mechanisms and cohesion funds more flexible as, under the escape clause, the Commission and the European Council could now depart from the budgetary requirements that normally apply under the SGP, and undertake policy coordination measures to combat the economic effects of the pandemic.

On 26 March 2020, in furtherance of these measures, the European Parliament supported two financial support packages for member states affected by the pandemic. The financial support packages in the form of the Coronavirus Response Investment Initiative (CRII), mobilised existing EU budget funds to promote investments in sectors affected by the pandemic. The CRII redirects €37 billion of unused resources from the European Structural and Investment Funds (ESIF) and up to €800 million from the EU Solidarity Fund towards supporting SMEs. The CRII is also intended to assist with accelerating investments under the European Regional Development Fund,

the European Social Fund, the Cohesion Fund, and the European Maritime and Fisheries Fund (EMFF).

On 2 April 2020, the Commission announced a second package of measures (CRII+), which includes the redirecting of all cohesion policy funds towards the efforts to fight the pandemic. This package of measures also includes the setting up of a solidarity fund of €100 billion in loans to help member states towards short-time works schemes and similar, further amendments to the EMFF to allow for more flexible reallocation of finances, and the implementation of an emergency support instrument, under which all of the remaining funds of the current EU budget are directed towards the needs of European health systems.

To free up funds from the EU budget, on 6 April 2020, the Commission and the European Investment Fund (EIF) unlocked €1 billion from the European Fund for Strategic Investments (EFSI) under the EU programme for the Competitiveness of Enterprises and SMEs (COSME) Loan Guarantee Facility and the InnovFin SME Guarantee under Horizon 2020. The EIF specialises in support for SMEs and is part of the European Investment Bank Group (EIBG), and this unlocking allowed the EIF to provide guarantees worth €2.2 billion to financial intermediaries, freeing up €8 billion in available financing. Under this measure, the EIF can therefore provide special guarantees to banks and other lenders to provide liquidity to 100,000 SMEs and small mid-cap companies, thereby fulfilling the Commission's commitment to bringing immediate relief to hard-hit SMEs.

The response efforts of the EU however faced criticism. Europe had, at the time, become the epicentre of the pandemic, and a lack of a coordinated European action in response to the health crisis had become apparent.

The coordinated decisive manner initially outlined by the Commission was not being achieved across the board as, among other things, member states failed to agree a budget robust enough to help the EU through the economic turmoil created by the pandemic. Following several unsuccessful European Council meetings to come to some agreement on measures, on 23 April 2020, the EU endorsed a €540 billion COVID-19 rescue deal, to be operational by 1 June 2020, and agreed to work towards a €1 trillion COVID-19 recovery fund. Divisions among the group persisted however as some issues remained unresolved, including that some of the member states hardest hit by the pandemic sought funding in the form of grants rather than loans.

On 8 May 2020, it was announced that the first part of a €540 billion rescue deal had been approved, with other aspects of the deal yet to be agreed. The approved part of the deal sees the

sign-off for low interest, ten-year maturity loans which will be made available by the European Stability Mechanism (ESM) in the coming weeks, pending procedural approvals, and up to the end of 2022, for member states to cover extraordinary health costs due to the pandemic. Further details on the remaining two aspects of the rescue deal worth about €300 billion in total, in the form of a temporary employment support scheme and a guarantee fund that would provide liquidity to companies affected by the pandemic, are expected by the end of May 2020.

Finding consensus on the €1 trillion recovery fund, however, appears to continue to prove difficult with member states not finding agreement on whether grants should also be issued in addition to loans. The EU Economic Affairs Commissioner has, reflecting on the urgency of the situation, called for the recovery fund, which may need to be increased up to €1.5 trillion, to be established in autumn 2020, and not in December 2020 as originally proposed.

Support for businesses

European funds

In an effort to redirect funds to where they are most urgently needed, the redirection of all uncommitted funds from the European Regional Development Fund, the European Social Fund and the Cohesion Fund will see transfers between funds as well as between categories of regions and between policy objectives. To aid the efforts, the co-financing requirements normally applied under the funds are no longer being implemented and the administration of the funds is to be simplified.

Solidarity fund - SURE programme

In early April 2020, the Commission announced the establishment of the Support to mitigate Unemployment Risks in an Emergency (SURE) programme, which is a temporary measure offering partial unemployment insurance in all member states designed to protect jobs and workers affected by the pandemic.

The SURE programme is a voluntary scheme under which loans will be granted on favourable terms to member states to put in place measures to help cover costs directly related to the creation or extension of national short-time work schemes. The Commission will borrow up to a total of €100 billion for the programme. Member states will voluntarily contribute towards a €25 billion guarantee necessary to achieve the €100 billion leverage effect required for the Commission to borrow the funds.

The SURE programme is especially designed to respond to the immediate challenges presented by the pandemic. The programme is an emergency temporary action of the European Unemployment Reinsurance Scheme and its implementation does not preclude the establishment of any future permanent unemployment reinsurance scheme.

Fishing and aquaculture

Under the EMFF, which has been made more flexible due to the use of the escape clause of the SGP, support will be provided for fishermen to temporarily cease fishing activities. The fund will also provide support to aquaculture farmers to temporarily suspend or reduce production, and will provide support to

producer organisations for the temporary storage of fishery and aquaculture products.

Emergency support instrument

Under the CRII+ package of measures, the Commission announced that, of the €3 billion to be put into the emergency support instrument, €300 million will be allocated to the RescEU common stockpile of equipment initiative. Under this measure, the Commission can also procure directly on behalf of member states. Priority will be given to managing the public health crisis along with securing vital equipment and supplies, including ventilators, personal protective equipment and medical assistance, for the most vulnerable, with testing efforts to be scaled up.

The RescEU reserve was originally created in March 2019 when the EU extended the competences of its Civil Protection Mechanism. RescEU, although initially focusing mainly on fighting the threats posed by forest fires, includes the fight against other threats such as medical emergencies.

On 13 March 2020, the Commission announced it was creating a RescEU stockpile of much needed medical equipment to include ventilators, protective masks, vaccines and laboratory supplies.

On 19 March 2020, an act was enacted to enable the RescEU stockpiling of medical equipment, with the Commission financing 90% of the costs of stockpiling and managing the distribution of equipment. On 27 March 2020, the Commission proposed a total budget of €80 million for the RescEU stockpile.

European Investment Bank

On 16 March 2020, the EIBG proposed to mobilise up to €40 billion in financing aimed at SMEs and mid-cap companies in the form of bridging loans, credit holidays and other measures. This measure was in furtherance of the effort to ease liquidity and working capital constraints, with the proposed financing being backed up by guarantees from the EIBG and the EU budget. In addition to this support measure, on 16 April 2020, the EIBG announced a further €25 billion pan-European guarantee to mobilise funds of up to €200 billion to further support SMEs, mid-caps and corporates.

European Central Bank

The European Central Bank (ECB) has announced a number of measures including the provision of temporary capital and operation relief, which includes allowing banks to fully use capital and liquidity buffers. The establishment of the Pandemic Emergency Purchase Programme (PEPP) is another measure announced, under which a €750 billion fund is available for asset purchases of private and public sector securities. Other initiatives include further flexibility in prudential treatment of loans and capital relief measures, allowing lower capital market requirements for market risk by permitting banks to adjust the supervisory component of those requirements.

The ECB has also adopted temporary collateral easing measures to mitigate the effect on collateral availability on possible rating downgrades. These include grandfathering the eligibility of marketable assets and issuers in the event of a deterioration in credit ratings. The ECB has also recommended to banks that they do not pay dividends or buy back shares during the course of the pandemic, and has supported (by issuing a non-objection

decision) the action taken by euro area macro prudential authorities to free up more than €20 billion of bank capital to absorb losses and support lending.

In an effort to make it easier for banks to borrow, the ECB has increased the accessible loan amounts and has eased its standards for collateral on such borrowings. It has also temporarily expanded the list of assets banks can use as collateral and is less strict on the measures it applies when determining the value of these assets. Through increasing the amount of money banks can borrow from the ECB, and by making it easier for banks to borrow, SMEs and individuals should in turn have easier access to loans from banks.

On 30 April 2020, the ECB announced a new series of seven additional longer-term refinancing measures, known as pandemic emergency longer-term refinancing operations (PELTROs). PELTROs will be conducted as fixed rate tender procedures with full allotment and offered at interest rates 25 basis points below the average rate applied in the Eurosystem's main refinancing operations (currently 0%) over the life of the respective PELTRO. Counterparties participating in PELTROs will be able to benefit from the collateral easing measures that were announced by the ECB and which remain in place until the end of September 2021.

Competition and state aid

The Commission adopted a temporary framework on 19 March 2020 to enable member states to avail of full flexibility under state aid rules to support the economy in light of the pandemic (Temporary Framework). The Temporary Framework provides for five types of aid:

- direct grants, selective tax advantages and advance payments;
- state guarantees for loans taken by companies from banks;
- subsidised public loans to companies;
- safeguards for banks that channel state aid to the real economy; and
- short-term export credit insurance.

When first announced, the Commission acknowledged that, given the limited size of the EU budget, the main response under the Temporary Framework would come from member states' national budgets.

The Temporary Framework was amended and extended by the Commission on 3 April 2020 to enable member states to accelerate research, testing and production of COVID-19 relevant products, protect jobs, and further support the economy. The extension included five additional types of aid: (i) support for COVID-19 related research and development; (ii) support for the construction and upscaling of testing facilities; (iii) support for the production of products relevant to tackle the COVID-19 outbreak; (iv) targeted support in the form of deferral of tax payments and/or suspensions of social security contributions; and (v) targeted support in the form of wage subsidies for employees.

The amended Temporary Framework also expands on the existing types of support that member states can give to companies in need, which can be combined with de minimis aid,

to bring the aid per company to up to €1 million, and can be combined with other types of aid.

Sector specific support

Healthcare

In addition to the measures announced for the RescEU stockpile initiative (see Support for businesses, Emergency support instrument), the EIB announced it was making €5 billion available for the healthcare sector. This funding is aimed at supporting emergency infrastructure and the development of cures and vaccines, as well as the financing of urgent infrastructure improvements and equipment needs in the health sector.

The Commission has also waived customs duties and VAT on the import of medical devices and protective equipment from third countries, following a request for such measure by member states.

Aviation

The European Parliament and the European Council have suspended the airport slot requirements that oblige airlines to use at least 80% of their take-off and landing slots in one year in order to keep those slots the following year. This measure was designed to help air carriers cope with the drastic drop in air traffic caused by the pandemic.

Agriculture and food supply

On 22 April 2020, the Commission announced a package of support measures related to agriculture and food supply; a further package of such support measures was announced on 4 May 2020. These support measures include the increasing of advances for direct payments and rural development payments, and the offering of additional flexibility for on-the-spot checks in an effort to minimise the need for physical contact and reduce administrative tasks. The measures also include the granting of private storage aid for dairy and meat products, and the introduction of a degree of flexibility in the implementation of market support programmes for, among others, wine, fruits and vegetables, and olive oil. In an effort to stabilise their own sectors and the internal market, the Commission has adopted a temporary six-month derogation from EU competition rules for the milk, flowers and potatoes sectors, allowing operators to self-organise and implement market measures at their own level. For instance, the milk sector can collectively plan milk production, and the flower and potatoes sector can withdraw products from the market.

Foreign investment screening

With the aim of preserving EU companies and critical assets without undermining the EU's general openness to foreign investment, the Commission issued guidance to ensure a strong EU-wide approach to foreign investment screening. In an effort to prevent potential capital flows from non-EU member states that could, at EU and national level, lead to a loss of critical assets and technology and undermine Europe's security or public order, the Commission has requested that member states exercise a higher degree of vigilance with screening proceedings for foreign investment during the course of the pandemic.

Outlook

Although the European Council announced in late April 2020 that an agreement had been reached to the tune of €1 trillion for an EU COVID-19 recovery fund, the details of this deal have yet to be announced, and the effects of such a deal when concluded remain to be seen. As things currently stand, projections show that the EU economy is set to contract by 7½% in 2020 and grow by around 6% in 2021.

The pandemic continues to persist globally and it is likely that its effects will impact the EU economy for some time to come. As the EU policy and support response to this impact continues to evolve, it is also likely that this will bring about further changes to the developments outlined in this article.

Useful links

Details of the Commission's response to the pandemic are available at https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response_en

Details of the EIB's response are available at www.eib.org/en/about/initiatives/covid-19-response/index.htm

Details of the ECB's collateral easing measure are available at www.ecb.europa.eu/press/blog/date/2020/html/ecb.blog200422-244d933f86.en.html

More on state aid rules and the coronavirus are available at https://ec.europa.eu/competition/state_aid/what_is_new/covid_19.html

COVID-19 response initiatives in Australia

An overview of the COVID-19 response initiative and impact on the Australian energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

The Australian Federal Government (Government) has announced a number of economic stimulus packages aimed at supporting household incomes, business continuity and impacted industries. On 12 March 2020, the Government introduced a AUD\$17.6 billion economic plan focused on keeping Australians in jobs and helping small and medium sized enterprises (SMEs) to stay in business. The package included support for business investment, cash flow assistance for businesses, household stimulus payments and AUD\$1 billion to support those sectors, regions and communities that have been disproportionately affected by the economic impacts of the COVID-19 pandemic, including those heavily reliant on industries such as tourism, agriculture and education.

The Government is also offering administrative relief for certain tax obligations, including deferring tax payments for up to four months.

On 22 March 2020, the Government announced a second AUD\$189 billion stimulus package. This package introduced a number of new mechanisms to support vulnerable households including early release of superannuation, further assistance to businesses to keep people in jobs, and regulatory protection and financial support for businesses to stay in operation. This package included a AUD\$715 million commitment to supporting the aviation industry. On 30 March 2020, the Government announced a third package, the AUD\$130 billion JobKeeper Scheme, which was approved in Parliament on 9 April 2020. The Reserve Bank of Australia (RBA) has also announced a AUD\$90 billion three-year funding facility to help banks continue to lend to business. In addition to the Federal measures, each of the State Governments have also outlined stimulus packages which provide additional support to impacted industries.

Sectors covered

The Federal and State Governments have announced specific support packages for the following industries: aviation, agriculture, tourism, education, healthcare and aged care.

Types of businesses covered

Companies who have been severely affected by the pandemic are eligible to apply for relevant support. The focus of stimulus has been on SMEs and businesses in heavily impacted industries.

Types of support available

The supports available for businesses include:

- JobKeeper Payment, which helps businesses significantly impacted by the pandemic cover the costs of their employees' wages to help maintain jobs and incomes.
- Cash flow support for SMEs, which provides temporary cash flow support of up to AUD\$100,000 for eligible SMEs, and not-for-profits (NFPs) that employ staff to help with their cash flow so they can keep operating, pay their rent, electricity and other bills and retain staff.
- Temporary relief for financially distressed businesses, which is focused on lessening the threat of actions that could unnecessarily push businesses into insolvency. Measures include temporarily increasing the threshold at which creditors can issue a statutory demand on a business and the time businesses have to respond to statutory demands they receive. The package also includes temporary relief for directors from any personal liability for trading while insolvent, and providing temporary flexibility in the Corporations Act 2001 (Act) to provide temporary and targeted relief from provisions of the Act to deal with unforeseen events that arise as a result of the COVID-19 health crisis. The Australian Tax Office (ATO) will tailor solutions for owners or directors of businesses that are currently struggling due to the pandemic, including temporary reduction of payments or deferrals, or withholding enforcement actions including director penalty notices and wind-ups.
- Increasing the instant asset write-off.
- Backing business investment through a time-limited 15-month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions.
- Supporting apprentices and trainees with a wage subsidy of 50% of the apprentice's, or trainee's wage paid during the nine months from 1 January 2020 to 30 September 2020 up to AUD\$21,000 per eligible apprentice or trainee (AUD\$7,000 per quarter).

Support has also been introduced in the form of flow of credit:

- Support for immediate cash flow needs for SMEs is available through the SME Guarantee Scheme, which will guarantee up to AUD\$40 billion of new lending.
- Quick and efficient access to credit for small business is aided through a temporary exemption from responsible lending obligations for lenders providing credit to existing small business customers.

- The RBA package announced on 19 March 2020 is aimed at putting downward pressure on borrowing costs for businesses and households. This includes a term funding facility for the banking system. Banks will have access to at least AUD\$90 billion in funding at a fixed interest rate of 0.25%. The RBA has also cut the cash rate to 0.25%.
- Support for Non-Authorised Deposit-Taking Institutions (non-ADIs) and smaller Authorised Deposit-Taking Institutions (ADIs) for lenders in the securitisation market.
- The Australian Prudential Regulation Authority is ensuring banks are well placed to lend by temporarily changing its expectations regarding bank capital ratios.

The supports available to individuals and households include:

- JobKeeper Payment.
- Income support for individuals, which is a temporary expansion of existing income support payments plus a time-limited COVID-19 supplement. This will be paid to both existing and new recipients of JobSeeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.
- Payments to support households, under which social security, veteran and other income support recipients and eligible concession card holders will receive two separate AUD\$750 payments.
- Temporary early release of superannuation, under which the Government is permitting individuals affected by the pandemic to access up to AUD\$10,000 of their superannuation in 2019-2020 and a further AUD\$10,000 in 2020-2021. Individuals will not need to pay tax on amounts released and the money they withdraw will not affect Centrelink or Veterans' Affairs payments.
- Temporarily reducing superannuation minimum drawdown rates.
- Reducing social security deeming rates.

Period of support

The various support mechanisms differ as regards the time period for support; however, much of the commentary references at least a six-month period.

Tax support and impact

The ATO will provide administrative relief for certain tax obligations on a case-by-case basis with a focus on supporting SMEs. This includes the ability to defer payment of certain taxes up to six months, and allowing businesses to vary pay as you go instalment amounts to zero for the March 2020 quarter. Businesses that vary to zero can claim a refund for any instalments made for the September 2019 and December 2019 quarters.

Useful links

Further information on the economic stimulus package announced for businesses is available at www.pm.gov.au/media/economic-stimulus-package

Further information on the mechanisms introduced in the second stimulus package is available at www.pm.gov.au/media/supporting-australian-workers-and-business

Further information on the JobKeeper Payments to subsidise wages is available at [COVID-19: People: JobKeeper payments to subsidise wages \(Australia\)](#)

Further Government information and fact sheets are available at https://treasury.gov.au/sites/default/files/2020-03/Overview-Economic_Response_to_the_Coronavirus_2.pdf and [Assistance for affected regions, communities and industries](#)

B. Impact on the energy and infrastructure sectors

Energy sector

The Council of Australian Governments Energy Council (COAG Energy Council), comprising the Government and state and territory government energy ministers, have agreed on a coordinated approach to manage the impacts of COVID-19 on the energy sector and energy supply in Australia. To facilitate this, the COAG Energy Council has established an Energy Coordination Mechanism which brings together industry participants and relevant Government departments in weekly meetings to discuss key issues and possible solutions to mitigate the impact of COVID-19 going forward. The focus to date has been around security of supply and protection of impacted business and residential customers.

The Australian Energy Regulator (AER) has also released a Statement of Expectations for industry participants outlining ten principles aimed at ensuring the continued safe and reliable supply of energy to homes and businesses, as well as to support affected businesses and residential customers. The three energy market bodies, ie the AER, the Australian Energy Market Commission (AEMC) and the Australian Energy Market Operator (AEMO), have suggested to the Government that to ease pressure on industry participants at this time, and ensure reliability of supply, implementation timeframes for a number of rule changes should be postponed. A proposed approach to implementation timeframes has been released, flagging an intention to hold industry and jurisdiction consultation workshops before providing final regulatory guidance on prioritisation of rule changes.

While some growth projects have been paused, the industry is still progressing with current developments and operations in a 'business as usual' manner as much as possible to ensure supply, albeit in balance with greatly escalated onsite health monitoring precautions and other needed adaptations. The renewables sector has perhaps been the most impacted due to supply chain disruption which, in combination with already existing pressure points like connection bottlenecks, has slowed down greenfield development and financing.

Additionally, in response to the current global circumstances impacting Australia, temporary changes to Australia's foreign investment review framework were recently announced, reducing the monetary screening thresholds to AUD\$0 for all proposed foreign investments into Australia subject to the Foreign Acquisitions and Takeovers Act 1975 and extending timeframes for the review of applications from 30 days to up to six months from the date that the application fee is paid. These changes for the foreseeable future may impact deal flow and certainty in the energy and infrastructure sectors, as many transactions which were previously exempt will now need to obtain approval from the Foreign Investment Review Board. However, the Government will prioritise urgent applications for

investments that directly protect and support Australian businesses and Australian jobs, taking account of any commercial deadlines related to those proposed investments. These measures are intended to protect economic security and the viability of critical sectors, and ensure appropriate oversight over all proposed foreign investment into Australia during the COVID-19 disruption.

COVID-19 response initiatives in Austria

An overview of the COVID-19 response initiative and impact on the Austrian energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

Measures taken by governments in response to the COVID-19 pandemic are adapting to changing circumstances almost daily and the following information is as of writing 6 April 2020.

To cushion the economic impact of the pandemic on companies, the Austrian Federal Government (Government) passed a Corona Aid Package designed in particular to prevent mass unemployment and the insolvency of companies.

More specifically, the Corona Aid Package includes:

- an Immediate Aid Package to ensure short-time working (*Kurzarbeit*) and primarily support small and medium sized enterprises (SMEs) via a Hardship Fund (*Härtefonds*);
- an Emergency Fund to support sectors particularly affected;
- tax deferrals and reductions of advance payments; and
- guarantees and liabilities to secure loans (details pending).

Sectors covered

The Hardship Fund covers all sectors affected by the pandemic. The Emergency Fund covers sectors that are particularly affected by measures related to the pandemic such as bans on entry, travel restrictions or restrictions on gatherings. The guarantees and liabilities measure covers all sectors affected, with special regulations for tourism.

Types of businesses covered

The Hardship Fund is available to one-person companies, newly self-employed persons, freelancers, liberal professions, certain employed shareholders and micro-entrepreneurs with up to nine full-time employees and a turnover/balance sheet total of no more than €2 million. The Emergency Fund and the guarantees and liabilities measure, in principle, are available to all types of companies.

Types of support available

Hardship Fund

The Hardship Fund provides cash payments in two phases:

- Phase one provides, to eligible applicants (a) with a net income of less than €6,000 per annum, a grant of €500, and (b) with a net income of €6,000 per annum or more, a grant of €1,000.
- Phase two provides for payments of 80% of lost income up to a maximum of €2,000 per month for a maximum of three

months. The first observation period for loss of income runs from 16 March 2020 to 15 April 2020 and the grant is based on the amount of income loss.

The grant received from phase one will be taken into account in phase two and the grants are non-repayable.

Emergency Fund

The Emergency Fund is flexible and provides, according to immediate needs, for direct (non-repayable) grants to cover fixed costs, and also provides for guarantees by the Republic of Austria (Republic) for corporate loans.

Guarantees and liabilities

The guarantees and liabilities measure provides assistance through guarantees by the Republic and the assumption of liabilities by the Republic for corporate loans.

Eligibility

Hardship Fund

Under phase one of the Hardship Fund, an applicant must:

- be a legally independent operation of a commercial company (*gewerbliches Unternehmen*) or a liberal profession (chamber membership is irrelevant);
- for company formation, have been formed by 31 December 2019;
- have a registered office or permanent establishment in Austria;
- prove hardship, such as the inability of the business to cover running costs or that there is an officially ordered ban on entering its premises or that there is a drop in sales of at least 50% compared to the same month of the previous year;
- not exceed the upper limit, ie in the last completed financial year, income (before tax and social security) may not exceed 80% of the maximum annual social security contribution base (*sozialversicherungsrechtliche Höchstbeitragsgrundlage*);
- not fall below the lower limit, ie compulsory health insurance, as well as income from self-employment and/or business activities must be of at least €5,527.92 per annum;
- not have additional monthly income above the minor income limit (*Geringfügigkeitsgrenze*), which is €460.66, eg from renting/leasing;
- not have multiple insurance in health/pension insurance;
- not be in receipt of further cash payments from local authorities due to the pandemic; and
- not have any pending insolvency proceedings or need for reorganisation.

The use of guarantees and short-time work and the Hardship Fund is explicitly permitted. However, if both the Hardship Fund and the Emergency Fund are drawn upon, the amount of support from the Emergency Fund is reduced by the amount of support already received from the Hardship Fund.

Under phase two of the Hardship Fund, the criteria is that of phase one with the following changes:

- the group of beneficiaries is extended;
- the income ceilings and floors are eliminated;
- multiple insurance and additional income are no longer grounds for exclusion; and
- 'new entrepreneurs' are eligible, ie company formation from 1 January 2020.

Emergency Fund

The Emergency Fund applies to companies suffering liquidity problems and that are confronted with major sales losses and a threat to their business base (*Gefährdung der Geschäftsgrundlage*).

To be eligible for the guarantees measure, the business location and business activity must be in Austria, and the applicant must show a need for liquidity for the domestic location.

To be eligible for direct grants to cover fixed costs, the business location and business activity must be in Austria, and the fixed costs must be incurred in Austria. The applicant must prove that it has suffered a loss of at least 40% of its turnover due to the spread of the pandemic. Companies that employed more than 250 employees as of 31 December 2019 and that have dismissed employees instead of making use of short-time work following the outbreak of the pandemic are excluded.

Guarantees and liabilities

The guarantees and liabilities measure, for now, applies to SMEs (ie companies with fewer than 250 employees, with a maximum of €50 million turnover/€43 million balance sheet total). To be eligible, an applicant must show that:

- it was not in need of reorganisation in accordance with the Company Reorganisation Act (*URG*) in the last financial year; and
- the legal requirements for the opening of insolvency proceedings had not been met before the outbreak of the pandemic.

If a company can show it has an own funds ratio (*Eigenmittelquote*) equal to/higher than 8% and/or a debt repayment period equal to/shorter than 15 years, it will be eligible for support as it will not fulfil the URG criteria.

Access

Hardship Fund

Applications under the Hardship Fund can only be made online via the Austrian Economic Chambers (*WKO*). Applications for phase two open on 16 April 2020.

Emergency Fund

Applications for guarantees can be submitted to the principal bank (*Hausbank*) from 8 April 2020. Applications for direct

grants to cover fixed costs can be submitted online via the promotional bank of the Government (*aws*) from 15 April 2020.

Guarantees and liabilities

Applications can be submitted to the principal bank (*Hausbank*).

Ease/speed of access

Hardship Fund

Following approval of an application, payments are generally made within 24 hours.

Emergency Fund

The authorities strive to process guarantee applications from submission to approval within seven working days.

For direct grants to cover fixed costs, payments will be made following assessment of the damage, ie after the end of the financial year and submission of the tax advisor's/auditor's confirmation of the decrease in turnover and the eligible fixed costs.

Guarantees and liabilities

Applications are determined within 24 hours.

Period of support

Hardship Fund

Applications for payments from the Hardship Fund can be submitted until the end of 2020; payments are made for a maximum of three months.

Emergency Fund

An application for direct grants to cover fixed costs can be registered until 31 December 2020; complete applications can be submitted up until 31 August 2021. The maximum duration of guarantees is five years, which can be extended by up to an additional five years.

Guarantees and liabilities

Guarantee periods are for at least six months and at most five years. Current applications can therefore be guaranteed until 31 December 2024.

Tax support and impact

Support in relation to payment of taxes is available in the form of deferral of payment until 30 September 2020 or payment in instalments can be requested until 30 September 2020. Companies can also apply for reductions of advance payments for income or corporate tax until 31 October 2020. Applications must be submitted online and must contain a justification explaining the reduced profit expectations due to the changed economic situation. All grants for dealing with the pandemic are tax-exempt.

Insurance cover

Applications for phase one of the Hardship Fund cannot be made for multiple insurance in health and/or pension insurance. Furthermore, only those employed shareholders who are compulsorily insured under the Commercial/Freelance Social Security Act (*GSVG/FSVG*) are covered (see also Eligibility, Hardship Funds). Additionally, persons who, at the time of application, are in receipt of payments from unemployment/statutory pension insurance or are entitled to insurance

payments to cover the effects of the pandemic are not eligible for support.

Applicable existing support schemes

In addition to these federal measures, certain federal states such as Styria, Burgenland and Vienna provide for additional support schemes.

Useful links

Further information on the Corona Aid Package from the Government is available at www.bmf.gv.at/public/top-themen/corona-hilfspaket-faq.html

The Austrian Chamber of Commerce provides specific branch information and is available at www.wko.at/service/aussenwirtschaft/coronavirus-wirtschaftskammer-als-anlaufstelle.html?utm_source=wkoat&utm_medium=display_io&utm_campaign=WK%C3%96%20%20corona%20-%20intern%20%20wkoat&utm_content=banner

More on COVID-19 labour and employment related measures is available at www.schoenherr.eu/publications/publication-detail/labour-employment-related-measures-in-combatting-the-consequences-of-covid-19-in-cee

B. Impact on the energy and infrastructure sectors

Energy sector

Due to the current COVID-19 situation, costly reminders for outstanding payments and disconnections due to outstanding payments will be waived (initially) until 1 May 2020. These waivers apply to both households and small companies (ie companies employing fewer than 50 persons, consuming less than 100,000kWh/year of electricity/natural gas and with an annual turnover/annual balance sheet total not exceeding €10 million).

For green electricity plants (*Ökostromanlagen*), commissioning periods that are to end in less than a year are now extended by six months, and the period of validity of the provisions on aid for combined heat and power (CHP) plants has been extended.

Infrastructure sector

Aviation

The developments surrounding the pandemic have led to massive restrictions on flight operations at all Austrian airports with two Austrian airlines having completely ceased their flight operations. Exceptions do however apply to these imposed restrictions, such as in the case of cargo, emergencies, ambulance, transfer flights.

Roads

Individual road sections may be closed to (transit) traffic for the duration of the pandemic. There had been a weekend ban on trucks over 7.5 tonnes, however this ban has been suspended throughout Austria until 19 April 2020 to ensure that supplies continue to reach the population during the COVID-19 crisis.

Critical infrastructure

Management and measures to maintain security of supply of food, transport, telecommunications, energy and financial services, as well as a secure provision of social and health

services in times of crisis are defined in the Austrian Programme for Critical Infrastructure Protection Management (APCIP), a derivative of the European Programme for Critical Infrastructure Protection (EPCIP), which came into force in Austria at the beginning of the pandemic.

Other regulatory and policy issues

The Austrian legislator has created a legal basis for ordering and thus enforcing public warnings/requests by text messaging (SMS) until 31 December 2020; violations of any orders under this measure are punishable by administrative fines of up to €37,000.

The Government has also increasingly indicated that the evaluation of mobile phone data (eg via Apps) is a future option to contain the spread of the pandemic. To date, one mobile phone provider has already provided the Government with (anonymised) movement data of its users.

COVID-19 response initiatives in Belgium

An overview of the COVID-19 response initiative and impact on the Belgian energy and infrastructure sectors

Cedric Degreef, senior associate, Stibbe, Brussels

A. COVID-19 response investment and support initiative

Overview

As Belgium is a federal state, competences are divided between the federal level and the regions (Flanders, Wallonia and the Brussels Capital Region). The different levels have all taken initiatives to mitigate the impact of the COVID-19 pandemic. Due to the nature of the crisis, policies change and measures are being adapted to reflect the economic situation.

Sectors covered

All sectors affected by the pandemic including essential services (such as healthcare, postal services, transport, food, energy, etc) are covered by the support initiatives.

Types of businesses covered

All natural and legal persons with a company number (ECB) and all sizes of businesses are covered to varying degrees by the announced support initiatives; however, all must be local companies, ie they must have an ECB.

Types of support available

Federal level

All natural and legal persons with a company number (ECB), regardless of their sector of activity, that are experiencing financial difficulties as a result of the spread of the pandemic and can demonstrate this (eg a drop in turnover, a significant drop in orders and/or bookings, 'chain reaction' effects with partner companies, etc), can apply for support measures from Federal Public Service Finance (FPS Finance). Notably, natural and legal persons can apply for a payment plan, exemption from interest on arrears, and/or remission of fines for non-payment. Applications must be submitted no later than 30 June 2020 with FPS Finance.

Flanders

The Flemish Government has set up different measures to support companies affected by the pandemic and all natural or legal persons with an ECB can apply. The measures include a COVID-19 nuisance premium for companies affected by the lockdown. These companies are eligible for a lump-sum premium of €4,000 and an additional premium of €160 per mandatory closing day after 5 April 2020 that coincides with a normal business day. A COVID-19 compensation premium has been set for companies that are not in lockdown but suffer from a loss in turnover of at least 60% in the period between 15 March 2020 and 30 April 2020 compared to the same period in 2019; these companies are eligible for a lump-sum premium of FPS Finance of €3,000. Applications can be made at any time

via the VLAIO (Flemish Agency for Innovation and Entrepreneurship).

Additionally, the Flemish investment agency PMV is involved in providing finance to companies that are in financial difficulties due to the pandemic. Notably, PMV has received an additional budget to provide guarantees and subordinated loans to companies that meet the relevant criteria.

Wallonia

The Walloon Government has set up an extraordinary fund of €233 million for small and medium sized enterprises (SMEs) (ie employing less than 50 employees and with an annual turnover or balance sheet total not exceeding €10 million) strongly affected by the Government measures related to the fight against the spread of COVID-19. Such SMEs are eligible for a lump-sum compensation of €5,000.

Eligibility is based on different criteria, among which is to have paid social security contributions in 2018 and to be active in one of the sectors affected by the lockdown (based on a European NACE code list).

Eligibility

Only local companies with an ECB are eligible to apply for the support initiatives. Other eligibility criteria applies to various supports. For more on eligibility, see Types of support.

Access

Applications are to be made directly to FPS Finance or the competent regional authorities. See Useful links.

Ease/speed of access

The ease and speed of access depends on the measure; many support measures can be applied for online and made directly to the competent authorities. See Useful links.

Period of support

The period of support depends on the particular measure; some measures are a one-time subsidy or premium, while other measures are indefinite and could apply for the duration of the pandemic in Belgium.

Tax support and impact

At federal level, the support measures include flexibility in the payment of withholding taxes, VAT, personal income tax, corporate income tax and other taxes for legal persons. In Flanders, some regional tax exemptions can be applied for.

Insurance cover

The announced measures are government measures that can be applied for by any company that meets the relevant eligibility criteria; the measures do not interfere with private insurances that specific companies may have concluded.

Applicable existing support schemes

Belgium has an existing system in respect of temporary unemployment and employees whose employment contract gets temporarily suspended due to the pandemic can benefit from a replacement income equalling 70% of their normal income. This measure was introduced to avoid dismissals in periods of economic hardship.

Useful links

Further information on the Federal support measures are available at <https://finances.belgium.be/fr/entreprises/mesures-de-soutien-dans-le-cadre-du-coronavirus-covid-19>

Further information on the Flanders support measures are available at www.vlaio.be/nl/begeleiding-advies/moeilijkhedencoronavirus/specifieke-maatregelen-mbt-het-coronavirus/coronavirus

Further information on the Wallonia support measures are available at www.wallonie.be/fr/mesures-decidees-par-le-gouvernement-wallon

B. Impact on the energy and infrastructure sectors

Energy sector

The pandemic currently has had little effect on the Belgian energy sector, however, the Belgian energy sector is affected by falling energy prices. The Belgian lockdown does not apply for companies essential to the Belgian economy such as the energy sector in its entirety (production, transmission, distribution and market). The measures the Government may take, under the Act of 27 March 2020, to fight the pandemic include measures to guarantee the security of energy supply.

Infrastructure sector

No particular COVID-19 measures have been implemented to date in Belgium for the infrastructure sector.

Other regulatory and policy issues

To date, no particular measures have been implemented. However, by the Act of 27 March 2020, the Government was given special powers to fight the pandemic and to take 'measures to limit or direct their impact on social life and on the country', which include measures to guarantee 'the continuity of the economy'.

COVID-19 response initiatives in Bosnia and Herzegovina

An overview of the COVID-19 response initiative and impact on the Bosnian-Herzegovinian energy and infrastructure sectors

Miloš Laković, partner, and Aleksandra Petrovic, attorney at law at Moravčević Vojnović i partneri AOD in cooperation with Schönherr Rechtsanwälte GmbH

A. COVID-19 response investment and support initiative

Overview

The current developments regarding the rapid spread of the COVID-19 pandemic pose significant challenges for businesses in Bosnia and Herzegovina (BH). Businesses are facing numerous challenges, in particular in relation to employment matters, performance, (re)negotiation and signing of contracts, litigation, taxes, and repayment of loans in times of reduced liquidity. As BH is composed of two self-governed entities, the Federation of Bosnia and Herzegovina (FBH) and the Republic of Srpska (RS), and one district, Brčko District BH, each has separate legal regimes and authorities responsible for the adoption of measures relating to the mitigation of the economic consequences of the pandemic. In March 2020, BH authorities adopted a number of economic measures for mitigating the adverse effects of the pandemic, the maintaining of liquidity and the prevention of significant disruption to employment conditions.

Sectors covered

Generally, the measures that have been adopted are applicable to all business sectors. However, some measures are only available to specific business sectors, ie companies and entrepreneurs whose business activities have ceased due to the pandemic, such as trade, transport, storage and other services.

Types of businesses covered

The applicable extraordinary economic measures cover all types of businesses (large companies, small and medium sized enterprises, the self-employed, and utilities).

Types of support available

In the FBH, the following economic measures have been introduced:

Finance measures:

On 25 March 2020, the FBH Banking Agency imposed a moratorium on the repayment of loans. The moratorium is envisaged for all interested debtors (natural persons, farmers and entrepreneurs, companies) and involves the suspension of debt payments for a period of up to six months/until the national emergency ends. The moratorium is quasi-voluntary for banks and is not mandatorily imposed by the Government/regulator. Banks must define appropriate measures that will help their clients to establish a sustainable business model and to settle credit obligations. Banks however have the discretion to decide whether they will approve any of the measures following assessment, which is compulsory and should focus on how the debtor's business is affected by the crisis.

Tax measures

Payment obligations relating to FBH taxes and contributions incurred in March 2020 are delayed to 30 April 2020 and contributions for obligations incurred in April 2020 are delayed to 31 May 2020.

Measures to mitigate the negative effects on the economy:

A draft law for the territory of FBH, which is currently before parliamentary proceedings, provides for subsidies for employers that have experienced a fall in revenues of up to 20% within the period 1 January 2020 to 31 March 2020, compared to the same period in 2019. Under the draft law, subsidies would apply to minimum salaries and cover monthly contributions for each employee in the amount of BAM244 (about €120), starting from April 2020 until (and including) the month after the state of emergency ends. Entrepreneurs would also be entitled to certain benefits to that effect. Payments of statutory default interest for all public incomes would be suspended during the state of emergency and for 90 days after the state of emergency ends. All deadlines in court proceedings would also be suspended during the state of emergency and for ten days after the state of emergency ends.

In the RS, the following economic measures have been introduced:

Finance measures

Similarly to FBH, on 25 March 2020 a moratorium on the repayment of loans enacted by the RS Banking Agency entered into force in RS. The moratorium is envisaged for all interested debtors (natural persons, farmers, entrepreneurs and companies) and involves a suspension of debt payments for a period of up to six months/until the national emergency ends, commencing with the approval of the bank. The moratorium is quasi-voluntary for banks and is not mandatorily imposed by the Government/regulator. Banks must define appropriate measures that will help their clients to establish a sustainable business model and to settle credit obligations. Banks are however left with the discretion to decide whether they will approve any of the measures on assessment, which is compulsory and should focus on how the debtor's business is affected by the crisis.

Deadlines in court proceedings:

All court proceedings (including labour litigation) are suspended during the state of emergency, with the exception of urgent court proceedings such as custody procedures, interim measure procedures (injunctions), registration procedures for corporate changes and family law procedures.

Tax measures

All companies and entrepreneurs whose business activities have ceased due to the pandemic are entitled to apply for the RS solidarity funds covering salaries, taxes and contributions due in March 2020. Funds are to be paid upon individual request and no interest is calculated for delay in these payments.

Employees and entrepreneurs whose business activities have ceased due to extraordinary measures related to the prevention of the further spread of the disease are entitled to a minimum wage in RS as per the RS Government decision and contributions due in April 2020. Funds are to be paid upon individual request and no interest is calculated for delay in these payments. The deadline for filing 2019 income tax returns has been changed from 31 March 2020 to 30 April 2020. Additionally, the deadline for farmers to file 2019 contribution payments has changed from 31 March 2020 to 30 April 2020.

Eligibility

Although it is not specifically prescribed that the measures apply only to local companies and entrepreneurs, this will be the case with most of the measures, and eligibility conditions are defined within each relevant economic measure.

Access

To obtain adequate support, companies and entrepreneurs would have to apply with the relevant state entity following the relevant prescribed procedure, and access procedures are defined within each relevant economic measure.

Ease/speed of access

Most of the measures are available and accessible immediately, ie upon filing of the relevant application and assessment by the relevant competent authority. Specific deadlines for approval of the announced measures however are yet to be confirmed.

Period of support

Periods of support are intended to be applicable throughout the duration of the pandemic. Certain measures however have different applicability periods.

Tax support and impact

The state will, at this time, provide certain benefits to companies that have already been approved for a delay in payment of their tax obligations, in the sense that delays in payment of such obligations will be tolerated. See also Tax support and impact.

Insurance cover

It appears that adopted/proposed measures do not have any implications on insurance covers in place; however, potential effects will be confirmed once the measures are consumed.

Applicable existing support schemes

No other support measures are currently proposed or adopted in BH.

Useful links

The Chambers of Economy of the Republic of Srpska and the Chambers of Economy of the Federation of Bosnia and Herzegovina provide information on the economic

consequences of the pandemic, respectively available at http://komorars.ba/usluge/korona_virus and www.kfbih.com/vijesti-vezane-za-korona-virus

B. Impact on the energy and infrastructure sectors

Energy sector

No specific measures have to date been announced aimed specifically at the energy sector.

Infrastructure sector

No particular measures have to date been announced specific to the infrastructure sector.

Other regulatory and policy issues

On 28 March 2020, the National Assembly of the Republic of Srpska adopted a decision on declaring a state of emergency in RS, effective as of 3 April 2020. Under the Constitution of the Republic of Srpska, the state of emergency is a special legal regime that allows the President of the Republic of Srpska to adopt legislation by special decrees, and to temporarily suspend the application of certain constitutional rights.

On 16 March 2020, the Government of the Federation of Bosnia and Herzegovina declared a state of disaster in the FBH. Under the applicable law, a state of disaster is a special legal regime that allows use of additional measures, forces and resources to mitigate and eliminate the risks and threats or consequences of a catastrophe, emergency and other hazards to the population, environment and material goods.

The general impression is that both Governments cooperate closely with market participants in order to provide support to all affected industries and stakeholders. Further support measures can therefore be expected in the upcoming period.

COVID-19 response initiatives in Bulgaria

An overview of the COVID-19 response initiative and impact on the Bulgarian energy and infrastructure sectors

Radoslav Chemshirov, attorney at law, and Dimitar Kairakov, associate, both of Schoenherr, Bulgaria

A. COVID-19 response investment and support initiative

Overview

While Bulgaria was one of the first European Union (EU) countries to impose a state of emergency, it is currently lagging behind with respect to introducing support initiatives for businesses.

The main act that regulates the COVID-19 response in Bulgaria is the State of Emergency Act (SEA) in force as of 13 March 2020. The SEA provides the general legal framework for the support initiatives while the specifics are implemented through separate acts of the Bulgarian institutions. In addition to the SEA, the Bulgarian Health Minister issues orders with certain measures aimed at stopping the rapid spread of the virus within the country.

Sectors covered

Generally, the support measures may be used in various affected sectors.

Types of businesses covered

The supports are mainly targeted at retail businesses (except for grocery stores and pharmacies), tourism, transport and entertainment industries. The application of the support initiatives depends on the eligibility criteria. Small and medium sized enterprises (SMEs) and large companies may be supported as long as they meet the criteria.

Types of support available

As of 6 April 2020, the following supportive measures are known:

- The 60/40 support scheme under which the Bulgarian State (State) will cover a part of employees' salaries.
- Loans with more flexible conditions will be granted to companies and employees on unpaid leave. To that end, additional State funds of about €358 million are designated for an increase of capital of the State-owned Bulgarian Development Bank. These funds will be used to issue portfolio guarantees to commercial banks in order to facilitate more flexible terms under business loans; the conditions are yet to be announced.
- Credit moratorium is expected to be announced; the specific conditions which are yet to be published.
- As of 13 March 2020, the consequences of delayed payments do not apply to individuals and companies in the private sector, including statutory interest, penalties for delay, acceleration events, cancellation of contracts and seizure of

property. It is expected that this provision will be amended to apply only to financing transactions (loans, leasing, etc), however, for now, it applies to all payment obligations.

- During the state of emergency the Bulgarian governing bodies that distribute European structural and investment funds can unilaterally amend agreements for granted financial aid in accordance with the need for crisis measures, and also provide financial aid under simplified rules, including tender offers without announcement.

Eligibility

60/40 support scheme

Under the 60/40 scheme, the National Social Security Institute (NSSI) will pay employers 60% of the social security income of insured employees for January 2020 during the validity of the SEA, but for a period not exceeding three months. The employer must pay employees their full remuneration (ie the employer must pay the remaining 40% of the remuneration from their own funds). If the employer does not pay the full amount of the remuneration to the employees for whom the financial aid has been received, the employer must reimburse the aid. Further, the State will also cover social security contributions due by the employer above the 60% financial aid.

The aid can be used by (a) employers whose operations have been discontinued as a result of an order of the State authorities for the duration of the emergency state (eg restaurants, bars) and (b) almost all other employers (with few excepted industries that are otherwise supported by the State, eg agriculture), who have temporarily stopped (entirely or partially) work or have introduced part-time work for their employees and have a minimum of a 20% decrease in revenue. The comparison basis for the decrease in revenue depends on the date the employer's company was established. For companies established before 1 March 2019, the revenue for the month preceding the month of filing the application for financial aid should have decreased by at least 20% compared to the same month in the preceding year (ie if the application is submitted in April 2020, the revenue for March 2020 should have decreased by at least 20% compared to March 2019).

Additional requirements for employers applying for financial aid are that they:

- are local natural or legal persons, or foreign legal persons with business activities in Bulgaria;
- have no outstanding tax and social security contribution liabilities established by a valid act issued by the competent authorities;
- are not under any insolvency or liquidation proceedings;

- keep the employees for whom they have received the aid for a period not shorter than the period of receiving the aid;
- do not terminate employment agreements on the grounds of closing down part of the enterprise, staff reduction, decrease of workload, and putting a stop to work, for more than 15 days during the period the employer receives the State grant; and
- have no established violations of employment and labour migration laws in the six months preceding the issuance of the order to stop work.

Loans and credit moratorium

- For the loans and credit moratorium, the commercial banks and the Bulgarian National Bank are preparing the specific conditions, which are yet to be announced.

Access

The deadline for filing applications for financial aid under the 60/40 support scheme is 21 April 2020.

Ease/speed of access

Applications must be submitted to the Bulgarian Employment Agency via mail, post or at a local employment agency office and applications must be reviewed within seven business days. The NSSI must pay the respective amounts within five business days following receipt of the approved documents.

Period of support

The support for employers under the 60/40 measure cannot exceed three months.

Tax support and impact

State tax support is currently limited to the extension of certain tax related deadlines for 2020: the deadline for submission of the corporate income tax declaration and payment of corporate tax obligations is extended from 31 March 2020 to 30 June 2020; and the deadline for publication of the company's annual financial statements in the Bulgarian Commercial Register is extended from 30 June 2020 to 30 September 2020.

Useful links

The Employment Agency has samples of the required documents for the 60/40 support scheme, available at www.az.government.bg/pages/izplashtane-na-kompensacii-za-zapazwane-na-zaetostta

B. Impact on the energy and infrastructure sectors

Energy sector

The main concern in the energy sector in Bulgaria shifted from the constantly increasing electricity prices, just a month ago (March 2020), to a significant drop in those prices today (6 April 2020). The low outside temperatures in March and the first days of April combined with the fact that the majority of the households in Bulgaria use electricity for heating managed to compensate for some of the reduced electricity consumption in the industry sector, however the negative trend is already visible.

The Independent Bulgarian Energy Exchange (IBEX) reported the lowest prices in Europe (€3.95/MWh for 4 April 2020 to €11.95/MWh for 6 April 2020) for the day ahead market during

the first weekend of April 2020. For comparison, the weighted average price for the day ahead market for 2019 in Bulgaria was about €48.64/MWh. Such low prices are negatively affecting all market participants, especially electricity producers and traders. It could be disastrous for one of the biggest electricity producers, the State-owned Maritza East II, a 1,620MW thermal power plant, which was suffering financial losses anyway for the past seven years, and could hardly sell any electricity under current market conditions. Even the biggest generator, the State-owned 2,000MW nuclear power plant Kozloduy, whose profit has always been used to cover for losses in the sector, is forced to sell electricity below cost price. All buyers of electricity under long-term power purchase agreements are attempting to renegotiate the terms and prices.

The renewable energy producers are also hugely affected by the low market price of electricity. The main incentives for investment in renewable energy projects in Bulgaria, the feed-in tariff (ie the guaranteed preferential price) and long-term power purchase agreements were cancelled in the last two years and those producers were obliged to sell the electricity at the IBEX (either directly or through the coordinator of the respective balancing group). In addition, they receive a feed-in compensation premium which is set by the Bulgarian Energy Regulator based on an electricity market forecast price (the price the producers should be able to receive at the IBEX). The electricity market forecast price for the period 1 July 2019 to 30 June 2020 is set to from about €42.62 to €49.26 (depending on the energy source, ie wind, solar, etc), which significantly exceeds the actual market price since the COVID-19 pandemic struck.

Infrastructure sector

The infrastructure sector is also affected by the current pandemic. The reduced capacity of the authorities and the reorganisation of work processes may cause administrative delays of projects in the coming months. The Bulgarian Construction Chamber has already expressed concerns that the suspension of construction projects funded by the EU may lead to delays in the schedule for performance, financial corrections and in some cases losses and reimbursements of funds.

COVID-19 response initiatives in China

An overview of the COVID-19 response initiative and impact on the Chinese energy and infrastructure sectors

Nanda Lau, partner, Monica Sun, partner, Calvin Ho, partner, Jie Li, senior associate, and Weili Zhong, associate, all of Herbert Smith Freehills, China

A. COVID-19 response investment and support initiative

Overview

China does not have a centrally implemented initiative in response to the COVID-19 pandemic. Various Chinese authorities and different provinces have released relief and supporting policies and measures covering multiple aspects of business operation, including resumption of production and operations, foreign trade, taxation, social security and employment, loans and financial support, and foreign exchange. Certain industry specific initiatives have also been released to support sectors badly hit by COVID-19.

Sectors covered

Many of the relief and supporting measures apply to all sectors, however certain measures specifically apply to companies in certain sectors including those that manufacture supplies critical for COVID-19 prevention, the transportation and logistics sector, the catering, hospitality and tourism sector, and foreign trade. For instance, for tax deduction purposes, companies in the transportation and logistics sector or catering, hospitality and tourism sector are eligible for an extended period of eight years of carry-over period for company losses incurred in 2020 instead of five years.

Types of businesses covered

Many of the relief and supporting measures apply to all types of companies, however there are specific policies and measures that provide small and medium sized enterprises (SMEs) with preferred treatment. For instance, SMEs are entitled to exemptions and reductions in social security and taxation for a longer period than non-SMEs.

Types of support available

The relief and stimulus policies and measures promulgated by the Chinese authorities and provinces are multi-faceted, and include:

- **Social insurance and employment:** Exemptions and reductions of social security are implemented to stabilise the employment market. To mitigate the severe hit of COVID-19, Hubei province has exempted the requirement for companies to contribute to the basic pension insurance, unemployment insurance and work-related injury insurance for up to five months. Other provinces may exempt the contributions of micro enterprises and SMEs to these three social insurances for up to five months, and may reduce by half the contributions of large enterprises for up to three months. Micro enterprises and SMEs that do not lay off employees (or reduce their layoffs) could be refunded up to 100% of the

previous year's unemployment insurance premiums paid by them and their employees.

- **Foreign trade support:** The PRC Ministry of Commerce (MOFCOM) will lift unnecessary trade restrictions to maintain the stable and healthy development of global supply chains. MOFCOM will also implement support for the financing needs for performance of foreign trade contracts and refund of export tax to foreign trade enterprises.
- **Foreign exchange transactions support:** To facilitate the foreign exchange process, the State Administration of Foreign Exchange (SAFE) has established a green channel for foreign exchange. When an enterprise handles settlement and payment of capital account items related to epidemic prevention and control, it is not required to submit documents in advance, and, where needed for prevention and control of the epidemic, the limitation on foreign debts borrowing can be removed.
- **Financial support and loans:** The People's Bank of China (PBOC), SAFE etc together have implemented measures to strengthen the financial support for prevention of COVID-19. For companies in the wholesale and retail sectors, accommodation and catering, logistics and transportation, cultural tourism etc severely hit by COVID-19, especially small and micro sized companies, financial institutions will facilitate the issuing of loans. By appropriately lowering the loan interest rate, increasing credit loans and medium and long-term loans etc financial institutions will support relevant companies to overcome the impact of the pandemic. Additionally, since 24 March 2020, PBOC and SAFE have also raised the upper limit of risk weighted outstanding cross-border financing from two to two and a half times the net assets for foreign-invested enterprises; practically, this means an increased foreign debt quota for foreign-invested enterprises.

Eligibility

Most of the relief and supporting measures currently promulgated are high level and directional in nature, and will be implemented by the corresponding departments or local governments. It is difficult to generalise the eligibility criteria, which are subject to interpretation by the relevant departments or local governments.

Specific qualifications may apply to certain sector-specific measures. For instance, enterprises in the transportation and logistics, catering, hospitality and tourism sectors need to meet the following criteria in order to be eligible for the relief measures: (i) an enterprise must be severely hit by COVID-19, and (ii) its income from its main business accounts for more than 50% of its total income in 2020.

Access

Most of the relief and supporting measures do not specify access, which may be set out by the relevant department or local government in practice. It is noted that some will be automatically granted if eligibility criteria is met such as exemptions and reductions of social security, and some will require applications to be made by the businesses concerned, such as for the removal of limits on foreign debt borrowing.

Ease/speed of access

Most of the relief and supporting measures also do not specify the speed of access. It is expected that implementation rules will be published in due course by the relevant departments or local governments.

Period of support

Most of the relief and supporting measures do not specify the implementation period. It is expected that many will be effective during the COVID-19 period until further notice. It is however specified that the relief policies for social insurance are limited to five months.

Tax support and impact

Different taxation support applies to different products and services starting from 1 January 2020 until further notice:

- Key enterprises manufacturing supplies critical for COVID-19 prevention can apply to the relevant tax authorities monthly for a full refund of VAT incremental tax credits. A list of eligible enterprises will be determined by the National Development and Reform Commission (NDRC) and Ministry of Industry and Information Technology (MIIT), or their respective local branches at provincial level.
- The costs of equipment newly purchased for capacity expansion by enterprises that manufacture critical supplies for COVID-19 prevention can be counted, on a lump-sum basis, as costs and expenses for the current period and are deductible before the calculation of enterprise income tax. A list of eligible enterprises will be determined by NDRC and MIIT or their respective local branches at provincial level.
- Income from transportation of critical COVID-19 prevention supplies is exempt from VAT.
- Income from providing public transportation services, services required for daily life and express delivery services for daily necessities is exempt from VAT.

Useful links

The MOFCOM website has news and policy updates and information, available at www.mofcom.gov.cn/article/b/fwzl/202002/20200202937077.shtml

The General Office of the State Council implementation opinions on strengthening employment stabilisation is available at www.gov.cn/zhengce/content/2020-03/20/content_5493574.htm

The Ministry of Human Resources and Social Security Ministry of Finance General Administration of Taxation notice on the periodic reduction and exemption of corporate social insurance premiums is available at www.chinatax.gov.cn/chinatax/n810341/n810755/c5144708/content.html

The Beijing Municipal Tax Service announcement on tax collection and management matters in support of the prevention and control of pneumonia outbreaks of new coronavirus infection is available at http://beijing.chinatax.gov.cn/bjswjwz/sszc/zxwj/202002/t20200214_447087.html

The Beijing Municipal Tax Service guidance on supporting preferential tax and fee policies for epidemic prevention and control and economic and social development is available at http://beijing.chinatax.gov.cn/bjswjwz/sszc/zxwj/202003/t20200310_448361.html

The SAFE circular on establishing a green channel for foreign exchange policies to support the prevention and control of new coronavirus infected pneumonia is available at www.safe.gov.cn/safe/2020/0127/15259.html

The PBOC, Ministry of Finance, Banking and Insurance Regulatory Commission, China Securities Regulatory Commission and SAFE notice on further strengthening financial support to prevent and control new coronavirus infection pneumonia epidemic is available at www.gov.cn/zhengce/zhengceku/2020-02/01/content_5473639.htm

B. Impact on the energy and infrastructure sectors

Energy sector

Demand for energy in China has declined due to the slowdown of economic activities during the COVID-19 outbreak. In the power sector, every form of electricity production dropped from the prior-year's output in Q1 2020 except for solar. Strict quarantine measures have disrupted the workers and companies throughout the country resulting in, among other things, a slowdown in port activities and a cut down in refinery output. Some Chinese oil and gas buyers have declared force majeure to cut or delay loss-making contracts, or to renegotiate pricing.

As economic activities show signs of recovery, however, and all levels of Chinese governments are launching policies to boost consumption and stimulate economy, it is expected that the demand for energy in China will gradually return to pre-COVID-19 levels. During the COVID-19 outbreak, the Chinese governments at national and local levels have published a number of notices asking energy companies to ensure stable energy supply and to temporarily reduce the price for gas and electricity for industrial and commercial users in order to support the economic recovery.

Infrastructure sector

The infrastructure sector is heavily impacted by COVID-19 as Chinese construction workers were not able to resume work and the supply of equipment and materials was delayed due to lockdown and travel restrictions throughout China. Overseas infrastructure projects undertaken by Chinese contractors including 'Belt and Road' projects are now facing delays due to the same issue. A number of engineering, procurement and construction (EPC) contractors sought legal relief under their EPC contracts, including through the use of force majeure provisions, claims for frustration, or material adverse change.

With COVID-19 cases now relatively contained in China, the Chinese government is now pushing for resumption of work with particular emphasis on the construction sector. Both

national and local governments have published a number of support policies including tax, financial, social security policies and digital and online platforms to help reduce construction companies' costs and increase efficiency; they have also provided guidance on contract management of delays and cost overrun due to COVID-19, encouraging coordination and cooperation during these difficult times.

The Chinese government is launching a 'new infrastructure' programme as part of a stimulus strategy to boost its economy. Moving away from traditional infrastructure such as road, railway and airports, the 'new infrastructure' plan will focus on 5G infrastructures, artificial intelligence, industry Internet of Things (IoT), internet data centres, ultra-high voltage transmission grids (UHV), electric vehicle charging networks, and inter-city high-speed rails. A number of Chinese provincial governments have also published long lists of investment projects in the last two months, with a combined investment of around CYN25 trillion (US\$3.6 trillion), including CYN3.5 trillion (US\$500 billion) for 2020.

Other regulatory and policy issues

Through April 2020, as the number of new COVID-19 cases drops throughout China, most provinces and cities are lifting or easing the lockdown measures and pushing for a resumption of work and return to normal economic activities.

Although travelling to China by foreigners is temporarily banned from 28 March 2020 until further notice, China is continuing its efforts to further open up to foreign investment by optimising the business environment for foreign investment and ensuring equal treatment of domestic and foreign investment during the pandemic.

COVID-19 response initiatives in Croatia

An overview of the COVID-19 response initiative and impact on the Croatian energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

To date, the Croatian Government (Government) has adopted two packages of measures in response to, and in an effort to mitigate the consequences of, the economic impact of the COVID-19 pandemic. The first set of measures, which encompasses 63 measures in total, was proposed by the Government on 17 March 2020 and shortly thereafter adopted by the Croatian Parliament (Parliament) on 19 March 2020. In addition, on 2 April 2020, the Government proposed a second set of measures, which was adopted by the Parliament on 7 April 2020.

The main aim of these governmental measures, which total up to HRK60 billion, is to ensure liquidity support to companies and economic sectors most affected by the pandemic and to protect workers from unemployment and loss of income.

Sectors covered

Generally, the set of tax measures and financial support to companies aimed at preserving jobs are applicable to all companies and sectors that are affected by the COVID-19 crisis. In addition, specific measures are intended for the hardest hit industries and economic sectors, such as tourism and hospitality, agriculture and fisheries, transport and storage.

Types of businesses covered

The measures introduced are aimed at all companies (small and medium sized enterprises (SMEs) and the self-employed) that either cannot do business, or experience difficulties in doing business due to the pandemic. The minimum wage payment scheme measure and the write-off of social security contributions and tax liabilities measure are designed to help, in particular, micro enterprises, SMEs and the self-employed (around 93% of all businesses in Croatia fall under the category of taxpayers that have generated a turnover of less than HRK7.5 million).

Types of support available

The most important types of support available under the Government's initiative include financial support for preserving jobs and write-off of taxes and social security contributions.

Financial support has been made available for the preservation of jobs in COVID-19-affected sectors under which, the net minimum wage of HRK3,250 per employee for March 2020, is increased to HRK4,000 for April 2020 and May 2020. Additionally, employers are exempt from payment of contributions, which amounts to around HRK1,460 for a net wage of HRK4,000. In total, the Croatian State (State) will cover

the aid amount of HRK5,460 per employee. See also Tax support and impact.

Measures have been introduced regarding utilities charges, under which local authorities (cities and municipalities) can exempt businesses from the obligation to pay public utility charges and/or rental payments for business premises owned by the cities or municipalities; the range of these measures adopted at the local level differs from one local authority to another.

A set of measures has been introduced for tourism, hotels, private rental sector and tourist agencies. The various measures introduced regarding the tourism sector include amendments to the Tourist Tax Act whereby the Government will be empowered to determine by decree the amount and terms of payment of the tourist tax. Other tourism sector related measures introduced include:

- a 180 days moratorium on termination of a travel package contract;
- an extension of the deadline for reclassification of hotels and apartments;
- setting of the variable part of the concession fee on tourist land at the campsite co-owned by the State for 2019 at HRK1.00, and postponing the deadline for payment of the fixed part of the concession fee to 31 November 2020;
- deferral of tourist fee payments for persons providing catering services in their households or on farms;
- deferral of tourist membership payment for economic operators and private renters;
- deferral of tourist tax payment for private renters (flat rate); and
- aid for working capital financing programmes and improvement in liquidity of vulnerable tourism entrepreneurs.

The Croatian Agency for SMEs, Innovation and Investments (HAMAG-BICRO) has introduced support measures, under which the European Structural and Investment Funds (ESIF) Micro Loans for working capital of micro and small enterprises has been increased (€1,000 to €25,000 for a 12 months' grace period, interest reduction to 0.5%, 0.75%, 1.0% depending on the development index). Interest rates on investment loans with a 30% share of ESIF Micro and Small Loans working capital have also been reduced to 0.1%, 0.25%, 0.5% depending on the development index directly implemented by HAMAG-BICRO. Other measures include:

- an increase in the maximum guarantee rate for ESIF individual guarantees for working capital loans from 65% to 80% of the

loan principal (guarantee amount €150,000 to €1 million) implemented by HAMAG-BICRO via 17 financial institutions;

- a moratorium on all instalments of ESIF Micro and Small Loans, and Micro and Small Rural Development Loans to 31 December 2020, and an extended repayment/deadline period for guaranteed loans;
- the establishing of a new financial instrument, Micro Rural Development Loan, for working capital, which has a fast processing time, grace period and low interest rate;
- counter-guarantees for 50% of the principal for working capital of tourism loans (interest rate 0.5%, 0.75%, 1.0%); and
- the establishment of a new financial instrument, COVID-19 loans, for financing of working capital for SMEs. The COVID-19 loan provides for loans of up to HRK750,000 with a 12 months' grace period, an interest rate of 0.25%, a repayment term of up to five years and no processing fee.

The Croatian Bank for Reconstruction and Development (HBOR) has also introduced support measures, which allow for a moratorium on clients' credit obligations under existing placements and rescheduling of existing loans while introducing a grace period for repayment of the principal loan. In cooperation with commercial banks, HBOR will also approve new liquidity loans to companies for financing wages, utility costs and other overhead expenses (idle mode).

The support measures introduced by commercial banks include a stand still measure under which execution of all enforcement measures against all debtors (legal or natural persons) is suspended for a period of three months. Other supports include liquidity and working capital loans (wages and working capital excluding liabilities to financial institutions) with a maturity date of three years and reprogramming by the credit institutions to designated customers in an expedited procedure without reclassification to default.

Various other measures have been introduced, which include aids for independent artists, the self-employed, and natural and legal persons in the cultural and creative industries. The fulfilment of obligations of natural and legal persons in the field of culture for the implementation of programmes under the Ministry of Culture, the Croatian Audio Visual Centre and the Foundation Culture New has been deferred. The obligatory membership payment to the Croatian Chamber of Commerce has also been suspended for all establishments whose businesses have stopped due to the pandemic.

Eligibility

To be eligible to receive financial support for preserving jobs, those considered eligible employers and the COVID-19 affected sectors are:

- accommodation and food and beverage service activities;
- transport and storage;
- employers in health tourism activities;
- labour-intensive industries within the manufacturing industry (textile, clothing, footwear, leather, wood and furniture);
- employers who cannot perform the activity in accordance with the decisions of the Civil Protection Headquarters of the Republic of Croatia; and

- other employers who can demonstrate the impact of special circumstances.

Generally, the eligibility criteria depends on the specific support measures. For the financial support measures, applicants must show one of the following:

- loss of turnover of more than 20%;
- cancellation of reservations, events, congresses, seminars, etc;
- cancellation of contracts and orders;
- inability to deliver finished products or contracted and paid raw materials, feedstock, machines, tools, etc;
- inability of suppliers to deliver new orders of raw materials, tools and machines necessary for work; and
- activities undertaken aimed at preserving jobs.

Employers must demonstrate with adequate supporting documentation that they fulfil one of the above-listed criteria (accumulation is not permitted).

The measures will not be applicable for employers if in the period from 20 March 2020 until the time of payment of the support there was a drop in the employment rate of more than:

- 40% for employers employing up to ten workers;
- 20% for small businesses;
- 15% for medium sized enterprises; and
- 10% for large enterprises.

See also Ease/speed of access.

For the eligibility criteria for tax support measures (eg write-off or deferral of social security contributions and tax liabilities, VAT), see Types of support.

Access

The framework for implementing measures is still in progress and access to support measures and adequate supporting documentation to be submitted together with the application depends on the type of support measure available. Further information is made available on the websites of the implementing authorities (see Ease/speed of access and Useful links).

From 31 March 2020, the economic operators based in Croatia and whose businesses have been impacted by the pandemic can apply online for support measures aimed at safeguarding the economic activity and liquidity adopted by the Government through a new single online platform 'Measures' (*Mjere*) administered by the Financial Agency (FINA) (see Useful links).

Available measures include loans for working capital (liquidity), deferral of loan repayments and rescheduling of loans. The initial applications are sent to the commercial banks, HBOR and HAMAG-BICRO and, upon receipt of the application, the applicant will be contacted by the pre-selected credit institution. Processing and approval of the application is further carried out in accordance with the criteria of the relevant credit institution.

Together with the initial application, the applicant must submit the following three statements: (i) statement on the estimated

reduction of revenue in 2020 compared to 2019, (ii) statement on the drop in revenue in the first quarter of 2020 compared to the same period in 2019, and (iii) estimates on the required loan amount.

Ease/speed of access

Support measures aimed at safeguarding economic activity and liquidity may be applied for online through the FINA 'Measures' online platform (see Access and Useful links).

Various timelines exist as regards the applications for financial support for preserving jobs in COVID-19-affected sectors (see also Eligibility):

- applications for support received up to 7 April 2020 23:59 will be subject to approval relating to wages for March 2020, April 2020 and May 2020;
- applications for support received between 8 April 2020 and 7 May 2020 up to 23:59 will be subject to approval relating to wages for April 2020 and May 2020;
- applications for support received between 8 May 2020 and 7 June 2020 up to 23:59 will be subject to approval relating to wages for May 2020; and
- details on eligibility criteria and the application procedure are made available (in Croatian language only) on the Croatian Employment Service (HZZ) website and applications can also be submitted online via the website (see Useful links).

HZZ will within ten days of receipt of complete documentation review the received applications, inform the beneficiary of accepted applications and conclude an agreement on using job preservation measures; the due date for payment of the net minimum wage is the 15th of the respective month for the previous month.

Period of support

Financial support for preserving jobs in COVID-19-affected sectors is applicable as of 1 March 2020 for the three months period March 2020, April 2020 and May 2020; for other support measures see Types of support.

Tax support and impact

A complete write-off of corporate income tax/income tax/contributions for April 2020, May 2020 and June 2020 is provided for taxpayers that have generated a turnover of less than HRK7.5 million and have a revenue decrease of more than 50%.

Other taxation measures include:

- a partial write-off of corporate income tax/income tax/contributions in proportion to the decrease in revenue for April 2020, May 2020 and June 2020 for taxpayers that have generated a turnover of more than HRK7.5 million and have a revenue decrease of more than 50%;
- deferred payment of corporate income tax/income tax/contributions for a period of three months plus an additional three months for taxpayers with a decrease in revenue between 20% and 50% compared to the previous year. Following the period of deferral, instalment payments of tax liabilities can be made for up to 24 months without interest;

- the temporary introduction of a VAT Cash Accounting Scheme (instead of the Standard VAT Accounting Scheme used in Croatia) with the aim of improving cash flow; businesses therefore do not now pay VAT until they have received payment;
- for imports, VAT will not be paid during customs clearance but will be reported through a monthly VAT return, and there is no VAT on certain supplies of goods and imports for the purpose of donation; and
- for filing of corporate income tax returns and annual financial statements for 2019, the deadline has been extended to 30 June 2020, and companies are exempt from paying the Financial Agency (FINA) a fee for publication of financial statements.

Insurance cover

The Government has adopted three measures providing support to exporters and the tourism sector relating to insurance. HBOR, ie the Croatian Bank for Reconstruction and Development, will on behalf of the State approve portfolio insurance policies (guarantees) to commercial banks of exporters and HBOR under the Export Guarantee Insurance Fund with the aim of using guarantees as collateral for granting new liquidity loans. The new measure also includes the tourism sector with the aim of enabling the issuance of portfolio insurance policies (guarantees) for loans to commercial banks and HBOR, for additional liquidity funds to exporters and the tourism sector. The measure will also be further extended to cover eligible beneficiaries of export and tourism insurance policies to economic operators that indirectly export or are suppliers of direct exporters.

Applicable existing support schemes

Other support schemes for companies that may be relevant for companies at this time include the introduction of an additional grace period for the obligation to preserve jobs without losing the right to access aid measures related to the investment projects implemented in accordance with the Investment Promotion Act. A further supportive measure to affected businesses is the enabling of European Union (EU) funding beneficiaries to suspend or delay project implementation, deferral of repayments, and to acknowledge the reduced realisation of planned indicators on projects due to objective new circumstances.

For the agriculture sector, the Ministry of Agriculture plans to implement an additional flexibility mechanism between funds to increase production related payments or introduce intervention measures with the prior approval of the European Commission. The Ministry of Agriculture will also propose a new state aid scheme and de minimis aid to the agriculture sector due to traffic restrictions and increased handling costs, and so on.

Useful links

More detailed information on the Government's set of measures to mitigate the adverse impacts of the pandemic are on the official Government website, available at www.koronavirus.hr/vladine-mjere/101

Further information is also available on the official websites of the following implementing authorities; the text of which is mostly in Croatian:

- Ministry of Finance, available at <https://mfin.gov.hr>
- Ministry of Regional Development and European Union Funds, available at <https://razvoj.gov.hr>
- Ministry of Labour and Pension System, available at <https://mrms.gov.hr>
- Ministry of Economy, Entrepreneurship and Crafts, available at <https://gospodarstvo.gov.hr>
- Ministry of Tourism, available at <https://mint.gov.hr>
- Ministry of Agriculture, available at <https://poljoprivreda.gov.hr>
- Ministry of Culture, available at www.min-kulture.hr
- Ministry of Sea, Transport and Infrastructure, available at <https://mmpi.gov.hr>
- FINA, available at www.fina.hr
- HBOR, available at www.hbor.hr and www.hbor.hr/en/support-for-entrepreneurs-to-mitigate-adverse-impacts-of-covid-19-coronavirus-pandemic
- HAMAG-BICRO, available at <https://hamagbicro.hr>
- HZZ, available at <https://mjera-orm.hzz.hr/potpora-ocuvanje-radnih-mjesta>
- Croatian Employment Service, available at <https://mjera-orm.hzz.hr/potpora-ocuvanje-radnih-mjesta>
- Decision on Measures to Limit Social Gatherings, Work in Commerce, Services and Sporting and Cultural Events;
- Decision on Temporary Prohibition of Crossing the Border of the Republic of Croatia;
- Decision on Prohibition of Leaving Place of Residence and Permanent Residence;
- Decision on Temporary Suspension of Public Transport;
- Decision on Strict Limitation of Gatherings on Streets and Other Public Places; and
- Decision on the Procedure and Implementation of Quarantine and Home Isolation for International Transport Freight Drivers during the Pandemic.

Given the fact that the Government has introduced measures on time and that it has slower growth in the number of COVID-19 patients, it is expected that certain measures will be eased in the upcoming period, however the likely term for exiting COVID-19 measures is still unknown.

B. Impact on the energy and infrastructure sectors

Energy sector

The pandemic and its effects on the global economy are certainly raising concerns for energy projects under development in Croatia. COVID-19 protection measures, especially travel restrictions, shortages of raw materials and work force due to stay-at-home orders, and supplier work shutdowns could impede progress and result in delays or disruption of planned projects.

To date, there have been no temporary regulatory changes concerning the energy sector or targeted emergency measures to be implemented by energy suppliers to support vulnerable customers in financial distress as a result of COVID-19. The EU and Croatian legislation on critical infrastructure applies to energy and transport sectors, therefore sufficient energy supply is secured.

Infrastructure sector

Large infrastructure projects under development are also impacted by COVID-19 response measures although construction is permitted, however supply chain disruptions could impede progress. To date, no temporary regulatory changes concerning the infrastructure sector have been adopted.

Other regulatory and policy issues

Croatia is among the countries that are currently implementing the most rigorous measures in the fight against the spread of COVID-19. The relevant legislation rendered in relation to preventive measures against COVID-19 include:

COVID-19 response initiatives in Czech Republic

An overview of the COVID-19 response initiative and impact on the Czech Republic energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

Czech Republic joined the ranks of countries in which day-to-day life has been markedly disrupted not only by the occurrence of COVID-19 but, in particular, by the crisis measures adopted by public authorities in order to prevent further spread of the disease. Many of the Czech businesses have been affected by the adverse effects of these emergency measures. Therefore, the Czech Government (Government) has introduced various economic support measures aimed at mitigating the negative impacts on individuals and entrepreneurs.

The Czech-Moravian Guarantee and Development Bank (*Českomoravská záruční a rozvojová banka, a.s.*) (CMGDB) in cooperation with the Ministry of Industry and Trade offers guarantees for commercial loans (provided by major commercial banks) and also compensation for interest paid on such commercial loans; the CMGDB is a pre-COVID-19 existing measure.

Furthermore, the Ministry of Finance has prepared a government proposal for a three or six-month moratorium on loans and mortgages (with deferred instalments of the principal and interest unaffected). Once approved by Parliament, which is most probable, this moratorium will be binding on all banks and non-banking companies and will be available to consumer and business loans including mortgages that were concluded before 26 March 2020. The measure will not be applicable to credit cards, overdrafts, revolving loans, operating leases or loans related to capital market transactions. Deferral will not be available for debtors whose loans are overdue more than 30 days as of 26 March 2020. Should the debtor choose to defer the repayment, the payment dates would be adequately extended in future.

In parallel, most of the major commercial banks began to offer their clients a voluntary moratorium. According to a statement of the Bank Association, commercial banks should provide their clients with a three-month deferral of mortgage and loan repayments. However, specific conditions are to be determined by each bank and some banks are charging an application processing fee.

The Government also adopted reliefs for sole traders in the form of six-month 'holiday' in the payment of advances on health and social insurance. In their annual accounts, total premiums will be reduced by the amount corresponding to the minimum advance payments for half a year and this amount will be entirely forgiven. The aim of the measure is therefore to temporarily assist low-income self-employed workers who have not earned sufficient income to pay the advances.

The Government also approved the 'Antivirus' programme of the Ministry of Labour and Social Affairs aimed at helping companies delay the need to lay off employees by partially compensating their wages. Employers affected by the disease will be wholly or at least partially compensated for wages paid to those employees that are not allowed to work due to obstacles on their side (eg a quarantine order) or on the employer's side (eg closure of the establishment by the Government) caused by COVID-19.

Sectors covered

All business sectors, including energy and infrastructure, are covered by the announced support programmes. However, some of the anticipated measures, such as the COVID III loans, will allegedly not be available to certain sectors such as travel, hospitality and export.

Types of businesses covered

The programmes of the CMGDB are intended for small and medium sized businesses (SMEs) and sole traders. Other support measures are also intended for large corporations and individuals (eg employees).

Types of support available

The supports announced are mainly in the form of compensation (eg of loan interest or wages), loan guarantees, deferral of mortgage and loan repayments, and the extension of the deadline for the filing of income tax.

Eligibility

For CMGDB's loans, various conditions must be fulfilled, which are defined for each phase of lending (various credit lines have been introduced); the CMGDB's website has up to date information (see Useful links).

Basic conditions for claiming Antivirus compensation include: (i) the relevant employee (whose wages are compensated) is in an employment relationship and partakes in the health and pension insurance system; (ii) the employer complies with the Labour Code; (iii) the employer must pay wages and obligatory social insurance contributions and public health insurance, which are deducted from the assessment base of the relevant employee; and (iv) COVID-19 must be the attributable reason as to why the employer is unable to assign work to the employee. In addition, the tax based measures are by definition available only for Czech taxpayers, which could be also foreign individuals and legal entities.

Access

For loan support from the CMGDB, applications to the programme are accepted on official forms available on the

website of the CMGDB. In order to activate the moratorium, the debtor will need to notify the creditor (the bank or non-banking company) that the pandemic has had a negative economic impact on him (no proof required). Applying for the compensation in the Antivirus programme is possible through an interactive form on the website of the Ministry of Labour and Social Affairs (see Useful links).

Ease/speed of access

Generally, the Czech measures are often criticised for taking too long to process and for the administrative authorities not having a very flexible approach. Some Czech support measures usually take weeks or months for the overwhelmed authorities to process. Also, some Czech forms take even a professional advisor up to ten hours to fill out and the error-rate, eg with the Antivirus applications, is 70%, that is only 30% of applications are approved.

Period of support

The periods of support vary, eg the moratorium for loans and mortgages may be for three or six months.

Tax support and impact

The Ministry of Finance has also prepared a liberalisation package for taxpayers extending the deadline for the filing of income tax. The income tax returns may now be submitted until 1 June 2020, ie three months later than usual. Penalties for late tax return of all taxes can be individually waived in cases where COVID-19 related reasons are proven. Due to the difficult social or economic situation caused, among others, by the pandemic, taxpayers may ask for deferred payments of instalments without the risk of an administrative fee. In addition, the Ministry of Finance has postponed the effectiveness date of the final phase of electronic sales records, which is a VAT related measure, by three months until 1 August 2020.

Insurance cover

Where relevant businesses are insured against pandemics or similar risks, this does not automatically disqualify them from State aid. However, these businesses could find it problematic to prove the negative effect of the pandemic on their business, which is a requirement for some of the measures, if their losses are fully covered by the insurance.

Applicable existing support schemes

There are multiple existing (pre-COVID-19) support measures such as investment incentives or a guarantee of CMGDB for a standard commercial loan (see Overview).

Useful links

Further information on the assistance provided by the CMGDB to SMEs is available at www.cmzrb.cz/en

General information on the Ministry of Labour and Social Affairs is available at www.mpsv.cz/web/en and more on the Antivirus programme is available at www.mpsv.cz/web/cz/antivirus

More on the measures adopted by the Government against COVID-19 is available at <https://vlada.cz/en>

B. Impact on the energy and infrastructure sectors

Energy sector

No specific regulations have been passed for the energy sector, apart from the general push for keeping the sector going as the pandemic has reduced the demand for electricity by about 10% and also reduced the demand for other energy commodities. As a result of the fall in demand prices can be expected to fall, as has already been seen with oil. The falling prices of commodities has had a significant impact on the relevant producers and traders particularly in terms of cost (cash) saving measures. The biggest nuclear power plant in the Czech Republic (ČEZ a.s.) has, due to the decreased demand for electricity, extended the planned outage of Unit 3 of the nuclear power plant, in order to make further recommission works, until the beginning of May.

Infrastructure sector

As the energy sector is deemed to be critical infrastructure under Czech law, the main concern is to prevent any supply interruptions. Therefore, the Ministry of the Interior ordered critical infrastructure workers (eg plant operators) to limit their movement in public and limit their contact with other people to the absolute necessary minimum. Some of the major electricity DSOs (ČEZ, E.ON) have announced the postponement of planned shutdowns of electricity supplies to only those necessary for repairs, with the aim of creating favourable conditions for people to work from home.

COVID-19 response initiatives in Denmark

An overview of the COVID-19 response initiative and impact on the Danish energy and infrastructure sectors

Anders Stubbe Arndal, partner, and Christopher Dalgas, assistant attorney, both of Kromann Reumert, Copenhagen

A. COVID-19 response investment and support initiative

Overview

In response to the COVID-19 pandemic, the Danish Government (Government) has introduced various initiatives to support Danish businesses and the workforce. Among the primary initiatives put in place are guarantee schemes for loans to large and medium sized enterprises (SMEs) as well as value added tax (VAT) loans to SMEs. A salary compensation scheme, an event compensation scheme, a compensation scheme for companies' fixed expenses and a compensation scheme for the self-employed are also in effect. Furthermore, the deadline for filing of annual reports and annual general meetings for both private and listed companies has been extended.

Sectors covered

The sectors covered vary by the initiative, but most initiatives, including the guarantee schemes and compensation schemes, cover all sectors.

Types of businesses covered

The coverage of the initiatives implemented by the Government are for the most part dependent on the size and type of company, so different initiatives (schemes) cover different types of companies.

Types of support available

Annual reports and annual general meetings

The deadline for filing annual reports and holding annual general meetings has been extended for both listed and private companies and also applies to Danish branches of foreign companies. The new deadline is 31 July 2020 for listed companies and 31 August 2020 for private companies. A further extension can be granted if the company is prevented from holding its annual general meeting before the new deadline due to the current Danish COVID-19 related prohibition of gatherings of more than ten people.

Guarantee scheme for loans to large companies

The guarantee scheme for loans to large companies covers up to 70% of loans issued by a financial institution to large companies (using the European Union (EU) definition, which includes that the enterprise has 250 or more persons employed, with annual turnover of €50 million or more), if the loan is newly issued for the purpose of funding a realised or expected loss of revenue as a result of the pandemic. The loan must be priced based on a realised or expected loss of revenue of more than 30% over a minimum period of 14 days within the period from 1 March 2020 to 30 September 2020.

Guarantee scheme for loans and lines of credit to SMEs

The guarantee scheme for loans and lines of credit to SMEs covers up to 70% of loans and lines of credit issued by a financial institution to SMEs (using the EU definition, which includes that the enterprise has less than 250 persons employed, has an annual turnover of up to €50 million, or a balance sheet total of no more than €43 million), if the loan or line of credit is newly issued for the purpose of funding a realised or expected loss of revenue as a result of the pandemic. The loan or line of credit must be priced based on a realised or expected loss of revenue of more than 30% over a minimum period of 14 days within the period from 1 March 2020 to 30 September 2020.

Salary compensation scheme

The salary compensation scheme applies to companies that would otherwise need to give notice of termination for 30% or more of the total employees or termination of more than 50 employees. The salaried employees' compensation is 75% of the employee's salary, with a maximum of DKK30,000 (about €4,000) monthly per employee, whereas the compensation to employees paid by the hour is 90% of the employee's salary, also with a maximum of DKK30,000 (about €4,000) monthly per employee.

Compensation scheme for companies' fixed expenses

Certain fixed expenses (eg rent, interest expenses and lease expenses) can be compensated by 25% to 100%, with a maximum of DKK60 million (about €8 million) per business in the period 9 March 2020 to 8 July 2020. Eligibility for this compensation scheme requires the business to have an anticipated revenue loss of 40% or more as a result of the pandemic and at least DKK25,000 (about €3,350) in fixed expenses. The compensation will be reduced if the business has had an operating loss in the most recent financial year.

Compensation scheme for the self-employed

The compensation scheme for the self-employed will compensate 90%, with a maximum of DKK23,000 (about €3,100) monthly per business owner, of the anticipated revenue loss in the period from 9 March 2020 until 8 July 2020. An anticipated revenue loss of at least 30% as a result of the pandemic is required.

Event compensation scheme

The event compensation scheme covers events planned to take place in Denmark between 6 March 2020 and 31 August 2020, but which due to the pandemic have been cancelled, postponed or materially changed. To qualify for the compensation scheme, the event must have had an anticipated audience of 350 people or more.

Eligibility

Eligibility for compensation schemes for businesses requires a Danish business registration number (*CVR-nummer*), except for companies located on the Faroe Islands and Greenland. Additionally, a new tax related eligibility requirement is expected to be imposed pursuant to which companies based in countries included on the EU's list of non-cooperative jurisdictions for tax purposes are not eligible to receive any COVID-19 related compensation to the extent such requirement is compliant with international and EU law.

Access

Companies seeking support under the compensations schemes can apply online through the Central Business Register (*CVR*). Guidance is provided through the digital platform Company Guide (see Useful links). For the loan guarantee schemes, the company interested in acquiring such a loan must contact its bank which will, if it agrees to provide a loan, in turn contact the Danish Growth Fund (*Vækstfonden*) or the Danish Export Credit Agency (*EKF*) and apply for the guarantee.

The costs of using the guarantee schemes vary depending on the size of the company. For SMEs, the cost is DKK2,500 (about €335) and 1% yearly of the amount guaranteed. For large businesses, the cost is 0.25% of the amount guaranteed and a yearly percentage of the amount guaranteed based on the rating the bank has given the business.

Ease/speed of access

The speed of access to funds varies depending on the individual compensation scheme. The Danish Business Authority is unable to provide specific timing from application to receipt of payment but seeks to distribute funds to eligible applicants as quickly as possible. For loans under the guarantee schemes, the processing time of *Vækstfonden* is, on average, up to 48 hours, this is following the reaching of an agreement by the applicant and the bank.

Period of support

The period in which support is available depends on the individual initiative and may be prolonged if need be.

Tax support and impact

The Danish Minister for Taxation has introduced three tax initiatives in order to improve the liquidity of businesses. The first initiative postpones payment deadlines for payroll tax and labour market contribution, and provides exemptions from payment of interests and fees on such unpaid payroll tax labour market contribution. The second initiative postpones VAT payment deadlines for large businesses, and the third initiative increases the limit for credit balances on tax accounts.

Insurance cover

Under the compensation schemes, only expenses not covered by any other means, including by insurance, will be compensated.

Useful links

The Danish Business Authority's COVID-19 information page (in English) is available at <https://danishbusinessauthority.dk/assistance-businesses-denmark-during-coronavirus-disease-covid-19>

Guidance for companies seeking support under the compensation schemes is provided through the digital platform Company Guide, available at (in Danish) https://virksomhedsguiden.dk/erhvervsfremme/content/temaer/coronavirus_og_kompensation

The guide for the guarantee schemes for loans can be found on *Vækstfonden*'s website (in Danish), available at <https://vf.dk/covid-19> or on *EKF*'s website (in English), available at www.ekf.dk/en/coronavirus

B. Impact on the energy and infrastructure sectors

Energy sector

The outbreak of COVID-19 has not yet directly led to any temporary sector specific regulations for the Danish energy sector. Companies operating within the sector are subject to the broader regulations and guidelines imposed on all businesses. Furthermore, the pandemic has not affected security of supply in the energy sector as the sector has taken due precautions and activated their contingency plans. The Danish Ministry for Climate, Energy and Utilities, and the Danish Energy Agency are in regular contact with relevant actors in the sector and are monitoring the situation closely. Sector specific regulations are therefore not expected at this stage.

Infrastructure sector

No infrastructure sector specific supports have been announced to date. The sector has been mostly impacted by the indirect effect of the Danish border closure.

Other regulatory and policy issues

As from 14 April 2020, Denmark began to undergo a gradual 'phase one' reopening of society. This entails a gradual reopening of the courts, day-care facilities and elementary schools, an easing on the prohibition of gatherings of more than ten people, and the authorities entering into dialogue with the relevant trade associations and trade unions in the private sector regarding the process for letting employees currently working at home return to their physical workplaces. The Government is yet to publish its plan for 'phase two' of the reopening as it depends on the outcome of phase one.

COVID-19 response initiatives in Finland

An overview of the COVID-19 response initiative and impact on the Finnish energy and infrastructure sectors

Toni Siimes, partner, Annika Salparanta, senior associate, and Johannes Strang, associate, all of Roschier, Helsinki

A. COVID-19 response investment and support initiative

Overview

The overall scale of the financial measures unveiled by the Finnish Government (Government) to date will amount to some €15 billion. The measures proposed and implemented by the Government mainly concern alleviation of taxes and other public payments, employment related alleviations, as well as public grants, aids, loans and guarantees.

Sectors covered

Generally, financial support measures are aimed at companies and sectors that have been negatively most impacted by the COVID-19 pandemic. For the most part, the financial measures implemented in Finland are not limited to any certain industry sectors. However, some sectors such as farming, fishing, forestry and building developers are currently not entitled to some of the support measures.

Types of businesses covered

The financial measures in response to the pandemic are primarily aimed at small and medium sized enterprises (SMEs), midcaps, the self-employed and entrepreneurs. Employment related alleviations are generally aimed at private companies only.

Export Credit Agency Finnvera's guarantees are principally limited to SMEs; however, one form of guarantee can, on special grounds, be granted to larger corporations as well. Finnvera can also exceptionally provide financing to midcap companies on a case-by-case basis.

Business Finland (the Government organisation for innovation funding and trade, travel and investment promotion) funding is aimed at SMEs and midcaps while ELY Centre (Centre for Economic Development, Transport and the Environment) funding is aimed at companies with up to five employees (not eligible to sole entrepreneurs).

Further, starting 14 April 2020, Tesi (Finnish Industry Investment Ltd, a State-owned investment company) will as part of a new funding programme invest in mid-sized enterprises to improve their liquidity.

There is also an initiative, however not yet in force, to allow sole entrepreneurs to apply for funding from municipalities.

Types of support available

The types of supportive measures introduced or under preparation include alleviations of tax and other compulsory public payments, such as pension contributions, alleviation of

employment related regulations, and public funding in terms of aids and grants, as well as loans and guarantees.

There are several planned measures with regard to employers' pension insurance contributions, including temporary reductions and deferral of payment of employment pension contributions. The alleviations of employment related regulations include measures aiming to simplify and expedite layoffs and redundancies.

Amendments to unemployment benefits have been introduced and further amendments are currently under preparation, eg entrepreneurs, self-employed workers and freelancers who are not normally eligible for unemployment are intended to be eligible for unemployment benefits.

Finnvera provides three types of guarantees for the working capital needs of (primarily) SMEs. Guarantee are for amounts from €10,000 and are available for loans up to €1 million, with Finnvera guaranteeing up to 80% of a loan.

Business Finland and the ELY Centres launched new forms of funding aimed at mitigating the economic impact of the pandemic, which are divided into two series, funding up to €10,000 and funding up to €100,000. Tesi will invest between €1 million to €10 million per investment in mid-sized enterprises, to improve liquidity (more specific information to be published). Municipalities can grant funding to sole entrepreneurs of €2,000 to cover business expenses (not yet in force).

Eligibility

The tax alleviations are only available to companies for a justified reason, such as illness. Additionally, in general, a past lapsed payment arrangement may disqualify the company from getting a new payment arrangement.

Finnvera provides guarantees for the working capital needs of SMEs. The Finnvera Start Guarantee is directed towards SMEs which have been operating for a maximum of three years, are owned by private individuals and need working capital due to the pandemic. The SME Guarantee is directed towards SMEs that have been registered for more than three years and at least 50% of which are owned by private individuals. The Finnvera Guarantee can be used for SMEs (and, on special grounds, for larger corporates) affected by the COVID-19 outbreak in cases where the Start Guarantee or SME Guarantee is not suitable for the company's situation. With respect to the SME Guarantee and Finnvera Guarantee, there are some requirements as to the credit rating of the applicant company.

The Business Finland funding is aimed at SMEs that employ six to 250 people and for midcaps that may employ more than 250

people but have an annual turnover of less than €300 million. Funding is aimed at companies that had prerequisites for profitable business operations before the COVID-19 crisis, however, a company that has lost more than half of its share capital due to incurred loss is ineligible.

The ELY Centre funding is aimed at companies with a maximum of five employees that experience temporary setbacks due to the pandemic but are estimated to have the prerequisites for profitable operations in the future. Tesi funding is aimed at mid-sized enterprises that have at least 50 employees and €10 million in Finland, and have been profitable before the COVID-19 outbreak and have the prerequisites in the future.

The criteria for municipal funding yet to be implemented, are a substantially weakened financial situation and a decline in turnover due to the pandemic; however, financial difficulties already existing before the COVID-19 crisis and tax debts may lead to ineligibility for municipal funding.

Access

Companies are instructed to primarily contact their own banks and other financing providers. Further, Enterprise Finland's Talousapu financial assistance service offers advice to companies facing payment difficulties. Companies are recommended to contact the Finnish Tax Administration, Finnvera, Business Finland, the ELY Centres and Tesi, and entrepreneurs

Ease/speed of access

There is currently no specific information available on the timetables for the processing of requests and applications. However, governmental authorities have indicated that demand is high, which could lead to long processing times.

Period of support

The financial support measures are meant to be temporary. Some of the tax alleviations are intended to remain in force until August 2020.

Employment related regulation alleviations are meant to be in force temporarily, most changes being in force from 1 April 2020 until 30 June 2020, while some currently under preparation are intended to be in force until 6 July 2020. Changes to unemployment benefits already implemented are intended to remain in force until 31 July 2020. The planned reduction of the employers' pension insurance contribution is intended to remain in force until 31 December 2020. Municipal funding can be applied for until 30 September 2020, however, the Government has indicated that the measures can be continued if needed.

Tax support and impact

The taxation support measures implemented in Finland mainly concern the extension of certain time limits and the waiver of penalties, as well as the possibility to request payment arrangements for tax on eased terms.

Companies can, in cases where there is a justified reason such as illness, request that the time for filing a tax return is extended, the tax authority waives the late-payment interest, and the tax authority waives the late-filing penalties, and

companies can request a payment arrangement for tax on eased terms.

Further additional alleviation measures are planned but are not yet in force.

Insurance cover

Generally, the terms of business interruption insurances primarily cover interruptions caused by property damage or key employees' incapacity for work. Coverage for interruption caused specifically by an epidemic is typically limited to the food production sector, typically for food poisoning type epidemics caused by the insured party rather than external epidemic events. However, the potential insurance coverage for damages caused by the COVID-19 outbreak is assessed on a case-by-case basis.

Applicable existing support schemes

Finnvera, Business Finland and the ELY Centres have been offering loans, guarantees and funding to businesses prior to the COVID-19 outbreak. However, as a result of the support measures, the ability of Finnvera to guarantee loans has been raised, as well as Business Finland's ELY Centres' abilities to grant funding, and Tesi's ability to invest. Further, alleviations to previously granted loans and funding terms have been made available.

Useful links

Further information can be found on the Government's website, available at <https://valtioneuvosto.fi/en/information-on-coronavirus>

The following bodies also provide further information on COVID-19 support initiatives:

- Ministry of Economic Affairs and Employment in Finland, available at <https://tem.fi/en/information-on-coronavirus>
- Business Finland, available at www.businessfinland.fi/en/for-finnish-customers/coronavirus
- Finnvera, available at www.finnvera.fi/eng/growth/current-news-for-smes/current-news-for-smes
- ELY Centres, available at www.ely-keskus.fi/en/web/ely-en
- Finnish Tax Administration, available at www.vero.fi/en/About-us/newsroom/corona-situation

B. Impact on the energy and infrastructure sectors

Energy sector

According to the Ministry of Economic Affairs and Employment in Finland (MEAE), the energy market in Finland is functioning normally. As a result of the economic slow-down, energy and emission right prices have decreased. According to the MEAE, the security of supply of energy and electricity is not currently threatened in Finland. No price caps or prohibitions on collection measures have been implemented.

Infrastructure sector

The Finnish infrastructure sector has so far faced limited adverse consequences. The work on sites is progressing; Finland has so far not implemented a general curfew or other such restrictions closing down work. Further, non-national construction workers for the most part remained in Finland and did not return to their home countries, therefore, the closure of borders (other than for goods) has had very limited impact on the availability of labour.

Other regulatory and policy issues

The Finnish Government declared a state of emergency in Finland on 16 March 2020. As of that date the Emergency Powers Act entered into force, and new decrees continuously enter into force.

Restrictions concerning the movement to and from the Uusimaa region (eg where Helsinki is located) entered into force on 28 March 2020 and remained in force until 15 April 2020.

COVID-19 response initiatives in France

An overview of the COVID-19 response initiative and impact on the French energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

Article 4 of the emergency law n°2020-290 of 23 March 2020, enacted to tackle the effects of the COVID-19 pandemic in France, declares a state of health emergency for a period of two months, starting from the moment the law was enacted. A total of 46 ordinances and various decrees have been issued on the basis of the emergency law and the exceptional measures apply to all aspects of law.

Sectors covered

Key measures have been implemented sector by sector. For an overview of the key measures implemented see Useful links.

Types of support available

The immediate measures to support businesses include:

- **Deferment of the payment of social instalments (URSSAF):** All employers (companies, the self-employed and liberal professions) whose URSSAF due date falls on the 15th of the month can defer all or part of the payment of their employee and employer contributions due 15 March 2020. The payment date can be postponed up to three months without penalty.
- **Postponement of the payment of rent and water, gas and electricity bills:** Companies with fewer than ten employees and a maximum turnover of €1 million or, as a result of having been closed to the public, having suffered a loss of at least 70% of their turnover compared to March 2019, can request the staggering of the payment of rent, water, gas and electricity bills and avoid any penalties, interruptions or reductions of supplies. For very small enterprises (VSEs) (*très petites entreprises*) (TPE) and small and medium sized enterprises (SMEs) (*petites et moyennes entreprises*) (PME) whose activity has been interrupted by decree, these measures apply automatically. Other companies experiencing difficulties in paying their bills that meet the above size conditions can send a request for an amicable postponement to their water, gas or electricity supplier.
- **Solidarity fund for VSEs, the self-employed and micro-entrepreneurs with aid of up to €1,500:** The State and the Regions have set up a solidarity fund to help small businesses most affected by the crisis. A tax-free aid of up to €1,500 is available to VSEs, the self-employed, micro-entrepreneurs and liberal professions with no more than ten employees, a turnover of less than €1 million and an annual taxable profit of less than €60,000 and which: (i) have been closed to the public, even if there is residual activity; or (ii) are experiencing turnover loss of at least 50% in March 2020

compared to March 2019. Applications can be submitted from 3 April 2020. For the most difficult situations, an additional support of €2,000 may be granted on a case-by-case basis to companies with at least one employee to avoid bankruptcy. Applications for this additional aid can be submitted from 15 April 2020; the granting of aid under the Solidarity Fund is subject to declarative obligations.

- **Warranties and exceptional loans from the State:** The French Government (Government) is implementing an exceptional guarantee scheme to support bank financing for businesses, to the tune of €300 billion, the application deadline for which is 31 December 2020. This loan amount may cover up to three months of 2019 turnover, or two years of payroll for innovative companies or companies created since 1 January 2019. No repayment will be required in the first year. The company may choose to amortise the loan over a maximum period of five years. French banks have undertaken to defer repayment of loans to all companies for up to six months, free of charge. Large companies requesting a deferral of tax and social security payments or a state-guaranteed loan should undertake not to pay dividends to their shareholders and not to buy back shares in 2020.
- **Credit mediation for the rescheduling of bank credits:** Credit Mediation is a public scheme designed to help companies experiencing financial difficulties.
- **Support for partial unemployment:** Firms reducing or suspending their activity may put their employees on partial unemployment. The company pays a compensation equal to 70% of the gross salary to its employees. Employees who are paid minimum wage or less are compensated 100%. The company will be fully reimbursed by the State for gross salaries of up to €6,927 per month and the Ministry of Labour has indicated that companies now have, since 16 March 2020, 30 days to complete their request for partial unemployment, with retroactive effect.
- **Business mediator in case of conflict:** Any dispute related to the execution of a private law contract, including tacit contracts, or a public order, can be the subject of a free referral to the business ombudsman (eg late payment, non-compliant services or goods, etc). The mediator will contact the person within seven days and define a confidential action plan.

Tax support and impact

The Government has announced emergency measures to support companies in relation to direct tax payments including payment deferrals and tax rebates.

Payment deferrals

Companies can request deferrals for upcoming payments of direct taxes and contributions, without justification or penalties. This concerns advance payments of corporation tax, payroll tax, as well as corporate property contribution (*cotisation foncière des entreprises*) (CFE) and property tax when these are paid monthly. However, taxes collected by companies are not subject to any deferral measures (ie VAT, excise duties, withholding tax on income). At this stage, the deferral only concerns March 2020 and April 2020 but could be extended depending on the evolution of the crisis. If companies have already paid their direct taxes during the month of March 2020, they may request reimbursement. Deferral requests (and reimbursement requests regarding direct taxes paid in March 2020) are submitted to the competent corporate tax department (*service des impôts des entreprises*) (SIE).

Tax rebates

In the event of serious financial difficulties which cannot be overcome by deferring payment, rebates of direct taxes, interest on arrears and/or penalties may be granted on a case-by-case basis. This mainly concerns corporate tax, CFE and company value-added contribution (*cotisation sur la valeur ajoutée des entreprises*) (CVAE). Applications must be sent to the relevant SIE together with specific elements likely to evidence the difficulties faced by the company (turnover decline, debts to be paid, cash flow situation, etc). The form indicated above may also be used for this purpose.

Insurance cover

The members of the French Insurance Federation (*Fédération française des assurances*) (FFA) pledged to contribute €200 million to the solidarity fund set up by the public authorities for VSEs and the self-employed. This support measure comes in addition to the commitment to retain the contracts of companies in financial difficulty as collateral in the event of late payment following the pandemic for the entire duration of the lockdown. The members of the FFA also undertake to defer the payment of rents for SMEs and VSEs operating in one of the sectors whose activity is interrupted pursuant to the decree of 15 March 2020.

Useful links

For a sector by sector overview of the key COVID-19 measures implemented in France and the key sources of further information, see Table 1, available at <https://sites-herbertsmithfreehills.vuturvex.com/20/21553/landing-pages/france-table-final-3635o-covid-19-eu-france-table-d2.pdf>

An application form for deferral requests and reimbursement requests regarding direct taxes paid in March 2020 is available at www.impots.gouv.fr/portail

B. Impact on the energy and infrastructure sectors

Energy sector

Major French energy system operators such as RTE, Enedis, GRTgaz or Téréga announced that they have organised their activity by adopting business continuity plans. Extension periods have been granted to producers of renewable energy for calls-for-tenders. The expiration dates for submitting bids have been extended by two months except for wind and

ground-based solar sessions projects for which this date has been split in two (1/3 in July 2020 and 2/3 in November 2020). The deadline for the submission of applications for Energy Saving Certificates (CEE) for operations commenced between 1 March 2019 and 30 June 2020 has been extended by six months. Facilities classified for environmental protection (ICPE) or hydraulic works must continue to carry out controls in order to ensure safety and preservation of the environment. Ordinance No. 2020-306 suspends the rule according to which 'silence is tantamount to agreement' in order to suspend implied approbations of environmental authorisations, CEE and other permits.

Infrastructure sector

For construction works deemed essential to the country's economic life and functioning (housing, water, energy, telecommunications etc), the Government considers it necessary to ensure continuity of these works in order to avoid a total halt to construction sites, which would destabilise companies and the whole economic chain. The organisation in charge of the building and public works sector has published a guide related to health and safety recommendations for the continuity of construction activities. To avoid a severe interruption to real estate activity, and following the claims of the sector actors, the first ordinance on time limits has been subject to amendments allowing for the resumption of the process of the period of investigation for planning permissions (construction permits).

For public procurement, rules have been temporarily amended to adapt for the conclusion and execution of contracts. Penalties for delays will not apply if they are caused by difficulties related to COVID-19.

For airports, the Government has announced the need to reduce long distance transport to what is strictly necessary. Paris-Orly airport and the majority of Paris-Roissy airport terminals have been closed. Paris-Orly airport is used to evacuate patients suffering from COVID-19 in order to decrease congestion in hospitals in the Île-de-France region. For communication facilities, the Government has taken measures to facilitate the process required prior to the deployment of antennae; such measures will facilitate the continuing deployment of the 5G network during the health crisis.

COVID-19 response initiatives in Germany

An overview of the COVID-19 response initiative and impact on the German energy and infrastructure sectors

Silke Goldberg and Marius Boewe, both partners, Herbert Smith Freehills, Germany

A. COVID-19 response investment and support initiative

Overview

The response to the economic impact of the COVID-19 pandemic by the German Federal Government (Federal Government) to date includes immediate aid for small businesses, further liquidity support for businesses through special loans facilitated by the German Bank for Reconstruction (*Kreditanstalt für Wiederaufbau*) (KfW) and the setting up of the Economic Stabilisation Fund (ESF) (*Wirtschaftsstabilisierungsfond*).

The ESF was set up under the Act on the Establishment of an Economic Stabilisation Fund (*Gesetz zur Errichtung eines Wirtschaftsstabilisierungsfonds*) (WStFG), which was adopted by the Federal Parliament on 25 March 2020, approved by the Federal Council on 27 March 2020 and entered into force on 28 March 2020 (ESF Act).

Sectors covered

The response initiatives announced are not specific to any particular sector and, due to the extent of the pandemic, the initiatives are mainly focused on providing stability to the economy as a whole. Specific sector initiatives may however yet be announced.

Types of businesses covered

Small businesses, freelancers, the self-employed and members of the liberal professions (*Freie Berufe*) are the main focus of the immediate aid for small businesses initiative. Small, medium and large businesses are eligible to apply for further liquidity being provided through the KfW loans measure. Larger companies, including airlines, the automotive industry and the tourism sector, are the main focus of the ESF.

Types of support available

Immediate aid for small businesses

Non-repayable funds are available to eligible businesses under the immediate aid for small businesses initiative. Businesses with up to five employees can apply for non-repayable funds of up to €9,000 and businesses with up to ten employees can apply for funds of up to €15,000. In both cases, the sums are paid to secure the applicants' economic existence and to bridge acute liquidity bottlenecks resulting from the pandemic. Losses incurred from 11 March 2020 onwards, and that are caused by the effects of the pandemic, are covered, such as ongoing operating costs including rents, loans for premises, lease payments, etc. The funds are disbursed over a three-month period following the date of application.

KfW loans

KfW has set up various loan programmes to support companies of all sizes that are experiencing difficulties due to the pandemic. On 15 April 2020, KfW launched the 2020 Quick Loans measure, under which companies with more than ten employees can receive loans of up to €800,000, depending on the size of the company, with a maximum credit amount of 25% of the total turnover from 2019. KfW covers 100% risk for these loans.

COVID-19 related KfW corporate loans are also available. These loans grant credit lines of up to €1 billion to companies irrespective of their size and age; however, companies must present at least two annual financial statements to be eligible to apply. The exact amount of a loan under this measure depends on factors such as turnover and wage levels, of which certain proportions are then set as maximum amounts. The risk coverage by KfW is between 80% and 90% of the loan amount and the coverage rate depends on whether the company is considered a small and medium sized enterprise (SME) or a large company. An SME is a company with fewer than 250 employees and an annual turnover of less than €50 million.

KfW participates in syndicated financing for investments and working capital of medium sized and large companies and is providing syndicated financing for amounts of from €25 million upwards. Under the syndicated financing measure, KfW assumes up to 80% of the risk but no more than 50% of the total debt or 30% of the balance sheet total of the group of companies. This assumption of risk by KfW increases a company's possibility of obtaining individually structured and tailor-made syndicated financing.

ESF

Through the ESF, the German State can give guarantees of up to €400 billion for debt instruments issued from the date the ESF Act came into force (ie 28 March 2020). If required and to the extent necessary to stabilise a company, the ESF can participate in the recapitalisation of companies up to a total amount of €100 billion. The recapitalisation element includes the acquisition of subordinated debt, hybrid bonds, profit participation rights, silent partnerships and convertible bonds.

Other supports

Other supports have been made available through the enactment of laws to mitigate the consequences of the pandemic, in particular the COVID-19 Insolvency Suspension Act (COVInsAG) (CIS Act), which is in force with retroactive effect as of 1 March 2020 and under which:

- the obligation to file for insolvency has been suspended;
- managing directors can obtain relief from liability;

- termination rights for non-payment of rent have been suspended;
- restructuring loans and protection from insolvency claw back are provided for;
- measures have been introduced to simplify the making of corporate resolutions; and
- measures have been introduced with respect to small businesses and consumers.

The obligation to apply for insolvency proceedings is suspended until 30 September 2020. This, in principle, applies to all cases of insolvency maturity unless the insolvency maturity is not due to the consequences of the spread of the pandemic, or there is no prospect of a restoration of liquidity. Under normal circumstances, in the event of insolvency, the management board of a company must apply for the opening of insolvency proceedings no later than three weeks after the company becomes insolvent.

Eligibility

Immediate aid for small businesses

To be eligible for the immediate aid for small businesses measure, applicants must show that the economic difficulties they are experiencing are as a result of the pandemic. The company must also show that it was not in economic difficulty before March 2020 and that the damage caused occurred after 11 March 2020; private assets are not taken into account.

To improve liquidity and cover running costs, companies of all sizes can obtain a loan from KfW with applicants having to pass various checks such as Know-Your-Customer and similar, as well as a credit risk analysis. Applicants do not however have to meet additional equity or similar corporate funding requirements.

ESF

Under the ESF, companies must meet at least two of the following criteria: (i) have a total balance sheet exceeding €43 million, (ii) have sales revenue exceeding €50 million, or (iii) have more than 249 employees on a yearly average. Funding is also available for companies that may not fulfil these requirements but which are included under the Foreign Trade and Payments Ordinance (AWV), which applies mainly to companies that provide services within critical infrastructures.

Access

Access to the immediate aid for small businesses initiative can be made through the competent authorities of each region, a list of which is available on the German Chamber of Industry and Commerce (*Deutsche Industrie- und Handelskammer*) website (see Useful links). Applications for further liquidity KfW loans must be made through the applicant's regular bank or financing partner. Applications for ESF funding can be submitted via the Federal Ministry of Economy.

Ease/speed of access

Various websites of the federal states and press sources show that payments usually arrive within a few days; some payments have allegedly been stopped following the discovery of fraudulent activity. The overall processing time for the various measures differs depending on the complexity of the particular

application and the workload of the competent authorities or banks.

Period of support

There are currently no dates available as to when the aid for small businesses and the further liquidity measures will end. The ESF is due to end on 31 December 2021.

Tax support and impact

The Federal Ministry of Finance (*Bundesfinanzministerium*) has reached an agreement with the supreme state financial authorities regarding tax aid for companies, the self-employed and freelancers. In particular, this refers to the possibility of adjusting tax prepayments and deferrals. Enforcement measures regarding taxation issues are also suspended for the time being.

Insurance cover

The pandemic has had an impact on various areas of insurance cover, such as company pension schemes and business closure insurance. Each insurance company decides independently how to attempt to mitigate the effects of the pandemic.

The Federal Government has however concluded an agreement with credit insurers to secure supply chains in the German economy, which enables the credit insurers to continue to provide their customers with credit limits in the existing amount of around €400 billion. A guarantee by the Federal Government enables them to take on higher risks than would be justified by the actual risk assessment. This stabilises supply chains, prevents chain reactions and ensures confidence in the stability of the economy.

Applicable existing support schemes

The existing KfW liquidity assistance programme has been expanded and on 23 March 2020 KfW Group launched the KfW Special Programme 2020, which was supplemented on 15 April 2020 by 2020 Quick Loans, the funds of which are unlimited and are available to SMEs and large companies. Loans of up to €3 million will receive lower interest rates and KfW is giving a higher liability waiver of up to 90% for working capital and investments for SMEs, which should make it easier for banks to grant SMEs loans.

Useful links

The website of the German Chamber of Industry and Commerce (*Deutsche Industrie- und Handelskammer*) provides a list for the competent authorities of each region from which aid can be requested, available at www.dihk.de/de/aktuelles-und-presse/coronavirus/welche-behoerde-in-meinem-bundesland-ist-zustaendig-fuer-die-zuteilung-der-soforthilfen--20040

Further details on COVID-19 measures in Germany are available at (in German) www.bmwi.de/Redaktion/DE/Downloads/E/eckpunkte-corona-soforthilfe.pdf?__blob=publicationFile&v=4

Further details on the KfW special programme are available at (in English) www.kfw.de/KfW-Group/Newsroom/Latest-News/KfW-Corona-Hilfe-Unternehmen.html

and at (in German) www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/KfW-Corona-Hilfe-Unternehmen.html

Further details on the Federal Government's COVID-19 response are available at www.herbertsmithfreehills.com/latest-thinking/covid-19-germany-the-governments-respose

B. Impact on the energy and infrastructure sectors

Energy sector

The adoption of the CIS Act has had a major impact on the energy sector. In particular, the CIS Act gives consumers and small businesses the opportunity to defer or temporarily suspend payments to energy suppliers and telecommunication companies if such consumers and small businesses experience difficulties in making payments. This measure does not however apply to payments that companies must make to their suppliers. The declining demand for electricity due to the pandemic and falling oil and gas prices globally is also having an adverse effect on the energy sector.

Due to the current crisis, the Federal Network Agency (*Bundesnetzagentur*) (BNetzA) will, upon request, extend deadlines for the implementation of renewable energy sources (*Erneuerbare Energien Gesetz*) (RES) plants that have been awarded under tender procedures. Normally, RES plants, onshore wind and solar power plants over 750kW, and biomass plants over 150kW, awarded under such tender procedures must be implemented within a certain implementation time period, failing which they are subject to fines or, if the deadlines are not met, contracts may be forfeited completely.

Infrastructure sector

Infrastructure projects such as airports, ports and toll-financed road construction projects are suffering from a dramatic decline in passenger and freight traffic. Operators of such projects that bear traffic volume risk are currently facing a significant loss in revenue. Some airports have completely closed entire terminals and airlines such as Lufthansa and Condor have not only announced short-time work but are also negotiating or have already negotiated loans worth billions of euro in order to remain viable. Rail transport remains open, however timetables have been adapted due to fewer passengers travelling and trains running less frequently than usual. German borders have been closed but are open to freight traffic.

Other regulatory and policy issues

The public in Germany can move freely for necessary journeys, which includes travelling to work, to supermarkets, and to relatives in need of assistance, and the public can also exercise outside and go for walks, with no more than two people together.

COVID-19 response initiatives in Greece

An overview of the COVID-19 response initiative and impact on the Greek energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

The ongoing crisis of the COVID-19 pandemic has triggered an immediate response from the Greek State (State), which proceeded to the adoption of a wide array of measures from the early stages of the outbreak. The initiatives, in addition to seeking to limit the spread of the disease among the country's population, directly aim at supporting the national economy, which has recently entered into a recovery trajectory following many years of recession, on both a business and an employee level.

The emergency provisions mainly cover issues of tax, social security and administrative measures, as well as aiming to facilitate businesses through financial incentives and other interventions. For taxation, the Government's initiative introduces several emergency tax reliefs, mainly focusing on the suspension of various deadlines, the granting of a refundable cash advance/payment and the reduction of the VAT rate for specific products.

Other initiatives include aid for the settlement of social security obligations and, at an administrative level, measures related to public procurement procedures.

Sectors covered

While the urgent tax provisions cover all sectors of the economy, social security measures mainly focus on businesses significantly affected by the circumstances. Interventions in the administrative field mostly benefit undertakings that participate in public tenders.

Types of businesses covered

All types of private companies and enterprises can benefit from the initiatives, including freelancers and sole proprietorships.

Undertakings qualifying for tax reliefs also include businesses that have suspended their operation by virtue of explicit governmental decisions; businesses (not originally affected) holding securities, whose payment may be suspended; and small and medium sized enterprises from all economic sectors that employ at least one employee and up to a maximum of 500 employees as regards the refundable prepayment (see Types of support available).

Types of support available

In brief, the types of support relating to taxation include:

- the suspension of several tax reporting and payment deadlines;

- a reduction of 25% in assessed tax liabilities for April 2020;
- a reduced VAT rate for products essential for protection against the pandemic; and
- a refundable cash advance/prepayment financed by the State's Budget for financially affected businesses. Such financial aid will be tax exempt and may not be seized or set-off against any liabilities.

Social security arrangements comprise of payment by the State of social security contributions of private sector employees during the suspension of employment, and postponement of deadlines for payment of social security contributions by employees and employers.

Administrative measures may consist of deferrals of planned public tenders, extensions of the applications submission and other public procurement deadlines, and extensions of contractual time-limits.

Other provisions aiming to facilitate the financial and overall sustainability of businesses include:

- the provision of a 40% discount to lessees of commercial leases for rents for March 2020 and April 2020;
- an option for businesses to operate with intermittent employment of available staff for safety/health reasons;
- an option for intra-group transfer of staff;
- an option for businesses that are severely affected by the pandemic to suspend existing employment agreements;
- the suspension of deadlines for the submission and payment of bank cheques and other financial instruments for 75 days;
- the provision of a discount to freelancers and sole proprietorships for the timely payment of social insurance contributions;
- the possibility of holding Board of Directors meetings through teleconferences;
- facilitating working from home arrangements for various types of businesses; and
- incentives to financial institutions to proceed to renegotiation of loans to businesses.

A list of Activity Code Numbers (CAN) published by the Ministry of Finance on 26 March 2020 sets the exact activities to which the social security and tax emergency regulations will apply. Companies that have suspended employment agreements will be required to not proceed with any dismissals and retain their personnel over the suspension period.

Eligibility

Generally, no specific actions are required in order for businesses to become eligible for the implementation of the above initiatives. However, specifically for the refundable cash advance/prepayment, a relevant application should be filed through a dedicated online platform within the specified period (see Useful links).

Access

The emergency measures are implemented automatically. Access to the platform established for the refundable cash prepayment is also rather effortless. However, the precise timeframe for actual remittance has to date not been determined.

Period of support

The tax provisions initially cover obligations for March 2020 and April 2020 and can be extended depending on how the current situation evolves. Respectively, social security measures are applicable for February 2020 and March 2020 while specifically the payment of contributions by the State will cover the 45-day period of their employment suspension. Measures relating to public tender proceedings will apply for a period of six months from the date of enforcement (ie 20 March 2020).

Tax support and impact

The tax support measures announced are designed to relieve businesses in view of the financial impact of the ongoing crisis, deadlines have been extended and reductions and further measures introduced:

- Extension of deadlines:
 - the payment of VAT obligations, assessed tax liabilities and instalments of assessed liabilities towards the State have been extended to 31 August 2020;
 - the publication of annual financial reports of companies listed on the Athens Stock Exchange for the prior fiscal year, as well as for reporting of tax documents for cross checking purposes of information (MYF), have been extended to 30 June 2020;
 - the submission of capital duty and stamp duty returns whose deadline expires within March 2020 and April 2020 has been extended for two months;
 - the submission of inheritance and gambling profits tax returns, as well as for donations tax returns, has been extended to 29 May 2020;
 - currently pending tax proceedings have been extended to 31 July 2020; and
 - specific deadlines included in the Tax Procedure's Code (regarding the procedures for challenging any assessment act issued by the tax authorities) have also been extended.
- Reductions and other measures:
 - 25% reduction of specific assessed tax liabilities due between 30 March 2020 through 30 April 2020;
 - VAT rate reduction from 24% to 6% (until the end of 2020) for products necessary for protection against COVID-19; and

- acceleration of refunds of income tax and VAT, for amounts below €30,000 per type of tax and per taxpayer, as on 20 March 2020.

Insurance cover

The measures for the support of businesses adopted to date do not interfere with insurance coverages that businesses may have. Insurance policies with business interruption, credit insurance and third party liability coverage may therefore function supplemental to the support mechanisms adopted, provided that such policies cover the insured risks for the case of a pandemic, subject each time to the specific terms and conditions.

Useful links

The Government's website, which offers comprehensive information for all issues on the State's response and actions amid the COVID-19 crisis with content, for the time being, only available in Greek, is available at <https://covid19.gov.gr>

Decisions on tax measures are uploaded to the Independent Authority of Public Revenues of the Ministry of Finance, available at www.aade.gr

The application process for the refundable cash prepayment is available at www.aade.gr/mybusinesssupport

B. Impact on the energy and infrastructure sectors

Energy sector

Initiatives directly applicable to the energy sector were introduced in late March 2020, among the several packages of emergency measures adopted by the State.

Measures focused on renewable energy sources (RES) projects, which are aimed at ensuring the viability of investments in the field, include:

- extension of the duration of installation licences and final grid connection offers expiring within the year;
- extension of deadlines for the acceptance of final grid connection offers and the submission of the relevant letter of guarantee to the competent operator; and
- extension of deadlines for the electrification of RES stations that have secured a reference tariff for the produced electricity either through their participation in RES tenders or by operation of law.

Special provisions also allow energy companies to procure necessary supplies in derogation of the applicable COVID-19 restrictive or lockdown measures in order to ensure the uninterrupted supply of materials and spare parts.

Additionally, to ensure protection against the spread of COVID-19, energy companies are required to facilitate and perform transactions with their clients through various long distance means of communication.

Infrastructure sector

2020 was set to be the year marking important developments in the privatisation of infrastructure, including significant energy state-controlled companies. These include the Trading and

Infrastructure divisions of the Public Gas Supply Company (DEPA Trading SA and DEPA Infrastructure SA), the Public Power Corporation (PPC SA), the Hellenic Petroleum SA (HELPE), the South Kavala Natural Gas Storage, Athens International Airport, the further privatisation of the Independent Power Transmission Operator (IPTO SA) and others. The unravelling emergency situation however has halted the relevant developments. Although no specific announcements have been made to date, besides the extension of the conclusion of the first phase of the DEPA Trading SA process, delays are expected in the majority of tenders. The COVID-19 measures provide the Hellenic Republic Asset Development Fund, as with other public authorities, the right to postpone, extend or even suspend the tender processes.

The recent developments also indicate that the implementation of the restructuring of the domestic electricity market in conformity with the Target Model will also be delayed. The commencement of operation of the new electricity markets by the Energy Exchange, the go-live date of which according to the applicable framework was set for 30 June 2020, will inevitably be pushed back as the scheduled date for necessary simulation tests has already been missed.

Other regulatory and policy issues

Overall the State's early reactions indicate an effort to support the economy in this unprecedented global crisis. The timely implementation of the wide spectrum of measures however includes an array of provisions, such as the imposition of a curfew, restriction of movement within the country, closing of borders and limitation of air travel, shutdown of numerous businesses and schools, the combined results of which remains to be seen in the marked over the coming months.

COVID-19 response initiatives in Hong Kong

An overview of the COVID-19 response initiative and impact on the Hong Kong energy and infrastructure sectors

Matt Emsley, partner, Hilary Lau, partner, Nicky Cardno, professional support consultant, Charles Wong, associate, and Jason Shamdas, associate, all of Herbert Smith Freehills, Hong Kong

A. COVID-19 response investment and support initiative

Overview

In response to the COVID-19 pandemic, the HKSAR Government (Government) has set up a HK\$30 billion Anti-epidemic Fund (AEF) to provide support and assistance to industries and members of the public affected by the pandemic, which includes funding commitments for 24 various measures. More than half of the funding will be used for providing one-off cash injections to industries hard hit by COVID-19 (including the retail sector, transport sector and food licence holders etc). The remaining funds have been earmarked for measures such as supporting local mask production, procurement of personal protective equipment and provision of subsidies to medical staff. Funding approval was given by the Finance Committee of the Legislative Council (Finance Committee) on 21 February 2020.

The Government further announced a second round of funding in early April 2020 worth about HK\$137.5 billion, with approval of the funding given by the Finance Committee on 18 April 2020. The second round funding includes an Employment Support Scheme under which the Government will provide wage subsidies to employers. Subsidies to hard-hit industries remain in place, with the scope expanded to include businesses on which a compulsory closure order was imposed, such as fitness centres, clubhouses, beauty parlours and sports and recreational facilities. Other measures include reduction of fares on the mass transit railway (MTR) and rental concessions.

Sectors covered

The AEF has been used to support the subsidy schemes of a number of sectors, including retail, food and beverage, tourism, transport, arts and culture, conventions and exhibitions, construction, property management, recycling, education (including both schools and students), fishery, childcare centres and guest houses.

The Hong Kong Airport Authority (HKAA) also introduced a HK\$1 billion relief package to aid the aviation community targeting three major groups, ie the aviation industry, airport retail tenants and restaurants as well as airport staff. For a period of five months, airlines will not have to pay the parking and airbridge fees for idle passenger aircrafts. The HKAA has reduced the passenger aircraft landing charges by 40% for four months, along with other airline measures regarding ramp handling, maintenance and airside vehicle-related fees. The commercial service counter licence fees, in-terminal service licence fees, and fees levied on cross-border transport operators have also been waived for four months. The franchise fees for aviation support services such as aircraft catering,

into-plane fuelling and maintenance, along with the rental of offices and lounges at the terminal, will be decreased by 10% to 50% for three to four months. The HKAA will provide rental concession of 70% for three months until May 2020 and 50% in June 2020. This is a significant increase from the 20% fixed rental discount introduced in October 2019.

Types of businesses covered

The sector-based subsidy schemes from the AEF capture most entities within that industry subject to the eligibility criteria, regardless of size or business model. For instance, freelance art workers, in addition to arts organisations, are entitled to the Arts and Culture Sector Subsidy Scheme. Subsidies for the transport sector are offered to eligible registered owners of specified categories of commercial vehicles. There are also additional relief measures for small and medium sized enterprises (SMEs) in all sectors. Hong Kong Mortgage Corporation Insurance Limited will introduce special 100% loan guarantees under the SME Financing Guarantee Scheme. SMEs can apply for loans at an interest rate of 2.5% below the Hong Kong Prime Rate, with a maximum amount of HK\$2 million or the total sum of employee wages and rents for six months, whichever is lower.

Types of support available

More than half of the first round AEF is designated for providing financial support to businesses seriously affected by COVID-19, mostly in the form of one-off subsidies, with a few exceptions under which allowances will be granted for up to six months.

The funding commitments of the first round AEF are as follows:

- enhancing support to the Hospital Authority in combatting the epidemic: HK\$4,700 million;
- support for local mask production: HK\$1,500 million;
- global procurement of personal protective equipment: HK\$1,000 million;
- support for the property management sector in anti-epidemic efforts: HK\$1,000 million;
- technology applications to enable reusability of masks: HK\$800 million;
- support for the construction sector in anti-epidemic efforts: HK\$710 million;
- support for cleansing and security staff engaged by the Government and Hong Kong Housing Authority service contractors in anti-epidemic efforts: HK\$250 million;
- installation of emergency alert systems: HK\$150 million;
- home quarantine support: HK\$50 million;

- ex-gratia payment to households of the two public housing estates designated as quarantine centres: HK\$30 million;
- Retail Sector Subsidy Scheme: HK\$5,600 million;
- Food Licence Holders Subsidy Scheme: HK\$3,730 million;
- Subsidy for the Transport Sector: HK\$3,230 million;
- Convention and Exhibition Industry Subsidy Scheme: HK\$1,020 million;
- special allowance for eligible working family allowance and student financial assistance households: HK\$990 million;
- additional student study grant for the 2019/2020 school year: HK\$900 million;
- rental waivers for tenants at the Science Park, industrial estates and Cyberport: HK\$380 million;
- subsidies for live marine fish wholesale traders and fishing vessels with Mainland China deckhands: HK\$270 million;
- support to childcare centres: HK\$220 million;
- Arts and Culture Sector Subsidy Scheme: HK\$150 million;
- Licensed Guesthouses Subsidy Scheme: HK\$150 million;
- Travel Agents Subsidy Scheme: HK\$140 million;
- support to training bodies: HK\$140 million; and
- Licensed Hawkers Subsidy Scheme: HK\$30 million.

The second round of AEF further includes job retention and job creation initiatives, with the implementation of an Employment Support Scheme of HK\$80 billion, and allows more sectors to benefit from the financial subsidy schemes.

Six measures have been introduced to encourage staff in various professions to learn new skills and help enterprises to apply technology. For hard-hit sectors, 16 proposals have been introduced to provide relief for, among others, private schools offering non-formal curriculum, service providers and suppliers of schools and post-secondary education institutions, registered coaches under the National Sports Associations and Sports Organisations, instructors of classes for organisations supported by the Social Welfare Department, private refuse collectors, local primary producers, exchange participants and Securities and Futures Commission (SFC) licensed individuals, and licensed individuals of the estate agency sector. These proposals also include relief for the passenger transport sector, creative industries, the tourism industry, the construction sector, non-profit-making organisations, the aviation sector, the catering sector, and sectors that are completely or partly closed due to the measures imposed by the Government for safeguarding public health.

Measures have also been introduced for easing the cash flow and burden of businesses and individuals, including enhancing the SME Financing Guarantee Scheme, rental and fee concessions for Government premises, reduction of MTR fares, relaxing the expense threshold of the Public Transport Fare Subsidy Scheme from HK\$400 to HK\$200 for six months, interest-free deferral of loan repayment for two years to self-financing post-secondary institutions, non-profit-making international schools and students receiving loans from the Working Family and Student Financial Assistance Agency, and extending the deadline for payment of tax for the 2018/2019 year of assessment for three months.

Other relief through Government facilitation includes a further HK\$2,000 million for the HKAA; the Hong Kong Monetary Authority implementing measures with the banking industry to address the cash flow pressure of clients; a package of measures rolled out by the Insurance Authority and industry stakeholders in relation to deferment of premium payments; and the flexible handling of Government works and non-works contracts and other development projects.

Eligibility

The eligibility criteria for the various subsidies differ depending on the sector, but one common criteria is the date of commencement of business. For example, to be eligible for the Retail Sector Subsidy Scheme, under which a successful applicant will receive a one-off subsidy of HK\$80,000, an applicant must be conducting a retail business at a fixed physical store in Hong Kong and have had commenced business prior to 1 January 2020.

For the Food Licence Holders Subsidy Scheme, under which one-off subsidies of HK\$200,000 will be granted to operators of restaurants and factory canteens and HK\$80,000 to those of light refreshment restaurants, fresh provision shops and bakeries; applicants are required to hold a valid food licence issued on or before 14 February 2020.

Access

Most subsidy schemes require application either by returning a completed application form to the relevant department or a drop-in box, or by online application (which is more likely where a large volume of applications are anticipated). Some sectors have been approached by the relevant department about the subsidy schemes, for instance, under the Anti-epidemic Support Scheme for the Property Management Sector (ASPM), the Home Affairs Department issued the application form to the sector in late February 2020. For childcare centres, the Social Welfare Department has issued emails to the centres directly to solicit applications.

In certain rare instances, no application will be required. For instance, there is a one-off special grant to all schools offering full and formal curriculum, including kindergartens, primary and secondary schools, for the replenishment of epidemic prevention equipment.

Ease/speed of access

The Government has generally processed applications under the AEF efficiently. For instance, the One-off Recycling Industry Anti-epidemic Scheme (ORIAS) was open for applications on 16 March 2020. By 28 March 2020, 18 applications with HK\$1.08 million of subsidies had been approved. The Property Management Services Authority has approved 315 applications under the ASPM between late February 2020 and 2 April 2020, involving a sum of HK\$8.7 million.

It is not generally common for governmental departments to stipulate the exact timing required for processing an application. Nevertheless, for the Travel Agents Subsidy Scheme, under which travel agents with a valid licence may receive a one-off subsidy of HK\$80,000, the Government estimated that the disbursement of subsidies could be arranged in around 14 working days.

Period of support

Most financial supports under the AEF are in the form of one-off cash subsidies, with a few exceptions under which allowances will be granted for four to six months. Under the ASPM, each frontline property management worker will be granted a HK\$1,000 subsidy for four months (ie February 2020 to May 2020), subject to a cap of six headcounts per eligible building block. The ORIAS provides recyclers with HK\$20,000 funding per month for six months (ie January 2020 to June 2020), the funding is to support their operational costs. For the aviation industry, airlines will receive full waiver on parking and airbridge fees for idle passenger aircraft for five months, and 40% reduction of passenger aircraft landing charges for four months from late-March 2020.

Tax support and impact

The Financial Secretary of Hong Kong announced a few tax reduction measures in the 2020/2021 budget in late February 2020, under which the profits tax and salaries tax for the year 2019/2020 will be reduced by 100% subject to a ceiling of HK\$20,000, which will respectively benefit 141,000 corporations and 1.95 million taxpayers. Further, the Government has also decided to waive the business registration fees for the year 2020/2021 as well as the registration fees for annual returns (except for late filing) charged by the Companies Registry for two years.

Insurance cover

The interaction between the relief package under the AEF and existing insurance cover of major insurance policies is generally unknown at this stage. In Hong Kong, 19 banks have offered certain key relief measures for their insurance customers, among which certain life insurance customers diagnosed with COVID-19 are entitled to receive additional hospital coverage during the coverage period.

Applicable existing support schemes

In the 2020/2021 budget, the Government announced its intention to extend some of the existing relief measures, such as waiving 75% of the electricity, water and sewage charges for non-domestic households for four extra months (ie April 2020 to July 2020), subject to a monthly cap of HK\$5,000, HK\$20,000 and HK\$12,500, respectively. The rental subsidy for local recycling enterprises will be extended for six months, involving a total amount of HK\$100 million.

Further, as a measure to stimulate the economy (as Hong Kong had undergone a technical recession since the third quarter of 2019), the Government announced on 26 February 2020 that every Hong Kong permanent resident aged 18 or over will be entitled to a HK\$10,000 cash hand-out. To date, however, it is not known when this measure will be effected as no details on registration and timing have yet been announced.

Useful links

Further information on the Government's AEF is available at www.coronavirus.gov.hk/eng/anti-epidemic-fund.html

Further on the 2020/2021 Budget is available at www.budget.gov.hk/2020/eng/index.html

The press release of the HKAA on the HK\$1 billion relief package is available at www.hongkongairport.com/en/media-centre/press-release/2020/pr_1440

B. Impact on the energy and infrastructure sectors

Energy sector

There has been no major shift in the regulatory regimes in the Hong Kong energy sector. The electricity market, town gas market and auto fuel market either operate in a monopolistic or oligopolistic environment, which is yet to see the impact of, or price fluctuations from, the pandemic. There has also been no reports on any potential supply chain issues with regards to the import of coal, natural gas, or petroleum, or the import of electricity from Mainland China.

Infrastructure sector

The Government has implemented various measures to contain COVID-19 in Hong Kong, which include the suspension of air transit/transfer service, cross boundary land transport and cross boundary ferry transfer at Hong Kong International Airport, adjustment in cross-boundary coach services between Hong Kong and Macao, and adjustment in the passenger clearance services at Shenzhen Bay Port.

Under the AEF, the Government has also introduced subsidies to support industries affected by the pandemic, in particular, the infrastructure sector, including the setting aside of HK\$710 million for the construction industry, HK\$1.4 billion in a one-off non-accountable subsidy to the transport trades, and a HK\$1 billion package of relief measures for the aviation industry.

Other regulatory and policy issues

The Government has introduced heightened measures on border control by denying entry into Hong Kong of all non-Hong Kong residents coming from overseas countries and non-Hong Kong residents coming from Mainland China, Macao and Taiwan if they have been to any overseas countries and regions in the preceding 14 days, with effect from 0:00am on 25 March 2020 until further notice.

To reduce social gatherings, compulsory closures of bars and pubs and any part of a catering business premise or a clubhouse mainly used for the sale or supply of intoxicating liquors for consumption and karaoke, mahjong-tin kau and nightclub establishments, and the suspension of karaoke and mahjong-tin kau activities in catering premises and clubhouses, will be in force until 7 May 2020.

COVID-19 response initiatives in Hungary

An overview of the COVID-19 response initiative and impact on the Hungarian energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

The Government of Hungary (Government) declared a state of emergency as of 11 March 2020 with regards to the COVID-19 pandemic (SARS-CoV-2). As of the declaration, several measures have been introduced; however, as at 6 April 2020, a significant investment support initiative has been declared but not yet enacted. Detailed legislation on a comprehensive investment support scheme is expected to be adopted in the near future.

Sectors covered

The initiatives adopted to date cover different types of sectors of the economy, including the financial, catering, hotel and accommodation, media, healthcare and beauty care sectors.

Types of businesses covered

The adopted investment and support initiatives cover all types of organisations, eg the self-employed, small and medium sized enterprises (SMEs) and also multinational companies. Some of the initiatives discussed, eg tax reliefs, cover selected sectors only.

Types of support available

The Hungarian National Bank (HNB) has introduced extraordinary measures in order to enhance the liquidity of Hungarian banks.

The HNB provides repo financings with a term of three, six or 12 months, or three or five years with fixed interest rate and with an unlimited maximum amount (*keretösszeg*) (Support 1). The HNB accepts financing provided to large enterprises as collateral.

In addition, banks are exempted from their minimum reserve payment obligations (*kötelezőtartalék-teljesítés*) by suspending the penalty for under-provisioning (*alultartalékolás*) (Support 2).

The Government has also granted a moratorium to all debtors whose debts arise out of loan agreements and financial leasing provided on a commercial basis. The moratorium applies to such contracts that were in force on 18 March 2020 (24:00) and is ensured until 31 December 2020. As of 19 March 2020, the moratorium also applies to employer loans, guarantees and purchase price instalment and rental fee payment obligations of natural persons who applied for the National Asset Management Programme (the management programme was introduced previously to support household debtors who incurred debts in foreign currencies) (jointly Support 3).

Irrespective of the moratorium, debtors may voluntarily continue performing their contractual obligations. During the moratorium, the due date for fulfilling contractual obligations under financing agreements will be extended in line with the term of the moratorium. Due to the extension, security interest is also impacted (irrespective of whether ancillary or not and are incorporated into an agreement or a unilateral declaration). Contracts expiring during the national emergency will also be prolonged until 31 December 2020. Moreover, HNB announced a one-week term deposit tender to improve the efficiency of the banking system's liquidity management and support the reduction of banks' overnight deposits (Support 4).

As of 1 July 2020, the NHB will lift the capital buffers applicable to systematically important domestic credit institutions (Support 5). The capital released this way will support the maintenance of the lending activity of the banking system. The banks concerned will need to gradually build up the capital buffers to the original level required by 2020 over a three-year period starting in 2022.

Eligibility

Support 1 is only available for central bank counterparties. Banks with a licence in Hungary and Hungarian branch offices are eligible for Support 2. In respect of Support 3, debtors are entitled to a moratorium by law. Support 4 is available for central bank counterparties, and the Hungarian systematically important credit institutions are eligible for Support 5.

Access

Support 1 may be accessed by banks via tenders held by the HNB; Supports 2 and 3 are granted by law.

Ease/speed of access

The first tender for Support 1 was held on 25 March 2020; Support 2 is applicable with immediate effect. Support 3 is automatically applicable as from 18 March 2020. The first tender for Support 4 was held on 2 April 2020, which thereafter will be held on a weekly basis. Support 5 will be applicable as of 1 July 2020.

Period of support

Support 3 is currently guaranteed until 31 December 2020. The other supports are available during the period of the state of emergency, which may be terminated either by the Parliament or the Government.

Tax support and impact

In response to the pandemic, the Government has adopted three different kinds of tax reliefs that are applicable to entities

carrying out selected economic activities (the selection is based on the NACE Rev.2 classification of economic activities).

Accordingly, employers, the self-employed and business partners pursuing selected economic activities are exempted from social tax (*szociális hozzájárulási adó*) payment obligations in respect of March 2020, April 2020, May 2020 and June 2020 (Exemption Period) (Tax support 1).

In addition, small business taxpayers (*kisvállalti adó, KIVA*) are exempted from paying small business tax during the Exemption Period (Tax support 2). Tax supports 1 and 2 are available throughout the Exemption Period for those companies and the self-employed that pursue selected economic activities, including catering services, hotel, sports and leisure services, taxi operations, artistic performance services as well as film and movie making services.

Economic operators subject to Tax supports 1 or 2 are furthermore exempted from the payment of various duties, such as vocational training contribution (*szakképzési hozzájárulás*) and rehabilitation allowance advance (*rehabilitációs hozzájárulási előleg*); they are also only required to pay 2/3 of the actual rehabilitation allowance. The contribution to tourism development (*turizmus fejlesztési hozzájárulás*) will not be established and need not be declared in the quarterly or in the yearly tax return.

A wider range of companies and self-employed are covered by an additional tax exemption applicable to the fixed-rate tax payable by small enterprises (*kisadózó vállalkozások tételes adója, KATA*) (Tax support 3). The scope of exempted economic activities covers, among others, beauty care services, healthcare services such as inpatient and outpatient care as well as dentistry care, contractors such as plumbing, heat and air conditioning installation service, painting and glazing services, and hotel and leisure services. Similarly to Tax supports 1 and 2, Tax support 3 is available for the same Exemption Period.

Insurance cover

In the course of the Exemption Period, employers and the self-employed pursuing selected economic activities must pay a minor health insurance contribution that may not exceed HUF7,710 (that is about €20). Save for the above minor health insurance contribution, the above persons are exempted from the payment of other compulsory insurance contribution such as pension contribution, health insurance contribution and labour market contribution. The scope of the economic activities covered by the above insurance payment relief is the same as in the case of Tax supports 1 and 2. Furthermore, employers in the fields of tourism and amusement, the film industry and sport are also exempted from the payment of insurance contributions.

Childbirth allowance entitlements expiring during the state of emergency are sustained until the state of emergency is revoked.

Useful links

Further information on the impact of the COVID-19 pandemic in Hungary is available at www.schoenherr.eu/coronavirus-info-corner/hungary

B. Impact on the energy and infrastructure sectors

Energy sector

Pursuant to the disaster management act, the Government ordered various companies that are considered to be of strategic importance to be monitored by management teams delegated by the Hungarian military. The management teams' task is to monitor the activities of the selected companies and ensure their continuous operation. The management teams delegated by the military do not exercise any measures regarding the day-to-day operations of the selected companies. To date, 140 companies have been subject to these monitoring measures, including several energy and infrastructure companies from the sectors of power generation, electricity and gas transmission and distribution, electricity and gas supply, as well as railway operation, water supply and telecommunication network operation and services.

Infrastructure sector

In response to the pandemic, the Hungarian Energy and Public Utility Regulatory Authority has exempted electricity and gas distribution system operators from annual and other actual personal meter reading and meter replacement obligations; therefore, distribution system operators may reschedule their actions requiring personal presence.

Other regulatory and policy issues

On 6 April 2020, the Government announced a comprehensive investment support scheme presented as a set of counter-measures against the negative economic consequences of the current pandemic.

The investment support scheme includes the following measures:

- the State budget will cover a certain part of employees' salaries if the workplace is maintained by the employer with reduced working hours;
- in order to create jobs, various investments will be supported in the total amount of HUF450 billion (about €1.3 billion), however the scope of such investments is to date unknown;
- various sectors, such as tourism, construction, logistics, food and agriculture will enjoy specific supports; and
- loans will be supported by providing preferential interest rates and guarantees.

The details of the support measures are to date unknown.

COVID-19 response initiatives in Iceland

An overview of the COVID-19 response initiative and impact on the Icelandic energy and infrastructure sectors

Baldvin Björn Haraldsson, partner, Antoine Lochet, counsel, and Friðbert Þór Ólafsson, associate, all of BBA//Fjeldco, Reykjavík

A. COVID-19 response investment and support initiative

Overview

The Icelandic Government (Government) has taken certain measures to counter the economic impact of the COVID-19 pandemic, which aim primarily at making it easier for households and businesses to withstand the temporary loss of income that they may suffer as well as keeping the economy moving.

These measures include, but are not limited to the four following categories of support: (i) protecting jobs, (ii) deferral, split payments, reduction, or cancellation of taxes and levies, (iii) access for companies to financing, and (iv) public investment on strengthening societal infrastructure.

Sectors covered

While most of the measures are of a general nature some only apply to certain sectors, these include:

- Wage payers: Deferral of PAYE tax and payroll tax during the period of 1 April 2020 to 1 December 2020.
- Airlines etc: Cancellation of customs service charge for airplanes and vessels until 31 December 2021.
- Importers: Split payments of import levies from March 2020 throughout the year.
- Tourism: Cancellation of 'overnight tax' from 1 April 2020 to 31 December 2021 and deferral of payments for 'overnight tax' due for the period of January 2020 to March 2020. Furthermore, public marketing campaigns will be rolled out encouraging tourism.
- Financial undertakings: Reduction of bank taxes.
- Real estate: Deferral of property taxes until late 2020.
- Construction: Reimbursement of VAT on labour for work carried out at a residential construction site will temporarily be increased from 60% to 100%.

Types of businesses covered

The initiatives are generally available to all businesses, irrespective of type, that meet the eligibility criteria (see Eligibility). Additionally, the reimbursement scheme for salaries paid during periods of self-isolation and the partial unemployment benefits scheme will also apply to the self-employed (see Types of support available).

Types of support available

The types of support available can be split into four categories. Firstly, a number of measures are directly aimed at protecting

jobs, including (a) a reimbursement scheme for employers that continue to pay salaries to their employees that are absent from work due to self-isolation instructed by the Government, (b) partial unemployment benefits, (c) special child benefits, (d) access to third-pillar pension savings (private pension savings), and (e) increased and expanded reimbursement of value added tax (VAT) on labour.

Secondly, measures were taken as to the implementation of deferral, split payments, reduction, or cancellation of taxes and levies. In addition to those measures the Parliament has granted an authorisation for the Minister to cancel or reduce companies' income tax prepayments.

Thirdly, the Government has taken measures to increase businesses' access to financing. Banks, savings banks, and Government credit funds have made an agreement on arrangements for the deferral of debt collections for firms that suffer temporary payment difficulties because of the pandemic. It is assumed that those businesses that satisfy specific requirements concerning the assessment of temporary payment difficulties will be able to defer payments of principal and interest for up to six months. Deferred payments will be added to the loan principal, and the term of the loan will be extended by the number of deferred payments. Additionally, the authorities will issue guarantees for up to 50% of new operating loans to companies fulfilling certain conditions. The Treasury's total exposure to risk from these loans could range up to ISK35 billion.

Fourthly, the Government has placed strong emphasis on investment and on strengthening societal infrastructure with an expedited investment initiative. Special consideration is given to projects that can be expedited and to other profitable projects that can create a variety of jobs at short notice. The investments are in areas such as road construction and maintenance, real estate, and information technology. Furthermore, contributions to various scientific and innovation funds will be increased. The scope of the initiative is ISK20 billion, of which ISK15 billion is being financed by the Treasury and ISK5 billion by State-owned companies.

Eligibility

The Governmental support will not be available for all businesses and there are different eligibility criteria for each type of support.

Deferral of payments of PAYE tax and payroll tax

Employers experiencing temporary operational difficulties due to a reduction in revenues are authorised to request deferral of up to three payments of PAYE tax and payroll tax with a payment due date from 1 April 2020 through 1 December 2020.

This measure has three requirements in addition to formal requirements that must all be satisfied in order for the employer to request a deferral: (i) the employer must have suffered a loss of revenue, (ii) the operational difficulties in question must not have originated prior to the beginning of 2020, and (iii) all public levies must have been paid and required information must have been submitted to the Directorate of Internal Revenue. In addition to the grace periods, those suffering a severe loss of revenue can be granted an additional grace period for the payment due on 15 January 2021, so that it is split into instalments due in June, July, and August of that year.

On the Directorate of Internal Revenue website, there will be a link to a page for employers' applications, declarations that the requirements for temporary operational difficulties have been met, and other communications relating to the deferral.

Treasury guaranteed loans

The conditions for a Treasury guarantee include the following:

- guarantees apply only to new loans granted to companies that have suffered at least a 40% year-on-year loss of revenue as a result of the pandemic;
- guaranteed loans may range up to a maximum of two times the company's annual wage expense for the prior year;
- loans will be limited to companies whose wage expense accounted for at least 25% of their total expense in 2019; and
- it will be permissible to restrict the use of the loans so that the proceeds can only be used, for instance, to pay wages, purchase operational inputs, and pay rent.

Deciding which companies can receive guaranteed loans will be in the hands of credit institutions. The loans will have to meet certain requirements and must be used for operating companies.

Ease/speed of access

The initiatives have only recently been introduced and in some cases full details have not yet been finalised. Consequently, the application processes for all of the different initiatives are not yet clear. It is therefore still uncertain how long it will take for applicants to receive the support they apply for.

Useful links

The Government's website, which contains further information on the COVID-19 responses, is available at www.government.is/default.aspx?pageid=5781e635-46bb-4c79-8218-03d44073071e

B. Impact on the energy and infrastructure sectors

Energy sector

The pandemic and the lockdown measures implemented by the Government has had a severe impact on the day-to-day operations of most organisations in Iceland, including companies and other organisations in the energy sector. However, there have been no specific regulatory changes, measures or market issues for the energy sector.

Infrastructure sector

The Government has implemented measures to re-boot the economy after the temporary shock caused by the pandemic passes by increasing public investment in infrastructure through special legislation covering several public private partnership (PPP) cooperation projects. Special consideration will be given to projects that can be expedited and to other profitable projects that can create a variety of jobs at short notice. Additionally, contributions to various scientific and innovation funds will be increased.

Other regulatory and policy issues

As of 16 March 2020, there have been restrictions on gatherings of people in various forms; initially there was a ban on gatherings of 20 people or more. Further, people must ensure that they keep a distance of at least two metres between individuals. The ban also affects public places such as swimming pools, gyms, pubs and museums, which should remain closed for the duration of the ban. The ban was initially in force until 4 May 2020, and it became clear over time that it would be lifted gradually, with the first step being taken on 4 May 2020.

As of 4 May 2020, larger gatherings will be limited to 50 people, instead of 20, and service providers, such as hair salons and dentists, will be able to open their doors again. High schools and universities will reopen with certain limitations, while elementary schools and preschools will return to normal. The ban on gatherings of more than 50 people will be in force until 1 June 2020.

COVID-19 response initiatives in Indonesia

An overview of the COVID-19 response initiative and impact on the Indonesian energy and infrastructure sectors

David Dawborn, senior international counsel, Matthew Goerke, senior international counsel, Dhani MM Pattinggi, HBT partner, and Andrew Gadd, international counsel, all of HBT, Jakarta

A. COVID-19 response investment and support initiative

Overview

Indonesia faces unique challenges when combatting an infectious disease such as COVID-19 and, similar to other countries, the Indonesian Government (Government) is in a race against time to contain the current pandemic. As at 19 April 2020, Indonesia had confirmed over 6,500 positive cases with more than 580 fatalities, although the World Health Organization estimates the real number of COVID-19 infections in Indonesia to be much greater.

The Government has now begun to take some concrete actions in response to the pandemic and is considering stimulus packages in addition to those already announced. Initially, the Government announced a Rp10.3 trillion (US\$742 million) stimulus package to boost consumer spending and reinvigorate Indonesia's tourism industry as part of an effort to reduce the economic impact of the pandemic. The Government has also recently announced it was working to finalise a second stimulus package aimed at easing rules for exports and imports as supply chains and manufacturing companies have been severely disrupted by the spread of COVID-19.

Sectors covered

Most sectors are covered to some degree, however, to date, the Government has not introduced any formal investment or support initiatives for businesses in the energy and infrastructure sectors.

Types of support available

The various steps taken by the Government in an effort to try and mitigate the economic impact of COVID-19 in Indonesia include a declaration of an Indonesia-wide state of emergency due to the pandemic and the imposition of large-scale social restrictions, which may make it easier for businesses to claim relief under any force majeure provisions in agreements to which they are a party. Other measures include:

- introducing a number of new policies to stabilise the financial system in Indonesia, in particular allowing Bank Indonesia to: (i) grant short-term liquidity loans to banks in Indonesia; (ii) purchase long-term government bonds on the market; and (iii) to purchase Government bonds from corporations and private entities, as well as giving the Indonesian Financial Services Authority the authority to mandate the merger or consolidation of financial service institutions;
- introducing regulations allowing general meetings of shareholders or other similar meetings to be conducted online;

- introducing regulations to reduce the time it takes for BKPM (the Investment Coordinating Board of the Republic of Indonesia) to process and issue permits and licences for healthcare and pharmacy businesses; and
- introducing regulations allowing businesses to submit their merger and acquisition notifications to the Indonesia Competition Commission online.

The second stimulus package recently announced by the Government is aimed at providing support to manufacturing companies, trade (import/export) and logistic companies that have been severely impacted by COVID-19 by relaxing certain licensing and permit requirements and making tax relief available to eligible companies.

While the measures adopted by the Government only provide piece-meal support for businesses and the Indonesian economy, they are nonetheless a step in the right direction, and at a minimum indicate the Government is looking for ways to stimulate the Indonesian economy and reduce the financial impact of COVID-19 in Indonesia.

Tax support and impact

Tax support measures introduced in light of the pandemic include a reduction in the corporate income tax rate for domestic corporate income tax payers to 22% for 2020-2021, previously at 25%, and 20% for 2022. Value added tax (VAT) has also been introduced on ecommerce transactions, targeting mainly foreign goods and service providers selling goods or services to people and businesses in Indonesia. In addition, the time periods for both corporate and individual tax payers to comply with their respective tax obligations, and to submit tax objections, has been extended, in some cases by up to six months.

Useful links

Further information is available on the Government's official COVID-19 website, available at www.covid19.go.id

B. Impact on the energy and infrastructure sectors

Every business sector in Indonesia is facing similar challenges and struggling with the impact of COVID-19; however, these challenges are compounded for the energy and infrastructure sectors as the majority of energy and infrastructure projects in Indonesia: (i) are funded by US dollar denominated loans out of North-Asia; (ii) rely on North-Asian equipment suppliers and construction contractors with large expat workforces; (iii) typically have only one income stream which is derived from the project asset; and (iv) are labour intensive.

The majority of planned and developing energy and infrastructure projects have been temporarily postponed as due to the pandemic:

- the Government is shifting its focus and resources (including human resources) away from energy and resource projects to focus on the direct response to COVID-19;
- the majority of Government departments are closing (or operating at limited capacity) due to COVID-19, resulting in delays in the issuance of approvals, permits and licences required for the development of energy and infrastructure projects;
- flights to and from China, among other countries, are cancelled, and a temporary ban is placed on Chinese nationals entering Indonesia (as well as a voluntary exodus from Indonesia of some highly-skilled expatriate workers);
- temporary visa restrictions and onerous requirements on visa applicants have been introduced to limit the flow of people into Indonesia, such as requiring visa applications to submit a health certificate issued by a relevant health authority from their respective countries along with the visa application; and
- the devaluation of the Indonesian rupiah against the US dollar, making energy and infrastructure projects more expensive in US dollars and less profitable for international investors.

To date, the support initiatives introduced by the Government have not included the energy sector. The Indonesian Ministry of Energy and Mineral Resources (MEMR) has however recently proposed a number of incentives to be made available to Indonesian mining companies, including adding mining companies to the list of companies eligible for assistance pursuant to the second stimulus package. MEMR has also proposed a guaranteed supply of fuel and other logistics for miners to support their mining activities, and to allow mining companies to use foreign exchange currency instead of the rupiah for transactions. To date, however, these proposed initiatives have not yet been formally regulated or implemented.

COVID-19 response initiatives in Ireland

An overview of the COVID-19 response initiative and impact on the Irish energy and infrastructure sectors

Silke Goldberg, partner, and Barbara McNulty, paralegal, Herbert Smith Freehills

A. COVID-19 response investment and support initiative

Overview

On 27 March 2020, Ireland's Taoiseach announced that Ireland was in lockdown in a bid to stop the spread of COVID-19 in the country. Appeals were made to the public to stay at home except to buy food and essential items, do work deemed essential, care for vulnerable people, or to take exercise within two kilometres of their homes, which, from 5 May 2020, was extended to five kilometres. The lockdown was initially to be in place until 12 April 2020, however, this was extended until 5 May 2020, and, on 1 May 2020, further extended until 18 May 2020. A phased, five-stage re-opening of the economy over three months is expected to be introduced from 18 May 2020.

In response to the negative impact of the COVID-19 pandemic on the economy, the Irish Government (Government) has introduced a fiscal package of €7.2 billion to support businesses, which includes financial measures in the form of working capital, income and employee supports, and expansion of a credit guarantee scheme. Other supports to counter the short-term effects of the outbreak have also been introduced in the form of a deferral of commercial rates, ensuring the employment permits system continues to operate and changes to annual company filing obligations, among others. The response initiative also includes practical supports for businesses in the form of, for instance, promotional activity to stimulate demand for products in sectors most affected by the evolving crisis such as food and tourism.

On 2 May 2020, the Government announced an additional package of business supports of up to €6.5 billion, under which firms impacted by the pandemic can warehouse tax liabilities for 12 months and commercial rates will be written off for three months. The package also includes a €2 billion credit guarantee scheme to be introduced for small and medium sized enterprises (SMEs) and investment of €2 billion by Ireland's sovereign wealth fund directly into larger enterprises. The guarantee scheme and sovereign wealth fund investment measures will require new legislation to implement, which, as the 8 February 2020 general election in Ireland did not return a clear winner, is not possible until a new government is formed. On 3 May 2020, three parties, ie the governing Fine Gael, Fianna Fáil and the Green Party, agreed to enter into negotiations on forming a government.

Sectors covered

The supports announced before 2 May 2020 are available to eligible applicants from all sectors. Sector-specific supports have also been announced for, in particular, the health sector, the agriculture sector and restaurants.

Types of businesses covered

Supports are available to varying degrees for viable micro enterprises (ie sole traders and firms with up to nine employees), the self-employed, viable SMEs and small midcap enterprises that meet the relevant eligibility criteria. SMEs are businesses with fewer than 250 employees, a turnover of €50 million or less (or €43 million or less on their balance sheet), are independent and autonomous, ie not part of a wider group of enterprises, have less than 25% of their capital held by public bodies, and are established and operating in the Republic of Ireland. A small midcap is an enterprise that has fewer than 500 employees and is not an SME.

Types of support available

The supports announced for businesses include financial supports in respect of working capital and income support, and supports for businesses to counter short-term shocks. The existing supports provided by Microfinance Ireland have been expanded to include a COVID-19 Business Loan, and the existing Strategic Banking Corporation of Ireland (SBCI) Credit Guarantee Scheme has also been expanded in light of the current pandemic (see Applicable existing support schemes).

Financial supports

A €250 million SBCI COVID-19 Working Capital Scheme has been announced, which is being offered in partnership with the Department of Business Enterprise and Innovation, the Department of Agriculture, Food and the Marine, and is supported by the InnovFin SME Guarantee Facility; the scheme has the financial backing of the European Union under Horizon 2020 Financial Instruments. Under the SBCI COVID-19 Working Capital Scheme, eligible businesses can apply for loans of from €25,000 to €1.5 million. The maximum interest rate on loans under the scheme is 4% and loans are unsecured up to €500,000. The loan terms range from one year to three years and interest-only option repayments may be available. For the working capital scheme, the eligibility criteria includes that the applicant's turnover must have decreased by 15% due to the negative impact of the pandemic and the applicant must also fulfil one of 11 innovation criteria. A €200 million Package for Enterprise Supports has also been announced and is available for vulnerable but viable firms that need to restructure or transform their business. The package includes a Rescue and Restructuring Scheme, which is available through Enterprise Ireland.

Other supports include the deferral of commercial rates for businesses impacted by the pandemic. The Local Enterprise Office Business Continuity Voucher is another form of support that is designed for businesses across every sector employing 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 pandemic.

Income supports

Income support has been made available under the National COVID-19 Income Support Scheme (ISS) by the Department of Business, Enterprise and Innovation. The measures under the ISS, which is to be in place for 12 weeks, include:

- A COVID-19 Pandemic Unemployment Payment of €350 for the self-employed, which is available directly from the Department of Employment Affairs and Social Protection.
- A temporary COVID-19 Wage Subsidy Scheme (WSS), the aim of which is to help businesses to continue paying their employees. Under the WSS, a temporary wage subsidy of 70% of take home pay up to a €410 maximum weekly tax free amount (ie 70% of take home weekly income of €38,000 per annum) is available.
- An enhanced emergency COVID-19 Pandemic Unemployment Payment of €350 (an increase from €203) per week for employees who have lost their jobs due to the pandemic.
- An enhanced illness benefit payment of €350 per week for workers who are told to self-isolate by a doctor or the Health Service Executive (HSE) or who have been diagnosed with COVID-19 by a doctor.

Supports to counter short-term shocks

Various measures have been announced to support businesses in countering the short-term shocks they are experiencing due to the pandemic. Such measures announced include that the annual filing obligations for companies have been changed and, under these changes, annual returns that are due to be filed by a company now and up to 30 June 2020 will be deemed by the Companies Registration Office (CRO) to have been filed on time if all elements of the annual return are completed and filed by that date. The current situation is being kept under review and the deadline of 30 June 2020 may be extended.

The Department of Employment Affairs and Social Protection, and the Department of Business, Enterprise and Innovation have announced a joint initiative of tailored supports for impacted businesses. The First Responder support service (FRSS) is aimed at helping avoid mass layoffs and buy time for businesses to work through the short-term disruptions. Enterprise Ireland also has a number of supports available to help businesses mitigate the impact of the pandemic including a COVID-19 Business Financial Planning Grant worth up to €5,000, which is aimed at enabling businesses access external support from approved financial consultants to prepare a financial plan to secure the business in the short to medium term. The Department of Business, Enterprise and Innovation has also implemented a contingency plan to ensure that the employment permits system will continue to operate in all scenarios.

Other sector supports

A health sector support package of €1 billion has been announced to scale up the sector's actions and capacity to deal with the COVID-19 outbreak. Bord Bia (the Irish Food Board) is widening its marketing grants schemes with the introduction of its COVID-19 Response Marketing Support Package. The Bord Bia marketing grants scheme is open to food, drink and

horticulture (edible and amenity) producers that are client companies of Bord Bia, with a turnover greater than €100,000 in 2019 and less than €25 million in 2019 (turnover of linked (by common shareholders) and partner enterprises in a group is taken into account). The scheme supports 70% of eligible expenditure, up to a maximum specified approved amount and covers activities carried out from the date of application to the end of December 2020. For restaurants, planning and development regulations have also been amended to temporarily allow restaurants to operate as takeaways without being required to obtain change of use planning permission to operate as such. The Fáilte Ireland (the National Tourism Development Authority of Ireland) COVID-19 Business Support Hub is targeting its supports to respond to the most urgent challenges and threats tourism businesses are now facing. To assist farmers, the currently existing Calf Investment Scheme (CIS) budget has been increased from €1.5 million to €4 million. The CIS supports investments for calf rearing welfare facilities and about 2,500 farmers will be directly funded. Supports have also been announced for the general population in the form of enhanced protections for people facing difficulties with mortgage payments, rent or utility bills.

Tax support and impact

Tax supports include the suspension of interest on late payments for January 2020/February 2020 VAT and both February 2020 and March 2020 PAYE (employers) liability. All debt enforcement activity has been suspended until further notice by the Revenue Commissioners (Revenue) and current tax clearance status for businesses will remain in place over the coming months. Revenue has however noted that SMEs experiencing temporary cash flow difficulties should continue to send in tax returns on time.

Applicable existing support schemes

The existing MicroFinance Ireland loan support scheme has been increased from the current maximum loan amount of €25,000 to €50,000 in an effort to deal specifically with exceptional circumstances of the pandemic for micro enterprises.

The Government has repurposed the SBCI Credit Guarantee Scheme (CGS) to help SMEs impacted by COVID-19 related issues have access to sufficient working capital. Under the CGS, the Government currently provides counter partial guarantees (currently 80%) to the pillar banks (ie AIB, Bank of Ireland and Ulster Bank) against losses on qualifying loans to eligible SMEs, mitigating credit risk or the need for collateral. Under the repurposed CGS, businesses can obtain loans to support changes they need to make to their business in response to the pandemic. The CGS provides loan facilities (term loans, demand loans and performance bonds) of €10,000 up to €1 million for terms of up to seven years; the CGS is not however a substitute for conventional lending that would otherwise take place.

Businesses can also avail of the Department of Employment Affairs and Social Protection (DEASP) short-term work support for businesses that need to reduce hours or days worked (see Useful links).

Useful links

Further information on supports available to businesses is available at <https://dbe.gov.ie/en/Publications/>

[Publication-files/Supports-for-businesses-impacted-by-COVID-19.pdf](#)

Details of the COVID-19 employment permits system contingency arrangements are available at <https://dbei.gov.ie/en/Publications/Publication-files/COVID-19-Employment-Permits-System-Contingency-Arrangements.pdf>

Details on short-term work support are available at www.gov.ie/en/service/c20e1b-short-time-work-support

Details of the Enterprise Ireland COVID-19 financial planning grant are available at <https://enterprise-ireland.com/en/About-Us/Services/Covid-19/Supports>

Details of the business continuity voucher are available at www.localenterprise.ie/Portal/response/Business-Continuity-Voucher/Business-Continuity-Voucher.html

Further information on tax measures to assist SMEs experiencing cash flow difficulties arising from COVID-19 is available at www.revenue.ie/en/corporate/press-office/press-releases/2020/pr-130320-revenue-announce-measures-to-assist-smes-experiencing-cashflow-difficulties-arising-from-covid-19.aspx

COVID-19 information and advice for taxpayers and agents is available at <https://revenue.ie/en/corporate/communications/covid19/index.aspx>

CRO updates are available at www.cro.ie/About-CRO/Contact-Us/Whats-New

B. Impact on the energy and infrastructure sectors

Energy sector

No supports have been announced for the energy sector directly, however, the Commission for Regulation of Utilities (CRU) has introduced COVID-19 CRU Customer Protection Measures, which include increasing the emergency credit for gas prepayment meters from €10 to €100. The CRU has also issued a moratorium on disconnections of domestic customers for non-payment, which means that no disconnections will take place up until 16 June 2020, after which the CRU will further assess the situation. Electric Ireland, the retail division of the Electricity Supply Board, has reduced electricity rates by 2.5% and gas by 11.5% from 1 April 2020 for every customer across the country.

Electricity, gas and water services are considered essential, and workers in such services are permitted to travel to work, subject to compliance with applicable and relevant guidance. Such workers include those in the areas of:

- electric power generation, transmission and distribution;
- extraction and distribution of gas;
- water collection, treatment and supply; and
- sewerage; waste collection, remediation activities and other waste management treatment and disposal activities.

Infrastructure sector

The Government has announced support measures for strategic maritime connections, which include the designation of five strategic maritime routes into and out of Ireland as Public Service Obligation (PSO) routes during the pandemic for a period of up to three months. The Government also announced an emergency provision of a maximum contribution of €15 million towards the costs involved in the continued operation of passenger ferry services on these routes in that period. The operators currently providing these services are Irish Ferries, Stena Line and Brittany Ferries.

Other regulatory and policy issues

Transport-related measures announced include measures for land, air and road.

In light of the importance of the road haulage sector to the national economy and in response to requests from the haulage industry, a temporary derogation from certain provisions of EU driving and resting time rules had been granted to heavy goods vehicles' (HGV) operations; this derogation has now been updated to include additional measures and has been extended to 31 May 2020. To ensure the continuous flow of goods within the EU, an extension of a maximum of six months up to 26 September 2020 has also been granted to drivers with valid Irish Driver Certificate of Professional Competence (CPC) cards that are due to expire during the current pandemic. Given that the current situation is a rapidly evolving one, measures are being monitored and may change in the coming weeks and months.

COVID-19 response initiatives in Israel

An overview of the COVID-19 response initiative and impact on the Israeli energy and infrastructure sectors

Dana Yagur, partner, Elad Sharabani, partner, and Renelle Joffe, partner, all of Meitar Liquornik Geva Leshem Tal Law Offices, Tel Aviv

A. COVID-19 response investment and support initiative

Overview

Various Israeli governmental authorities have responded with supportive initiatives aimed at supporting corporations (including start-up companies and energy companies) and non-profit organisations, to address and mitigate the potentially grave economic consequences of the COVID-19 pandemic. These initiatives focus mainly on the provision of grants and arrangements for payment moratorium including exemption of certain payments, facilitation of granting of loans, etc.

Sectors covered

The initiatives that have been published to date focus on employees who were laid off or put on unpaid leave, on the business sector (primarily small and medium sized enterprises (SMEs)), and on the third sector (associations). In addition, special attention has been given to companies in the infrastructure and energy sectors.

Types of support available

The support and eligibility rules vary from one sector to another, and include grants and provision of loans backed by the State of Israel (State).

Business sector and third sector

In March 2020, the Israeli Corporation Authority (ICA) published several directives that grant relief to companies, corporations, non-profit organisations, associations and public benefit companies that are subject to the authority of the ICA, in order to deal with the consequences of COVID-19. Such measures address the automatic postponement of reporting deadlines, delay of new audit procedures, automatic extension for submitting of information and documents, payment of annual fees at a reduced rate, facilitating of online filing to the ICA system, etc.

In addition, the Ministry of Finance published a dedicated credit line with favourable conditions for third sector associations and non-profits organisations that have encountered cash flow difficulties as a result of the spread of COVID-19. The credit is underwritten with a State guarantee of up to 85% of the amount of the loan.

Additional financial initiatives in this regard include, but are not limited to, the acceleration of payments by governmental authorities to relevant non-profit organisations, and the extension of deadlines for filing of exemptions from property taxes.

Israel Innovation Authority

The Israeli Innovation Authority (IIA) is the support arm of the Israeli Government (Government) charged with fostering the development of industrial research and development (R&D) within the State. The IIA fosters development, by, among other things, providing grants to assist the advancement of Israel's knowledge-based science and technology industries in order to encourage innovation and entrepreneurship while stimulating economic growth.

In mid-March 2020, the IIA issued three calls for proposals offering specific grants intended to address COVID-19 challenges. These calls were issued in cooperation with the Ministry of Health and other governmental entities with an extraordinary budget of NIS50 million approved by the Government for such purpose. These calls are addressed to Israeli technology companies, calling them to submit R&D plans for systems, products, or technological solutions, including projects in the development, piloting and demonstration stages (as well as semi-commercial installation and implementation, and large-scale deployment in health organisations) designed to deal with the challenges posed by the COVID-19 pandemic. Grant applications can also be submitted by manufacturers of medical equipment, therapeutic equipment, contamination prevention equipment, remote medicine, measuring and control devices, textiles, chemicals, polymers and plastics, and so on.

The grant recipients selected by the IIA can receive between 20% and 70% of approved R&D expenses for such projects. Due to time constraints, the IIA set a short submission deadline, permitted grant applications to be submitted by way of a dedicated and shortened form, and announced that the applications will be reviewed in an expedited manner.

As of the beginning of April 2020, 400 applications had been submitted under these special calls and additional applications are expected to be submitted by the next deadlines for such submissions. The IIA announced that these applications will be examined expeditiously in view of the priority awarded to such applications.

Useful links

The ICA website is available at www.gov.il/en/departments/israeli_corporations_authority

The IIA website has further information on the Government's responses to the COVID-19 pandemic, available at <https://innovationisrael.org.il/en/news/government-israel-wages-war-coronavirus>

The Ministry of Interior's website has further details on emergency regulations for business licensing, available at www.gov.il/en/departments/news/news-25032020-1

The Ministry of Finance's website has further information on measures to maintain the stability of the economy, available at www.gov.il/en/departments/news/press_16032020_b

B. Impact on the energy and infrastructure sectors

Infrastructure sector

In light of the decrease in the use of public transportation and the low traffic level in general resulting from measures imposed in connection with the COVID-19 crisis, the Ministry of Transport and the Ministry of Finance are currently promoting the acceleration of infrastructure projects with an initial budget of NIS1.1 billion, with the intention of increasing this budget. As of mid-March 2020, a variety of works in several projects have been accelerated, including the light rail project in Tel Aviv, railroads electrification, roads paving, building 'Park and Ride' Parking Lots to ease traffic and congestion on Israeli roads.

To implement this ambitious plan, the Government excluded the construction sector, including infrastructure companies (governmental and non-governmental) and their employees, from the applicable work place limitations under the emergency regulations enacted due to COVID-19.

On 25 March 2020, the Government approved emergency regulations to extend the validity of permits and approvals, and postpone deadlines in order to support the private sector during the COVID-19 crisis, including in the energy sector.

The approved regulations include the following measures:

- Licences to operate a business in all local authorities will be automatically extended to assist businesses working with reduced staff and businesses that have been forced to close temporarily.
- Licences required for running a business from governmental authorities will be automatically extended, including fire and emergency approvals and permits for the Environmental Protection Ministry.
- There is no need to renew permits for continued operations; permits will be automatically extended for another two months.
- All import permits will be renewed automatically to allow the import of goods into the Israeli market and prevent shortages and delays

Energy sector

To maintain the routine supply of all energy products in Israel during the COVID-19 pandemic, the Government excluded from the applicable work place limitations under the emergency regulations enacted due to COVID-19 all energy companies, including natural gas suppliers, transmission and distribution companies, liquefied petroleum gas (LPG) companies and electricity generation companies.

On 5 April 2020, the Electricity Authority (EA) announced its decision to postpone the deadlines in the competitive procedures for the construction of Photo-Voltaic (PV) Facilities

(subject to the extension of applicable guarantees where required) and regarding the process for the construction of natural gas fuelled power stations to be connected to the low pressure natural gas distribution network.

In addition, and in order to continue to promote the renewable energy sector, the EA approved an increase in the quota of feed-in tariffs for consumers installing small sized PV rooftop facilities with a capacity exceeding 15kW at a rate of NIS0.45 per kWh, with the registration (without a quantity limit) deadline under these conditions of June 2020.

The Israel Electric Company (IEC), the Government-owned monopoly in charge of electricity transmission and distribution networks, announced that despite the reduction in its activity it will continue to connect new customers and independent power producers, including and especially PV Facilities. In addition, the IEC has also published a package of benefits for customers and suppliers including early payments to suppliers and avoidance from disconnecting customers.

Other regulatory and policy issues

It should be emphasised that the above information constitutes a partial and non-comprehensive overview of certain initiatives and benefits provided by Government authorities, and additional Israeli authorities are dealing with the COVID-19 crisis in additional ways. For instance, during March 2020, the Ministry of Finance published various financial measures aimed at maintaining economic stability, and on 30 March 2020, presented a relief programme for an immediate response to COVID-19 challenges, aiming to provide a 'safety net' at the rate of NIS11 billion in the short run, along with long-run programmes of NIS69 billion which include maintaining of the social safety net, providing support for SMEs and a rehabilitation plan for exiting the COVID-19 crisis.

COVID-19 response initiatives in Italy

An overview of the COVID-19 response initiative and impact on the Italian energy and infrastructure sectors

Lorenzo Parola, partner, Francesca Morra, partner, and Vanessa Nobile, trainee, all of Herbert Smith Freehills, Milan

A. COVID-19 response investment and support initiative

Overview

The Italian Government (Government) has issued a set of emergency decrees aimed at containing the spread of the COVID-19 pandemic and supporting households and businesses by facilitating access to credit.

On 9 March 2020 a first Presidential Decree restricted freedom of movement, and on 22 March 2020 a second Presidential Decree suspended manufacturing and commercial activities (other than essential services) in the entire national territory (lockdown) and prohibited exit from each Municipality except for work-related reasons, extreme urgency or health reasons.

Types of businesses covered

In light of the above restrictions, certain financial measures have been adopted. In particular, Law-Decree No. 18 of 17 March 2020 (Law-Decree 18/2020), which set out an aid regime aimed at helping small and medium sized enterprises (SMEs) overcome the most critical economic phase related to the pandemic. Law-Decree 18/2020 also aims to mitigate the permanent effects of the large decline in demand on activity of a large number of undertakings given that these effects may also be amplified by a credit crunch.

Types of support available

On 23 March 2020, under the Temporary Framework adopted by the European Commission (Commission) on 19 March 2020, Italy notified to the Commission a State guarantee to support a debt moratorium for SMEs, which includes the postponement of repayments of overdraft facilities, bank advances, bullet loans, mortgages and leasing operations (Measure). The Measure, approved by the Commission on 26 March 2020, aims to temporarily ease the financial burden on SMEs that are severely affected by the economic impact of the pandemic, ensuring them liquidity to help continue their activities.

The Measure also provides for the use of a State Guarantee Fund (Guarantee) on the following exposures covered by the moratorium: any additional use of an overdraft facility after 30 September 2020; principal and interest on loans which have been extended until the end of the moratorium; and instalments of existing loans, mortgages or leasing exposures due by 30 September 2020 as postponed under the moratorium (see Period of support). Financial intermediaries can enforce the Guarantee if the following conditions are met:

- partial or full default of one of the credit facilities (Credit Event);

- enforcement proceedings have commenced with regard to the moratorium exposure by no later than 18 months as of 31 March 2022; and
- the financial intermediary provides the Guarantee Fund with an estimate of the final losses on the moratorium exposure.

The Guarantee covers losses stemming from a Credit Event up to 33% of the moratorium exposure. Additionally, on 8 April 2020, the Government adopted Law-Decree No. 23 (Liquidity Decree), under which SACE S.p.A., the Italian Export Credit Agency, can grant first demand guarantees in favour of banks, national and international financial institutions and other authorised credit entities, for an overall amount of €200 billion (out of which at least €30 billion to SMEs).

SACE guarantees must be granted by no later than 31 December 2020 and must be used to secure loans (a) with a tenor not exceeding six years and (b) with a principal equal to or below 25% of the debtor's annual turnover in 2019 or, if higher, to double its personnel cost. SACE guarantees cover 70%, 80% and 90% of the principal, respectively, for (i) companies less than 5,000 employees in Italy and a turnover not exceeding €1.5 billion, (ii) companies with more than 5,000 employees and a turnover ranging from €1.5 billion to €5 billion, and (iii) companies with a turnover exceeding €5 billion.

As regards insolvency proceedings, under the Liquidity Decree:

- insolvency claims filed between 9 March 2020 and 30 June 2020 are not admissible;
- all terms of the proceedings related to agreements among creditors (*concordato preventivo*) and restructuring agreements already approved (*accordi di ristrutturazione omologati*) expiring between 23 February 2020 and 31 December 2021 are extended by six months; and
- the entry into force of the New Code of Insolvency (Legislative Decree No. 14 of 12 January 2019) has been postponed to 1 September 2021.

Italian Civil Code rules on share capital losses (ie reduction and replenishment obligations) are temporarily waived. In addition, Law-Decree 18/2020 (as amended by the Liquidity Decree) sets out a specific social buffers regime (*ammortizzatori sociali*) and welfare measures aimed at dealing with the lockdown imposed by the Government in connection with the health emergency. In particular, Law-Decree 18/2020 provides for:

- A special ordinary temporary layoff scheme (*regime speciale di cassa integrazione ordinaria*). Employers that have suspended their activity due to the pandemic may apply for this measure in relation to periods of suspension between 23 February 2020 and 31 August 2020, but for a maximum period of nine weeks. This measure can also be granted to employers

already benefitting from either an ordinary temporary layoff scheme or an extraordinary temporary layoff scheme (*cassa integrazione ordinaria o straordinaria*) due to reasons other than the health emergency.

- A bonus of €100, related to the month of March 2020, for public and private employees with an income for the previous year below €40,000 who continued their work on site. The bonus (which is exempt from taxation) is paid automatically by the employer, if possible, in the April 2020 paycheck or by the end of 2020.
- Special leave, in relation to which an indemnity equal to 50% of the remuneration is granted, for parents employed in the private sector to enable them to take care of their children up to 12 years old; use of the leave is allowed to one parent, up to a maximum period of 15 days.
- A bonus (an alternative to the previous measure) for baby-sitting services up to €600 or €1,000 for doctors, nurses, and laboratory experts.
- An extension up to 15 June 2020 of the validity of any certificate, permit, concession, or authorisation expiring between 31 January 2020 and 15 April 2020, and suspension of permitting proceedings until 15 May 2020. In particular, as also clarified by various memoranda of the competent Ministry or Agency, the suspension also applies to any term relating to (i) public tender proceedings governed by Legislative Decree No. 50 of 18 April 2016 (*Codice Appalti*), (ii) inspections and sanctioning proceedings carried out by the National Anti-corrupting Authority (*Autorità Nazionale Anticorruzione*) (ANAC), and (iii) inspections and sanctioning proceedings carried out by the National Competition Authority (*Autorità Garante della Concorrenza e del Mercato*) (AGCM).
- Specific rules for shareholders' meetings convened up to 31 July 2020 or, at least, until the state of emergency continues, of (i) joint-stock companies (*società per azioni*), (ii) limited liability companies (*società a responsabilità limitata*), (iii) cooperatives (*società cooperative*) and (iv) limited joint-stock partnership (*società in accomandita per azioni*). In particular, Law-Decree 18/2020 sets out that:
 - shareholders' meetings can be held through audio/video conferences, provided that it is possible to identify the participants and these can actively participate and exercise their voting rights;
 - votes may also be cast electronically or by correspondence;
 - the chairman and the secretary of the meeting, or the public notary, in the cases that minutes have to be drafted by a notary under the Italian Civil Code, may not be in the same place; and
 - in limited liability companies (*società a responsabilità limitata*) votes may be cast through written consultations.
- An extension of the deadlines for payments in relation to certain taxes and duties.
- Suspension of all terms related to judicial proceedings and postponement of all non-urgent hearings until 11 May 2020.

Eligibility

All SMEs without non-performing credit exposures with banks on 17 March 2020 are eligible (Eligible SMEs).

Access

In order to benefit from the moratorium, Eligible SMEs must provide a declaration certifying that they have suffered a partial or total reduction in their business activity as a result of the pandemic.

Period of support

All financial intermediaries, ie banks and other lenders, located in Italy must apply a moratorium until 30 September 2020 on the following credit facilities:

- overdraft facilities and bank advances not yet drawn, existing as of 29 February 2020. For these facilities, the granted amounts must be maintained until 30 September 2020 (Overdraft Facilities);
- bullet loans due before 30 September 2020, which must be extended to 30 September 2020 without amending any contractual condition; and
- payment of the instalments due on existing loans, mortgages or financial leases, which must be suspended until 30 September 2020, and the adjustment of the amortisation plan may not lead to higher or additional costs for the borrower.

Tax support and impact

Law-Decree 18/2020 provides for the suspension until 31 May 2020 of the payment of withholding taxes, contributions, insurance premiums and VAT for companies most affected by the crisis. At the end of the emergency, the amounts will be due and payable without penalties and interest, and can be paid in either a single payment or in five instalments. The expiration of terms relating to applications for social security, welfare and insurance services already submitted to INPS (*Istituto Nazionale di Previdenza Sociale*), the main entity for the social security system, and INAIL (*Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro*), the national entity for insurances against accidents at work, has been suspended from 23 February 2020 to 1 June 2020.

Useful links

A full list of all the emergency decrees adopted by the Government is available at www.gazzettaufficiale.it/atti/Associati/1/?areaNode=13

EU Commission press releases are available at https://ec.europa.eu/commission/presscorner/detail/it/ip_20_656 and https://ec.europa.eu/commission/presscorner/detail/it/ip_20_655

B. Impact on the energy and infrastructure sectors

With specific regard to the energy sector, the following activities are considered essential under the Decrees of the President of the Ministers Council of 22 March 2020 and 10 April 2020 and, therefore, are not suspended:

- coal production;
- exploration and production (E&P) activities;
- production of coke and other refined oil products; and
- generation, transportation, distribution and supply of power, gas and steam.

In this respect, on 13 March 2020, the Minister of Economic Development issued a memorandum clarifying that power plants must (i) implement all measures to ensure full operation of the plants and all necessary measures to safeguard employees' health, (ii) coordinate with local authorities (*Prefetto*) for any employee transfer, and (iii) make maintenance plans in coordination with Terna (ie the Italian TSO). In addition, all activities that are 'functional' to secure the continuity of essential activities above (eg operations and maintenance activities) can be carried out subject to notification to the local authorities and in compliance with the 'Joint Protocol' on health and safety and containment measures at the work place, executed on 14 March 2020 by the Government, trade unions and employers' associations.

The Italian Regulatory Authority for Energy, Networks and Environment (ARERA) has issued various decisions, which include, among other things, suspending the procedures for default of vulnerable customers in order to guarantee the continuity of supplies and limiting the enforcement of guarantees posted by gas and power distribution networks. In particular:

- under Resolutions 60/2020/R/com, 117/2020/R/com, 124/2020/R/com and 148/2020/R/com, the procedures for default of end customers are suspended from 10 March 2020 until 17 May 2020 (ie the supply of power, gas and water cannot be interrupted). These Resolutions apply to all customers in low voltage and customers with an annual consumption of natural gas less than 200,000cm³;
- under Resolution 75/2020/S/com, for power and gas end customers in the 'red zone' (ie Municipalities of Bertinico, Casalpusterlengo, Castelgerundo, Castiglione D'Adda, Codogno, Fombio, Maleo, San Fiorano, Somaglia, Terranova dei Passerini (Lombardia) e Vo' Euganeo (Veneto)), all payment obligations and procedures for defaulting customers (even if already referred to due payments) are suspended until 30 April 2020. Sellers can request an advance payment from the fund for energy and environmental services (*Cassa per i Servizi Energetici e Ambientali*) (CSEA);
- under Resolution 59/2020/R/com and Decision 2/2020, submissions of data reporting and settlement services are extended. Additionally, the failure to comply with quality standards may be justified by force majeure;
- under Resolution 74/2020/R/com, terms for proceedings before ARERA are suspended;
- under Resolution 116/2020/R/com, enforcement of guarantees and procedures for default of users of the power and gas distribution networks is suspended in respect of invoices to be paid by 30 April 2020 and by 31 May 2020, if 70% (power) or 80% (gas) of the invoiced amount is paid. Additionally, payments already due are extended by 15 working days and the payment of general charges (*oneri di sistema*) due by gas and power distribution service operators to CSEA is suspended;
- under Resolution 121/2020/R/eel of 7 April 2020, ARERA implemented a temporary scheme for the valuation of the unbalances applicable to units that are not permitted to provide ancillary services (ie intermittent production and consumption units), envisaging a price cap and floor system.

For the specific incentives related obligations, on 24 March 2020, GSE S.p.A. (*Gestore dei servizi Energetici*), the Italian agency for renewables, extended a series of deadlines (originally expiring in the forthcoming days) relating to renewables and energy efficiency. It is worth mentioning that the Liquidity Decree introduced stronger powers of intervention in respect of foreign investments in strategic sectors. With specific reference to the energy sector, the Government intervention has been significantly extended to all the stages of the supply chain (eg import, generation, wholesale, E&P) in addition to networks, interconnectors and storage facilities.

The lockdown in Italy and the announced suspension terms were initially envisaged to be in place until 3 May 2020, however the lockdown was thereafter extended until 17 May 2020.

COVID-19 response initiatives in Japan

An overview of the COVID-19 response initiative and impact on the Japanese energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

The Ministry of Economy, Trade and Industry (METI) has taken various measures in an effort to mitigate the impact of the COVID-19 pandemic on businesses in Japan. The measures announced are in the form of financial support, such as interest-free and unsecured loans for business entities and small loans for individuals etc, and subsidies for companies whose employees must take leave as a result of the pandemic, and in the form of support for maintaining business productivity and sustainability, including the introduction of IT into businesses. Other measures include the deferral of tax and social insurance premiums, and support for employees and individual contractors who have children at school. The government has also announced a grant of JPY100,000 to all people registered on the basic resident register, which may also include non-nationals registered on the basic resident register.

Sectors covered

The financial support announced covers almost all industries (ie construction, food, textile, chemical products, metalworking, medical products, transportation, consumer products, etc). Some specific loans however cover only specific industries, eg sanitation businesses. There are no specific restrictions in any industrial sector in relation to the various subsidies announced or the supports announced for employees.

Types of businesses covered

The financing supports announced are aimed at small and medium sized enterprises (SMEs) and the self-employed, with those supports announced for individuals being mainly for independent contractors and part-time workers. The subsidies are mainly for SMEs and the self-employed, and the supports announced for employees etc, are for individual contractors, full-time and part-time workers.

Types of support available

Financial support

Financial support in the form of interest and security free loans/guarantees, and rescheduling of existing debt, is being made available to assist companies that have incurred financial damage due to the pandemic.

Subsidies

There are two types of subsidies available: (i) subsidies where companies can receive the equivalent of two-thirds to the full amount of leave entitlement and, where the government considers appropriate, the amount of subsidies made available may be increased (type one subsidy); and (ii) subsidies where

companies can receive from 50% to 66% of costs incurred (type two subsidy).

Supports for employees

The supports for employees include giving workers various working options (eg telework, part-time work etc), granting employees special leave and giving a special leave financial allowance (for independent contractors the allowance is JPY4,100 per day) where they need to take care of their children due to schools closing.

Eligibility

Financial support

For financial support, applicants must show a certain decrease in sales figures due to the pandemic (eg the sales in the latest month has decreased by 5% or more compared to the sales figures of the same month of the previous year etc). The interest-free and unsecured loans measure announced applies for specific trading periods (eg three months or more etc). In addition, individuals who wish to apply for the small loans measure must show that their income has decreased because of taking leave due to the pandemic, and the loan is necessary for emergency and temporary maintenance.

Subsidies

Companies that request their employees to take leave due to the negative economic impact of the pandemic and whose employees take leave because of schools having closed can apply for the type one subsidy. For the type two subsidy, applicants must show that their businesses have been negatively impacted by the pandemic and that they intend to improve their productivity and sales channels through use of the subsidies received.

Supports for employees etc

Employees who show that they need to take leave to take care of their children due to schools being closed are eligible to apply for support.

Access

Access to the various supports is mainly through online applications and contacting dedicated call centres. For example, the financial support measures can be accessed through the Japan Finance Corporation, the Shoko Chukin Bank and the Credit Guarantee Corporation. Subsidies and supports for employees can be accessed through the Ministry of Health, Labour and Welfare (MHLW), which has set up a dedicated website and call centre. See Useful links.

Ease/speed of access

The ease and speed of access varies depending on the support applied for and the details of the application; loans provided by Shoko Chukin Bank appear to have begun being issued around mid-April 2020.

Period of support

The period of financial support varies depending on the type of support. The term for business loans is up to 20 years and the term for small loans for individuals is up to ten years. The type one subsidy is for the period during which the employee takes leave due to the pandemic and the type two subsidy is a once-off payment. The supports for employees are available from 27 February 2020 to 30 June 2020, which terms may change depending on the period of time schools are closed due to the pandemic.

Tax support and impact

The National Tax Agency (NTA) provides a special national tax deferral measure available to persons or businesses experiencing difficulty in paying national tax temporarily due to the pandemic. Under this measure, an applicant can defer payment of national tax for one year. Some of the instances under which this measure can be availed of include where a tax payer's properties have suffered considerable damage due to COVID-19, where a tax payer or a family member living with him has contracted COVID-19, and where a tax payer has had to close his business or the business has suffered significant damage due to the pandemic. The national government has also asked local governments to take reasonable measures in relation to tax, including deferral of local tax for local tax payers.

Insurance cover

Social insurance

The MHLW has announced that tests for COVID-19 are to be covered under social insurance and persons being tested need not pay for testing themselves. Additionally, for persons diagnosed with COVID-19, costs of hospitalisation (out-of-pocket amounts) and medical treatments may be reduced depending on the local authority.

Private medical insurance

Generally, private medical insurance tends to cover costs of hospitalisation and medical treatments undertaken due to COVID-19.

Applicable existing support schemes

The METI is providing consultation counters for SMEs and small enterprises. JETRO also provides consultation counters and provides information on the current situation of Japanese companies developing business overseas and information on overseas countries.

Useful links

Information for SMEs and small enterprises is provided by the METI, available at (in English) www.meti.go.jp/english/covid-19/index.html and by the NTA (in Japanese), available at www.nta.go.jp/taxes/nozei/nofu_konnan.htm

JETRO provides information on the current situation of Japanese companies developing business overseas and

information on overseas countries, available at www.jetro.go.jp/world/covid-19.html

Financial support measures can be accessed through the Japan Finance Corporation, available at www.jfc.go.jp/n/inquiry, the Shoko Chukin Bank, available at www.shokochukin.co.jp/disaster/corona.html and the Credit Guarantee Corporation, available at www.zensinhoren.or.jp/model-case/keiei-shisho.html

Further information on the announced subsidies is available at www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/koyou/kyufukin/pageL07_00002.html, <http://portal.monodukuri-hojo.jp> and at www.shokokai.or.jp/jizokuka_r1h/;https://www.it-hojo.jp/2020emergency

The MHLW provides further information on the supports announced for employees, available at www.mhlw.go.jp/stf/newpage_10231.html

B. Impact on the energy and infrastructure sectors

Energy sector

As a result of the pandemic, Japan potentially faces a severe liquefied natural gas (LNG) shortage. LNG is currently the key source for powering Japan's electrical networks, however Japan has only a two-week stockpile of LNG given its unsuitability for long-term storage. The pandemic has disrupted LNG deliveries across Asia, and such delay has negatively impacted LNG supply to Japan.

JERA, the largest fossil-fuel generator in Japan, is taking measures to cope with the outbreak by changing work procedures to ensure the smooth flow of LNG and setting out multiple single-person tents, which give power station staff the opportunity to sleep and avoid commuting via public transport.

Economic deterioration due to the pandemic has however caused a decline in demand for LNG and the suspension of LNG industry investment projects. Many of the large Japanese trading houses are reconsidering current and future global investments in the LNG sector, and the overall decline in demand for LNG has also led to a decline in LNG prices.

Infrastructure sector

Large Japanese construction companies have begun to suspend their construction activities and schedules due to the pandemic. For example, Shimizu corporation, Kajima corporation and Obayashi Corporation, the largest construction companies in Japan, have decided to close most of their sites until the current state of emergency period ends. The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has also announced guidance regarding the temporary suspension of construction work and precautions for those construction companies that are continuing works. Work at half of the construction sites in relation to JR Tokai's Japanese MAGLEV line project has now been suspended due to the pandemic.

A significant portion of the construction work that has been carried out in Tokyo in the last few years was for infrastructure related to the 2020 Tokyo Summer Olympic and Paralympic Games, however these games have now been postponed and the associated cost to Japan of the delay is estimated to be JPY600 billion (about US\$5.8 billion).

Other regulatory and policy issues

Due to the declaration of a state emergency by the Prime Minister, governors in hard-hit prefectures have requested residents to stay at home during the upcoming Japan Golden Week holiday between 29 April 2020 and 6 May 2020. The MLIT has similarly requested people to stay home during this period.

COVID-19 response initiatives in Kazakhstan

An overview of the COVID-19 response initiative and impact on the Kazakhstan energy and infrastructure sectors

Joel Benjamin, managing partner, Almas Zhaiylgan, of counsel, Lena Makarenko, senior associate, and Kairat Baizakov, of counsel, all of Kinstellar, Almaty

A. COVID-19 response investment and support initiative

Overview

On 15 March 2020, the President of Kazakhstan by special edict declared a state of emergency in Kazakhstan from 16 March 2020 until 15 April 2020 due to the COVID-19 pandemic, which has been further extended to 11 May 2020 (when it may be lifted if statistics show the virus is declining). The edict, among others, introduced the following measures and temporary restrictions designed to:

- restrict the functioning of large sales (trade) outlets;
- suspend activities of shopping centres, cinemas, theatres, exhibitions and other facilities with mass gatherings of people;
- ban sporting, entertainment and other public events; and
- limit the entry into and exit from the territory of Kazakhstan by all types of transport except for Kazakhstan and foreign states' diplomatic service personnel and members of delegations of international organisations coming into Kazakhstan at the invitation of the Ministry of Foreign Affairs of Kazakhstan.

In addition, as of 19 March 2020, a quarantine was introduced in the cities of Almaty and Nur-Sultan which includes a ban on the movement of people in and out of these cities. More stringent lockdown measures were introduced as of 28 March 2020 in both cities, and later, in other major cities and regions of the country as the number of infected people grew.

Since the middle of March 2020, the Government of Kazakhstan (Government) and relevant State authorities have also been adopting a number of special legislative acts and regulations to deal with the pandemic.

Sectors covered

The bulk of the Government's measures are directed at helping those sectors that were hardest hit by the pandemic, eg trade, shopping and entertainment centres, tourism, hotels, sports facilities, etc. Certain measures have also been introduced to support agricultural producers as well as producers of excisable goods in Kazakhstan such as petrol (excluding aviation petrol) and diesel fuel sold for export.

Types of businesses covered

Government measures are intended to support the general population as well as small and medium sized enterprises (SMEs) and individual entrepreneurs operating in the affected sectors as well as legal entities, the financial condition of which worsened as a result of the introduction of the state of emergency.

Types of support available

Notable measures on support for the population, entrepreneurs and SMEs include concessional lending to SMEs and deferral of bank loan payments.

On 19 March 2020, the National Bank of Kazakhstan (NBK) approved a concessional lending programme, which provides that NBK would grant, through the Kazakhstan Sustainability Fund, KZT600 billion to banks. Banks would only use the money for lending to SMEs and individual entrepreneurs (subject to certain exceptions) affected by the introduction of the state of emergency, to replenish working capital for up to one year at an interest rate of up to 8% per annum.

On 22 March 2020, the RK Agency on Regulation and Development of the Financial Market (ARDFM) adopted a resolution according to which during the emergency situation, banks and organisations carrying out certain types of banking operations as well as organisations carrying out microfinance activities will:

- not accrue interest on bank loan agreements and/or microcredits to physical persons for which delayed payment of the principal and/or interest exceeds 90 calendar days;
- not accrue fines and penalties on delayed payments of principal and/or interest on bank loan agreements and/or microcredits to (a) physical persons and (b) legal entities, the financial condition of which worsened as a result of the introduction of the state of emergency; and
- grant deferral on payments of bank loans and/or microcredits, including payments of principal and/or interest for a period of up to 90 calendar days to individual entrepreneurs and subjects of SMEs whose financial condition has worsened as a result of the introduction of the state of emergency.

The above requirements apply to bank loans and/or microcredits entered into prior to 18 March 2020.

Eligibility

The measures introduced are directed at helping local SMEs and individual entrepreneurs operating in the affected sectors as well as those legal entities whose financial condition has worsened as a result of the introduction of the state of emergency.

Access

On 26 March 2020, ARDFM adopted another resolution setting out the manner in which payments of the principal amount as well interest on loans granted to individuals, SMEs and individual entrepreneurs can be deferred. The resolution

provides that from 16 March 2020 to 15 June 2020, banks and other credit organisations provide a deferral on payments of principal and interest under bank loans and/or microcredit agreements to:

- certain categories of individuals (for example, people with disabilities, pensioners, registered unemployed) without requiring an application and supporting documents, and without signing additional agreements to the bank loans and/or microcredit agreements;
- individuals whose financial position deteriorated for certain reasons (eg termination of an employment agreement, being on unpaid leave, inability to attend the workplace due to quarantine restrictions); deferral is granted at the request of the borrower without the borrower providing any documents confirming the deterioration of the financial position; and
- SMEs and individual entrepreneurs, if they operate in certain sectors of the economy (eg trade, tourism, hotels) or if their financial position has deteriorated (eg a decrease in the volume of sales of goods or services, delays in payment from customers) during the period of the state of emergency; deferral is granted at the request of the borrower with the provision of documents confirming the deterioration of the financial position.

For concessional lending, we assume that in order to obtain a loan on proposed terms, SMEs and individual entrepreneurs may have to apply to a bank and enter into a corresponding loan agreement.

Access to tax support measures presumably will be granted automatically at the time of submission of tax declarations.

Ease/speed of access

Given that this is an emergency situation, it is expected that the proposed help will be available swiftly and easily. However, at this stage it is difficult to say how effective all involved parties will be and if those in need can access the support measures easily and quickly.

Period of support

The support measures are expected to last during the entire period of the state of emergency, unless specified otherwise in the relevant act introducing the support measure. For example, deferral of bank loan payments will be possible from 16 March 2020 to 15 June 2020. Most tax support measures will be available until 31 December 2020.

Tax support and impact

The following tax support measures declared in March 2020 have been approved by the Government.

On 20 March 2020 the Government declared tax support measures:

- For a period until and including 31 December 2020, a correction coefficient '0' was introduced in respect of property tax rates for legal entities and individual entrepreneurs for large trading facilities, shopping and entertainment centres, cinemas, theatres, exhibitions, fitness and sports facilities.

- For a period until and including 31 December 2020, a correction coefficient '0' was introduced in respect of land tax rates for agricultural lands of agricultural producers.
- For a period until and including 31 December 2020, a correction coefficient '0' was introduced in respect of individual income tax rates of individual entrepreneurs.
- For legal entities and individual entrepreneurs in respect of large trading facilities, shopping and entertainment centres, cinemas, theatres, exhibitions, fitness and sports facilities, and for agricultural producers, the accrual of default interest on all overdue tax liabilities was suspended until 15 August 2020, and the deadlines for submitting tax statements have been postponed to Q3 2020.

In addition, on 27 March 2020 the Government resolved as follows:

- For a period until 1 October 2020, setting the VAT rate at 8% for turnover in the sale and import of goods included in the list of socially significant food products (for example, bread, meat).
- For a period until 31 December 2020, exemption from excise taxes for producers of excisable goods in Kazakhstan such as petrol (excluding aviation petrol), diesel fuel sold for export.
- For 2020, setting a '0' coefficient for property tax rates for legal entities and individual entrepreneurs on taxable items used in carrying out entrepreneurial activities in the field of tourism, public catering and hotel services.
- The deferral of payment of all taxes and other obligatory payments to the budget, as well as social payments, for micro enterprises and SMEs until 1 June 2020.
- The suspension of measures to enforce overdue tax liabilities and enforce recovery of tax and customs arrears, as well as social payments arrears, for micro enterprises and SMEs (except for taxpayers with a high degree of risk) until 1 June 2020.
- The suspension of the timing of inspections carried out by State revenue authorities for the period of the state of emergency.

Insurance cover

None of the Government support measures specify how they will interact with existing insurance cover, if any. We note that emergency situations such as the current pandemic are not covered by compulsory insurance. For voluntary insurance, it will likely depend on the conditions of the specific insurance agreement, therefore a case-by-case analyses must be undertaken.

Useful links

Official information and details of the COVID-19 hotline of the Ministry of Health is available at www.coronavirus2020.kz

The official site of the President of Kazakhstan, which includes legislative instruments, speeches and announcements, is available at www.akorda.kz/en

The official site of the Prime Minister of Kazakhstan, which includes details of Government sessions and State documents, is available at www.government.kz/en

B. Impact on the energy and infrastructure sectors

Energy sector

Energy market participants

Despite the quarantine and other related measures generally causing business interruption for certain types of organisations and entities, essential services organisations, such as electricity supply companies and other electricity market participants are generally exempt from suspension of activities. Generally, energy market participants are eligible to receive State support, if they are SMEs, however, this is unlikely as, in practice, entities in the energy market operate as large business entities.

Oil and gas subsurface users

Similarly to energy market participants, subsurface users in the oil and gas sector are generally eligible to receive State support, however again, it is unlikely as, in practice, major oil and gas producers operate as large business entities. Generally, the Government anticipates that major oil and gas producers will continue to be responsible for social stability in the regions, including through keeping their current employees employed.

In parallel with the Covid-19 impact, Kazakhstan oil and gas producers are also facing adverse effects caused by the decline in oil prices due to recent OPEC member disagreements. On 2 April 2020, the Minister of National Economy reported that, in 2020, the oil production forecast was reduced by four million tonnes to 86 million tonnes compared with 90.5 million tonnes produced in 2019.

As of 1 April 2020, pursuant to an order of the Minister of Energy (No. 112 dated 27 March 2020), Kazakhstan banned the import of gasoline, diesel and aviation fuel from Russia for three months. This measure was implemented to, among other things, support the local oil processing enterprises at the time of a decrease of consumption during the state of emergency situation and to keep people employed.

Infrastructure sector

We are not aware of any specific State support measures aimed at infrastructure/construction companies in Kazakhstan during the current period of emergency. Construction companies are generally eligible to receive State support, provided that they are SMEs.

Certain construction companies continue operations and are involved in State programmes for the construction of hospitals for the treatment of Covid-19 patients in the cities of Nur-Sultan, Almaty and Shymkent.

Other regulatory and policy issues

On 3 April 2020 the Minister of Trade and Integration of Kazakhstan ordered a change to the rates of customs duties for export of oil products such as fuel oil, bitumen and distillates to '0' until 1 January 2021. The order is effective as of 1 April 2020.

COVID-19 response initiatives in Latvia

An overview of the COVID-19 response initiative and impact on the Latvian energy and infrastructure sectors

Martins Tarlaps, senior associate, COBALT, Riga

A. COVID-19 response investment and support initiative

Overview

The COVID-19 investment and support initiative in Latvia includes various measures to support local businesses, including tax allowances, deduction of lease payments for public property leases, idle time benefits, and working capital loans and guarantees. The response is not sector-specific and the Government of Latvia (Government) is actively adjusting its investment and support initiative, which, accordingly, may change based on, among other things, the stringency of the state of emergency period restrictions and further effects of the global COVID-19 crisis on the local economy.

Sectors covered

Initially, the Government set up a list of sectors covered by the support initiative. Primarily, that included sectors immediately affected by restrictions imposed by the Government during the state of emergency period, such as tourism and hospitality, the catering industry, passenger carriage, culture etc, and the Government planned to update the respective list on a regular basis. However, the Government later extended the support initiative to all industries, setting specific qualification criteria, and now any affected entity irrespective of sector can apply for support provided that:

- its revenue in March 2020/April 2020 has decreased by 30% or more compared to March 2019/April 2019; or
- its revenue in March 2020/April 2020 has decreased by 20% or more compared to March 2019/April 2019 and it can meet at least one of the following criteria:
 - in 2019, at least 10% of its total turnover comprised exports, or value of its exports was at least €500,000;
 - average gross monthly salary paid by it in 2019 was not less than €800; or
 - long-term investments in fixed assets are at least €500,000 as per its situation on 31 December 2019.

Types of businesses covered

The support initiative does not distinguish between various types of companies. However, support measures and qualification requirements may differ from initiative to initiative and from one type of company to another.

Types of support

Employment

The State will pay 'idle time benefit' from budget funds to cover the salary of employees on idle time of up to 75% of the salary

from the employee's gross salary for the six months prior to the emergency situation, but up to a maximum of €700 per month. The State will also cover sickness benefit starting from the second day of incapacity for employees on sickness or under quarantine due to COVID-19 from 22 March 2020 to 30 June 2020.

State aid

The State will provide credit guarantees up to €5 million per company/group, as well as loans up to €1 million per company/group to resolve the crisis through the State-owned Development Finance Institution Altum. This aid measure relates to existing liabilities (investment loans, financial leases), with the credit institution deferring payments of the principal for up to two years. The aid measure can also be provided for a working capital loan of up to three years (both, as a result of a new commitment by the company and the restructuring of an existing working capital loan by a credit institution). The amount of the financial service covered by the guarantee must not exceed 25% of the company's total turnover for 2019, and the maximum amount of the guarantee must not exceed €5 million per group. An annual premium rate of 0.5% of the amount of financial services covered by the guarantee applies. For large companies with the guarantee period exceeding four years, the annual rate is 1.25% from the fourth year until the date of expiry of the guarantee.

For loans provided for financing of new working capital the maximum term of the loan would be up to three years, with a grace period of up to twelve months. Collateral requirements for such loans would be significantly reduced, if compared to standard loan terms, and reduced/subsidised interest rates would apply.

Other measures

In the period between 1 April 2020 and 1 September 2020, default interest for late performance of a civil obligation cannot exceed statutory interest. The limitation period is suspended from 12 March 2020 to 1 July 2020 and this period is deductible from the calculation of the limitation period. Creditors are not permitted to submit new insolvency applications for the initiation of insolvency proceedings of legal entities up until 1 September 2020. The grace period for debt enforcement in civil proceedings has been extended to 60 days.

Eligibility

The support initiative measures announced are available to Latvian entities. The eligibility criteria differs from one support to another and the Government is constantly adjusting such criteria in light of the current situation. Additionally, in relation to certain support initiatives, a case-by-case individual assessment is being carried out.

Access

To apply for the support initiative measures, an entity should apply directly to the institution administering the respective measure, eg the State Revenue Service, Development Finance Institution Altum or local municipality, as the case may be.

Ease/speed of access

Pursuant to current publicly available information, the respective State and municipality institutions administering various support measures are prioritising crisis-related cases in order to ensure that applications are being reviewed and related payments made in the shortest time practicable.

Period of support

The period of support varies for different support measures (see Types of support available). However, for most of the measures, the period of support will not extend past the end of 2020, although, as noted previously, the Government is constantly monitoring developments and may resolve to extend the currently set periods of support.

Tax support and impact

Various supports in relation to taxation include that the State Revenue Service will refund confirmed overpaid VAT within 30 days of the submission deadline for filing of a VAT declaration, which is within a shorter period than usual. Entities can defer due payments of taxes for a period of up to three years or, if wishing to pay in instalments, there is the possibility to agree on a split time frame for payments. Terms for submissions of annual reports have been extended, and local municipalities can now extend the terms for payment of real estate tax provided that the deadline is set within 2020 (de minimis rules apply).

Insurance cover

The support measures announced do not relate directly to insurance cover. Additionally, local insurers have not tied insurance reimbursements to whether the insured entity has benefitted from any of the support measures.

Useful links

The Government's official site for pandemic related information is available at (in Latvian) <https://covid19.gov.lv>

The Development Finance Institution Altum pandemic related information is available at (in Latvian) www.altum.lv/lv

The pandemic related section at the State Revenue Service is available at (in Latvian) www.vid.gov.lv/lv/covid-19

B. Impact on the energy and infrastructure sectors

Energy sector

The only specific support measure put in place by the Government for the energy sector relates to households using net metering, and such households participating in the net metering scheme are released from the obligation to pay a feed-in tariff component for the amount of electricity generated by the respective household.

A significant reduction in fuel and electricity prices occurred in March 2020, however, these reductions are mostly related to

various reasons not related to COVID-19, ie the fuel price decrease was caused by lower oil prices globally, and electricity prices on the Nord Pool decreased due to the impact of a very warm winter on the output of hydropower production. COVID-19 has not yet had an impact on natural gas prices for customers, but any substantial changes would become visible during the injection season at the Inčukalns Underground Natural Gas Storage Facility (ie April 2020 to September 2020). It is expected that fuel consumption indicators for the first two quarters of 2020 will be lower compared with the same period in 2019. However, further impact on consumption would depend on the degree of extension and stringency of restrictive measures currently in place in Latvia.

Infrastructure sector

The infrastructure sector has not been directly affected by COVID-19. Restrictions currently in place in Latvia do not prevent development and construction of infrastructure projects, however, that could change most notably in relation to imported raw/construction materials necessary for the sector.

Other regulatory and policy issues

According to the mandate provided by the Parliament to the Government, the latter has the right to proclaim a state of emergency for a period of up to three months. On 12 March 2020, the Government exercised that right and proclaimed a state of emergency in Latvia until 14 April 2020. The term was extended on 7 April 2020 to 12 May 2020. Additionally, the Government is constantly monitoring local and global developments, and support measures are constantly being adjusted and enhanced where appropriate.

COVID-19 response initiatives in Lithuania

An overview of the COVID-19 response initiative and impact on the Lithuanian energy and infrastructure sectors

Simona Oliškevičiūtė-Cicėnienė, partner, and Ignas Jurkynas, associate, both of COBALT, Vilnius

A. COVID-19 response investment and support initiative

Overview

The ongoing COVID-19 pandemic and various related restrictive measures have created an extraordinary human, business and legal situation in Lithuania. To mitigate the negative impact of the crisis, the Government of the Republic of Lithuania (Government) undertook to implement the unprecedented economic stimulus package, totalling €5 billion, approved at the beginning of the crisis (16 March 2020). State institutions implementing the urgently adopted action plan constantly undertake a number of measures to help companies being harmed by the crisis.

Sectors covered

Although the general support package does not single out specific sectors or business units (apart from the medical sector), an analysis of the conditions for support measures shows that responsive measures seek to lend a helping hand to all businesses that are socially responsible, seek to retain workplaces, do not oblige employees to take unpaid leave and treat business partners responsibly.

Types of businesses covered

To assess the kind of benefits or support measures that apply to a particular company, the type of company must be assessed. Certain support measures (such as tax deferrals) apply only to companies whose activities are restricted by Government decisions (eg trading companies).

Certain types of Government guarantees or loans apply exclusively to small and medium sized enterprises (SMEs). However, there are also certain support measures (such as certain types of guarantees for loans or leasing) that apply to all businesses regardless of the number of employees or income. Therefore, given that the conditions for the application of certain measures vary from case to case, businesses in difficulty are advised to consult lawyers or State agencies, such as Enterprise Lithuania or Invega, and enquire about the specific support measures available to them.

Types of support available

The State support measures indicated in the governmental economic and financial action plan focus on the following five key issues:

- Necessary resources for the efficient operation of health and public security systems, including providing additional financing for health care, implementing legal solutions for quicker and simpler public procurement, etc.

- Protection of jobs and personal income, including support for downtime and partial downtime, sickness benefits for the care of children and people with disabilities.
- Maintenance of business liquidity, including immediate tax loans, deferred payments or payment in instalments without interest, stopping recovery actions, exemption of taxpayers from fines and penalties, possibility to defer payment of personal income tax, etc.
- Boost of the economy, including an acceleration of investment programmes, increasing the intensity of funding, etc.
- Ensuring liquidity of the treasury with the establishment of the right for the Government to borrow an additional €5 billion.

Eligibility

The regulation is intended to apply the support measures to socially responsible businesses. For example, under the terms of liquidity loans, borrowers will have to retain at least 50% of employees compared to the number of employees employed on 1 March 2020. However, individual eligibility conditions depend on the individual regulation of each measure.

Access

Some measures (eg suspension of recovery of tax and social security payments) are applied automatically to about 32,000 automatically eligible companies that operate in sectors whose operations were restricted due to the quarantine; the list of such companies was published by the State Tax Inspectorate Under the Ministry of Finance of Lithuania (STI). However, most of the other measures (eg issuance of loans or guarantees) are applied to businesses by submitting applications in a certain form, which are being analysed in the context of the eligibility conditions.

Ease/speed of access

As most support measures are new it is still too early to assess the speed of their application. However, recent experience of law firms and their clients has shown that public authorities demonstrate cooperation and partnership, so it is considered that the analysis of applications and the award of the support measures will be applied in the shortest possible time.

Period of support

When analysing the State support measures, it should be understood that the need for State support was unexpected and placed a significant financial and administrative burden on the country itself. For this reason, current regulation provides that most of the support measures will apply during the quarantine period and for a few additional months thereafter; however, the specific period of the support may vary from case to case.

Tax support and impact

In relation to the outbreak of COVID-19, the Government and the tax authorities will apply certain tax-related measures to assist taxpayers with their ongoing obligations. The STI has published a list of about 32,000 automatically eligible taxpayers that were directly affected by COVID-19 restrictions; these taxpayers will automatically be subject to the following reliefs:

- The STI will not begin tax recovery if these companies have tax debts arising from a declaration filed on 16 March 2020 or later.
- No default interest will be calculated for late payment of taxes.
- Accumulated taxes will have to be paid within two months of the end of the quarantine period or a tax credit agreement could be concluded. Companies that cannot pay accumulated taxes within a two-month period running from the end of the quarantine can apply to the STI for postponement of tax payment terms by concluding a tax credit agreement. The STI can also be asked to extend the payment term for corporate income tax, VAT, personal income tax and other taxes administered by the STI. It is also possible to postpone payment terms for social security contributions.
- No interest will be applied to a tax credit agreement.

Insurance cover

The regulation of State support measures does not specifically detail the interaction with any existing insurance cover. This, among other things, means that in each specific case of damage, persons and businesses operating in the insurance sector will assess the scope of the insurance coverage, as well as the list of the insured events and objects. In case of doubt regarding the interpretation of the insurance conditions, it is recommended to contact legal advisers.

Useful links

Further information on the COVID-19 response in Lithuania is available at www.cobalt.legal

The Government's website is an official source of information on the COVID-19 situation in Lithuania and is available at www.koronastop.lrv.lt/en

B. Impact on the energy and infrastructure sectors

Energy sector

Although the current COVID-19 crisis does not appear to have a significant impact on the energy sector and its regulation (the sector is subject to the same general restrictions as other businesses, ie restrictions on the movement of workers, etc), it is likely that the COVID-19 pandemic will have negative effects on the international supply chain. It is therefore likely that energy market participants may soon notice disruptions and delays in the performance of contracts and project delivery. In these extraordinary circumstances, industry players (operating power plant operators, project developers, etc) have a reasonable expectation that the Government will take into account the effect of the ongoing international crisis if developers do not bid in time in the auctions or miss the project deployment deadlines.

Further, on State support, it can be noticed that in order to help businesses and residents meet the challenges of these days, the State-owned energy company Ignitis and some municipally owned heat supply companies announced that they are ready to apply more flexible settlement terms during the quarantine period, ie permit deferment or payment in instalments of payments for electricity, natural gas and heating. This is therefore expected to contribute to easing of current economic tensions in Lithuania.

Infrastructure sector

To maintain the viability of existing infrastructure projects, and to stimulate the crisis-stricken economy and accelerate the development of such projects, the Ministry of Finance has approved the Interim Procedure for the Administration of EU Funds for the simplifying of project administration. In addition to other facilitations for business, the interim document provides that in the event of a shortage of working capital for a project manager, administrators of funds will grant an advance payment, even if this is not provided for in the project contract. It is expected that this measure, as well as other measures indicated in the procedure, will contribute to smoother and faster implementation of infrastructure projects. At the same time, it may be noted that at the beginning of the COVID-19 crisis, the Ministry of Energy rapidly updated the funding model, which now will provide a refund of up to 100% for the renovation of buildings of budgetary institutions. It is therefore believed that this will not only help increase energy efficiency of public buildings but will also contribute to supporting the infrastructure renewal sector that is currently facing operational difficulties.

Other regulatory and policy issues

Given that COVID-19 is still spreading within Lithuania, and the country's business is suffering from increasing losses on a daily (sometimes hourly) basis, public authorities are constantly responding and acting in both directions, reviewing, analysing and amending the legal restrictions and, at the same time, considering and periodically introducing new support measures thereby allowing businesses to take a deep breath. Therefore, it can be assumed that the current COVID-19 support measures may change over time and be more tailored to business needs.

COVID-19 response initiatives in Luxembourg

An overview of the COVID-19 response initiative and impact on the Luxembourg energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

In response to COVID-19, the Luxembourg authorities (Luxembourg) have adopted a series of measures suspending all non-essential economic activities that involve the gathering of people. Given the severe economic consequences of these measures, Luxembourg has proposed several solutions for companies facing financial difficulties.

In particular, at the time of writing, Luxembourg has adopted or is in the process of adopting three State support schemes (State Support Schemes).

First, there is a specific State aid regime with an estimated budget of €300 million that offers aid to companies in the form of loans to cover operating costs such as wages and rental costs. Second, to ensure that sufficient liquidity remains available in the market, the Luxembourg Government (Government) has proposed a loan guarantee scheme for companies. The guarantees given are subject to conditions (amongst which, the loan amount must not exceed 25% of the companies' annual turnover and the guarantee does not exceed 85% of the loan amount) and Luxembourg has stated that it will guarantee up to a total of €2.5 billion. Third, a specific State aid regime for micro enterprises has been adopted that enables qualifying companies to receive a capital grant of €5,000. Furthermore, certain tax and accounting measures have also been taken in favour of companies, including the cancellation of tax advances for the first two quarters of 2020.

In addition, the Luxembourg credit and investment institution, the SNCI (*Société Nationale de Crédit et d'Investissement*), which is specialised in medium and long-term financing of Luxembourg-based companies, has put in place a 'Special Anti-Crisis Financing' (SACF) scheme for companies facing liquidity problems. This support is available for a total amount of €400 million (at most €10 million per company). The SNCI has also offered to suspend the repayment of capital on all its existing loans for two quarters.

Sectors covered

The State Support Schemes apply to practically all sectors affected by COVID-19. They apply to all undertakings active in trade, craft or industry with a business permit in Luxembourg, as well as natural or legal persons carrying out, on a principal basis and in an independent manner, among others, economic activities. However, undertakings active in the fisheries sector and in the primary production of agricultural products are excluded from the scope of the loan scheme. The loan guarantee scheme also expressly excludes 'holding' companies

and companies operating in the promotion, holding, rental and sale of property. The SNCI measures also concern practically all sectors of the economy.

Types of businesses covered

The State Support Schemes assist all types of economic operator. More specifically, any small and medium sized enterprise (SME) or large undertaking exercising a commercial, industrial or a craft activity or independent professional (*professions libérales*) that was active prior to the occurrence of COVID-19 and not in difficulty on 1 January 2020 can benefit from the loan and loan guarantee schemes. A subsidy regime for micro enterprises has also been adopted. The SNCI measures also cover all SMEs and large companies that have a business permit.

Types of support available

The State Support Schemes include loans to cover operating costs, guarantees on loans and capital grants for micro enterprises. As regards loans, this scheme enables the grant of a repayable advance of a maximum amount of €500,000 per company with a maximum aid intensity of 50% of the eligible costs, which include staff and rent costs. Rent costs are capped at a maximum of €10,000 per month per single undertaking. Staff costs are capped at an amount equivalent to two and a half times the minimum wage. If an undertaking manages to recover in the same and/or following years, it must reimburse the repayable advance, based on a negotiated repayment plan. Regarding guarantees on loans, aid is granted either through credit institutions or other financial institutions for the issuance of guarantees on loans issued between 18 March 2020 and 31 December 2020 and with a maturity of maximum six years.

Micro enterprises that have been forced to close down their establishments or cease their activities may benefit from a one-off capital grant of €5,000. The SNCI has put in place the SACF (see Overview), requests for which are submitted to the SNCI through a bank that has signed terms and conditions governing the Special Crisis Financing. The SNCI finances up to 60% of the required amount, provided that the bank finances the remaining 40%. The amount of SACF can vary between €12,500 and €10 million.

Eligibility

The loan scheme applies to any type of company (see Sectors covered and Types of businesses covered). Regarding the loan guarantee scheme, the loan amount must represent no more than 25% of the beneficiary company's turnover in 2019 or, failing that, in the most recent year for which relevant data exists. The capital grant scheme for micro enterprises covers enterprises carrying on a commercial or craft activity that employ less than ten persons and whose annual turnover is at

least equal to or greater than €15,000 but not exceeding €2 million and which has a business permit. The SNCI's SACF scheme applies to any Luxembourg-based company.

Access

To be granted State support in the form of loans, a credit institution wishing to grant loans under the guarantee must conclude an agreement with the State Treasury (*Trésorerie de l'État*) and notify the latter of each loan concerned using a special computer portal for this purpose. The guarantee will be remunerated on a sliding scale depending on the size of the company and the maturity of the loan it covers.

As regards loan guarantees, companies must communicate to the Ministry their name, size, annual accounts for the last financial year, a recovery plan, documentation demonstrating a direct causal link between the COVID-19 outbreak and their temporary financial difficulties, as well as any other relevant information.

Micro enterprises wishing to receive grants must communicate their name, size, a certification according to which the company has not been convicted in relation to clandestine work, and a declaration of any other State support received during the previous two fiscal years and the current fiscal year. Loans from the SNCI are disbursed upon request of the company's bank without further formalities.

Ease/speed of access

Applications regarding the State aid regime for loans will, currently, be introduced no later than 15 August 2020 and aid will be granted no later than 1 October 2020. These deadlines are subject to change depending on the ongoing legislative process.

Period of support

In the context of the loan guarantee scheme, aid may be granted as from its approval until 31 December 2020. Regarding the specific aid scheme for micro enterprises, no specific deadline for filing of applications is currently foreseen. For the SACF scheme, the duration of financing is a maximum of five years with an initial grace period on the repayment of the capital of a maximum of two years.

Tax support and impact

Companies and the self-employed deriving their income from a commercial, agricultural, forestry, or liberal profession and experiencing liquidity problems as a result of the COVID-19 pandemic can submit a request to the tax authorities for a cancellation of income tax advances and municipal business tax advances for Q1 and Q2 2020, as well as for a four-month extension of the payment deadline, with no penalty, for any (corporate) income tax, municipal business tax or net wealth tax due on or after 1 March 2020.

Furthermore, the deadline for submitting corporate tax returns and individual tax returns has been extended to 30 June 2020. In addition, in order to meet liquidity needs through an early repayment of VAT credit balances under €10,000, self-employed individuals and SMEs may benefit from an advance refund of VAT.

Insurance cover

The Luxembourg export credit agency (ODL) has implemented a number of measures to strengthen its support to Luxembourg companies, which include an increase of the percentage of cover of limits and contracts issued during the state of crisis in the context of export insurance as well as a reduction of the claim period (allowing companies to be compensated more quickly in the event of a claim) and a reduction of the reimbursement deadline for invoices paid in the context of financial support.

Applicable existing support schemes

In addition to usual State aid regimes, the Luxembourg Chamber of Commerce offers guarantees to companies that need a credit line or a bank loan in order to face the financial difficulties, in particular liquidity problems. This guarantee will be up to 50% of the credit and covers a maximum amount of €250,000 per guarantee.

Useful links

Information on all important procedures for citizens, the self-employed, SMEs and for large businesses is available at <https://guichet.public.lu/en.html>

The Government website is available at https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2020/04-avril/03-pme-aide-covid19.html

The law establishing the aid scheme for companies in temporary financial difficulty is available at <http://legilux.public.lu/eli/etat/leg/loi/2020/04/03/a230/jo>

All the information and public documents relating to a parliamentary file, a parliamentary question or a motion, inquiry or debate are available at www.chd.lu/wps/portal/public/Accueil/TravailALaChambre/Recherche/RoleDesAffaires?action=doDocpaDetails&id=7546

The SNCI website is available at www.snci.lu/en

The Luxembourg Export Credit Agency website is available at <https://odl.lu/en/covid-19-2>

B. Impact on the energy and infrastructure sectors

Energy sector

The Minister for Energy has proposed a legislative bill regarding temporary measures in the electricity and natural gas sectors to postpone certain deadlines. Under the bill, the period of ten business days during which the operator of an electricity distribution network must reply to a grid connection request by a residential client will be suspended until the end of the state of emergency. The period in which certain designated electricity suppliers must ensure electricity supply to end customers on a temporary basis, which was due to expire on 1 June 2020, has been extended by six months. The deadline of 31 March 2020 by which electricity and natural gas suppliers have to report their annual energy savings to the Minister has also been postponed to 31 May 2020.

Additionally, during the state of emergency, the regulator is not obliged to respect the procedure of public consultation which is foreseen for the adoption of certain regulations and decisions in

relation to the electricity market. No measures are currently seen as necessary to guarantee the supply of electricity, natural gas and petrol during the COVID-19 pandemic.

Infrastructure sector

In relation to transport and telecommunications infrastructure, no specific measures have been taken by Luxembourg. As at early April 2020, commercial air travel in Luxembourg is suspended, however rail transport is running at a reduced level.

Other regulatory and policy issues

On 24 March 2020, a law was passed setting up a state of emergency (*état de crise*) imposing, for its duration, restrictions of movement and the suspension of non-essential activities. Various sectors have been impacted by temporary measures, which include measures regarding partial employment and extraordinary family leave, the suspension of deadlines regarding building permits or permits concerning the environment, the reinforcement of export and international development aid measures, the suspension of time limits in judicial matters, and measures in retail trade, the transport sector, the health sector, the cultural sector, the agriculture sector, and the hotel, restaurant and café sector.

As of 26 March 2020, almost all procedural deadlines for nearly all proceedings for civil and commercial matters are suspended. In urgent cases the tribunals may make an exception to this suspension of deadlines, if a party so requests. However, lawyers must still respect the applicable deadlines for filing a notice of appearance.

COVID-19 response initiatives in Malaysia

An overview of the COVID-19 response initiative and impact on the Malaysian energy and infrastructure sectors

Peter Godwin, managing partner, Glynn Cooper, partner, Raja Irfan, associate, and Josephine Tang, associate, all of Herbert Smith Freehills, Kuala Lumpur

A. COVID-19 response investment and support initiative

Overview

In an effort to counter both the COVID-19 pandemic and related economic distress to the country, the Government of Malaysia (Government) has announced various measures including:

- the Economic Stimulus Package announced by the then Interim Prime Minister of Malaysia, Tun Dr Mahathir, on 27 February 2020;
- the additional measures for the Economic Stimulus Package announced by the Prime Minister of Malaysia on 16 March 2020 and 23 March 2020; and
- the implementation of a Movement Control Order (MCO), which among other things, includes a travel ban, prevention of mass gatherings, control on movement and the closure of business premises for all non-essential services and manufacturing facilities. The MCO was initially effective nationwide from 18 March 2020 to 14 April 2020 (inclusive) (MCO Period) and has since been extended to (tentatively) 12 May 2020; further extensions are very probable.

On 27 March 2020, the Prime Minister of Malaysia further announced a RM250 billion PRIHATIN Rakyat Economic Stimulus Package (PRIHATIN Package) being an extension to the previous Economic Stimulus Packages to mitigate the impact of COVID-19 and to spur people (rakyat) centric economic growth with the message that 'no one will be left behind'. This has been supplemented with a further RM10 billion stimulus package on 6 April 2020.

On 10 April 2020, the Malaysian Ministry of International Trade and Industry (MITI) announced that selected sectors (in addition to the essential services that are permitted to continue operations, subject to certain standard operating procedures (SOPs)) would be permitted to resume operations for certain hours during the MCO Period subject to applying for and receiving MITI approval. The selected sectors are: the automotive industry (limited to exports of completely built-up, parts and components, after sales services such as repair and maintenance); the machinery and equipment industry; the aerospace industry; construction and construction services (limited to certain exceptions); scientific, professional and technical services including research and development (limited to legal services, services incidental to the oil and gas industry, research and development in relation to COVID-19, and testing laboratories for sectors that are permitted to operate); social health services including registered traditional and complementary medicine practitioners; hardware shops, electrical and electronic shops, optometrists in the wholesale and retail industry; barber shops offering haircuts only; and

full-service laundry services (not including self-service laundrettes).

MITI approval is a work in process as defined SOPs and safeguards are still subject to stakeholder discussion (professional bodies are in discussion with MITI on amending the Government's proposed SOPs). There are also issues with MITI's processing time as MITI is to process all applications from these sectors concurrently (reportedly 100,000 applications were received on the day applications opened).

Sectors covered

The PRIHATIN Package targets various sectors as the Government seeks to achieve both economic stimulus and a bulwark for citizen welfare. These include:

- Healthcare: RM1 billion is to be funnelled to the Ministry of Health for the procurement of equipment and services, including engaging experts from the private healthcare sector.
- Telecommunications and multimedia: RM600 million has been budgeted for the provision of free internet access from 1 April 2020 until the expiry of the MCO. From an infrastructure perspective, a further RM400 million is to be invested to upgrade coverage and network capability.
- Taxi and e-hailing drivers: One-off payments of RM500 to RM120,000 to e-hailing drivers, up to a total of RM60 million.
- Hotels and tourism: Up to RM100 million in matching grants to fund 40,000 employees from the tourism and related affected sectors. There is also an allowance for the deferment of income tax instalment payments by affected businesses in the tourism sector for six months commencing 1 April 2020.
- Small and medium sized enterprises (SMEs): A wage subsidy for SMEs of up to RM13.8 billion, the creation of a special grant of RM3,000 to each eligible SME, the abolishment of the 2% interest rate for the RM500 million Micro Credit Scheme by the Malaysian National Savings Bank (Bank Simpanan Nasional) and the creation of a RM200 million fund for micro loans to SMEs.

Types of businesses covered

The PRIHATIN Package is intended to provide support to various organisations ranging from SMEs, to the self-employed to larger corporates in Malaysia and is mostly targeted at Malaysian entities to ensure business continuity via exemptions from taxes, the grant of subsidies and one-off payments or grants.

Types of support available

The Government has announced a plethora of policies and initiatives under the PRIHATIN package, which include financing

facilities and loan moratorium, under which Bank Negara Malaysia (BNM) is to provide a Special Relief Facility worth RM2 billion offered through commercial banks in the form of working capital loans for SMEs adversely affected by the pandemic at a financing rate capped at 3.75% during the availability period from 6 March 2020 to 31 December 2020. Other measures include:

- National Savings Bank (Bank Simpanan Nasional) is to allocate RM200 million in microcredit for micro entrepreneurs at an interest rate of 4%;
- BNM is to provide an SME Automation and Digitalisation Facility of RM300 million for SMEs at an interest cost of 4% for the purchase of equipment, machinery, computer hardware and software, IT solutions and services, technology support services and other intangible assets;
- BNM is to provide an Agrofood Facility of RM1 billion for SMEs for capital expenditures, working capital and development of agriculture projects at a financing rate capped at 3.75% during the availability period from 6 March 2020 onwards;
- a RM50 billion guarantee scheme for viable businesses in all sectors facing difficulties due to the pandemic by providing guarantee(s) of up to 80% of the loan amount for financing working capital requirements, subject to credit evaluation by Danajamin Nasional Berhad;
- a moratorium of loan repayment obligations for six months from 1 April 2020 for Ringgit loan repayment obligations not in arrears exceeding 90 days as at 1 April 2020 with no late payment charges or penalties; and
- deferment in conventional loan or Islamic financing repayments for individuals and SMEs (other than for credit cards).

Various cash assistance and grants are also available.

Other supportive measures include a waiver of listing fees for a period of 12 months for (a) companies seeking to list on ACE and LEAP markets of Bursa Malaysia, and (b) companies seeking to list on the Main Market of Bursa Malaysia with market capitalisation of less than RM500 million. For the period from 1 April 2020 to 30 September 2020, discounts on electricity bills of up to 15% for hotels, travel agencies, airlines, shopping malls, conventions and exhibition centres, 2% for commercial, industrial and agricultural sectors and domestic usage, and up to 50% on electricity bills for other businesses (depending on the level of energy usage per month).

Eligibility

As the initiatives vary from item to item under the PRIHATIN Package, the eligibility criteria for such support varies accordingly. They are generally targeted at entities already operating in Malaysia and at Malaysian citizens.

Access

The exact steps and the implementation of the PRIHATIN Package as a whole remains uncertain at this stage, particularly during this period of MCO (notwithstanding that the application forms for deferment of tax instalment payments has already been made available on the Inland Revenue Board's website), and businesses should watch this space for further developments.

Period of support

The PRIHATIN Package has varying supports and policies. Some of the supports and policies are tied into the MCO, while others subsist for a six-month or other period beginning from 1 April 2020.

Tax support and impact

The Government has provided for certain postponements, exemptions and deductions on tax payments and service tax, which include: (i) deferment of income tax instalment payments by SMEs for three months commencing 1 April 2020, (ii) deferment of income tax instalment payments by affected businesses in the tourism sector for six months commencing 1 April 2020, (iii) exemption on stamp duty chargeable on any loan restructuring or rescheduling agreements executed between 1 March 2020 and 31 December 2020, provided that the original loan agreement has been stamped, and (iv) import duty and sales tax exemption on importation or local purchase of machinery and equipment used in port operations for three years commencing 1 April 2020.

Useful links

An English translation of the Prime Minister's speech on the PRIHATIN Package is available at http://smecorp.gov.my/index.php/en/?option=com_content&view=article&layout=edit&id=4093

The speech in Bahasa Malaysia is available at www.treasury.gov.my/pdf/Teks-Ucapan-Pakej-Rangsangan-Ekonomi-Prihatin-Rakyat.pdf

The Malaysian Ministry of Finance's website provides details of the PRIHATIN Package, available at www.treasury.gov.my/index.html

The Malaysian Prime Minister's Office website provides details of the Malaysian Prime Minister's speeches on the PRIHATIN Package, available at www.pmo.gov.my/speech

B. Impact on the energy and infrastructure sectors

Energy sector

The PRIHATIN Package has no express provisions for the energy sector. However, as crude oil and gas production operations have been considered 'essential services' under the MCO, Malaysia's National Oil Company, PETRONAS, has continued operations albeit with delays from across the supply chain arising from claims of force majeure. This paired with the current market uncertainty of a price war on oil production leaves the sector in a state of flux.

Infrastructure sector

The MCO has provided for 'essential services' to continue operations during the MCO period. Generally, construction and infrastructure works are not considered 'essential services' and in light of this most projects have been put on hold during the MCO period. However, there are exceptions for 'critical works', ie works that if not continued would bring danger to workers, the public or the environment.

To counterbalance the pause in the infrastructure sector, the Government announced in the PRIHATIN Package that it will

continue with all projects it had announced in the Malaysian Budget 2020 including: the East Coast Rail Link, which is a planned passenger and freight railway project connecting the states on the east coast of Peninsular Malaysia to Peninsular Malaysia's central region of the west coast with a project cost of about RM44 billion; the MRT2 project, which is an extension to the mass rapid transit line in Greater Kuala Lumpur and Klang Valley of 52.2 kilometres; and the Malaysian Communications and Multimedia Commission's (MCMC) implementation of up to RM3 billion on works related to the National Fiberisation and Connectivity Plan (NFCP). Further, the Government has announced that government-linked companies such as Tenaga Nasional Berhad, Malaysia's government-linked electricity supply company, will invest RM13 billion in 2020, including accelerating projects such as LED street lights, transmission lines and rooftop solar installations. The Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC) will also open bids for solar power generation with a quota of up to 1,400MW. The Ministry of Finance is also to relax financial procedures for the year 2020 by increasing the procurement threshold value for balloting from RM50,000 to RM100,000 and for quotations from RM500,000 to RM800,000, and oversee the compliance of procurement schedules to ensure projects are undertaken on a timely basis. Additionally, the Ministry of Works has announced the implementation of small projects, intending to have multiplier effects and retention of employment, with an allocation of RM2 billion to assist local Malaysian construction companies.

COVID-19 response initiatives in Malta

An overview of the COVID-19 response initiative and impact on the Maltese energy and infrastructure sectors

Dr Roderick Zammit Pace, managing partner, and Dr Sharon Pace Gouder, managing associate, both of Zammit Pace Advocates

A. COVID-19 response investment and support initiative

Overview

The Government of Malta (Government), on advice from the Superintendent for Public Health (Superintendent), has implemented a number of measures due to the COVID-19 pandemic, which has inevitably reached the Maltese shores. Such measures include the closure of Malta International Airport and a general travel ban with a few exceptions, mandatory quarantine for persons who arrive from all countries, including those living in the same household, closure of all schools and childcare centres, the suspension of religious services, the closure of restaurants, bars, gymnasiums, clubs and all non-essential retail outlets and services, the closure of the courts of justice, the postponement of non-essential medical services, the suspension of organised events, the self-isolation of diagnosed persons, and the order for vulnerable people to stay at home. The Government has imposed hefty penalties for breaches of such measures, which are being actively enforced.

Due to these measures, organisations and individuals are facing significant operational, financial and liquidity challenges. In order to combat these challenges, the Government has announced several initiatives to help reduce the negative impact on the economy.

Types of businesses covered

Businesses such as those related to accommodation, travel agencies, service to buildings, transport, rental and leasing of motor vehicles, certain wholesale activities and others that are considered to have been critically affected by the pandemic are entitled to receive Governmental aid.

Types of support available

Business related initiatives

The Government has introduced a number of financial initiatives targeting those business sectors directly and significantly affected by the COVID-19 measures and the amount of support granted is dependent on the extent to which that business has been affected. The Government will be financing up to €800 per month of each employee's monthly salary in these sectors. Moreover, in the case of employees' whose monthly salary exceeds €800, such aid is subject to the employer topping up the employees' monthly salary by €400 per month to bring the monthly salary to €1,200. Should the employer not be in a position to make the additional top-up, a concession may be made with the involvement of the relevant employees and the Department for Industrial and Employment Relations.

Other businesses such as manufacturing and warehousing are considered to be less critically affected and therefore in such cases the Government has agreed to finance only the equivalent of one day's salary per week per employee, based on a monthly salary of €800 per employee. These measures are also applicable to self-employed persons and to part-time employees in the affected sectors on a pro-rata basis.

Bank guarantees initiative

The Government will also be assisting the economy by introducing a bank guarantee scheme to assist companies affected by the pandemic in relation to working capital loans. For this purpose, the Government notified the European Commission that the proposed scheme has an estimated budget of €350 million. The support scheme has been approved in accordance with Article 107(3)(b) of the Treaty on the Functioning of the European Union as 'necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State'.

Employment support

Various initiatives have been introduced to protect both part-time and full-time employees who work in the private sector. See Eligibility.

Teleworking initiative

The teleworking initiative applies to all employers, irrespective of size and industry sector, who invest in the necessary technology for their employees to work from home. Through this initiative, undertakings are entitled to a refund on teleworking capital expenditure capped at €500 per employee and €4,000 per undertaking.

Third country nationals initiative

In relation to Third Country Nationals (TCNs) working in Malta, the Government has ordered the cessation of approvals of TCNs applications, except for highly-qualified applicants. TCNs who have had their employment terminated as a direct result of the current economic situation will be aided in finding alternative employment and will be assisted in order to acquire work permits.

Eligibility

Employment support

Due to the closure of schools, the Government has introduced a benefit for parents employed in the private sector who have children under the age of 16, are unable to work remotely, and who after 8 March 2020 have been unable to work due to having to take care of their children (Parent Benefit). Full-time employees and part-time employees entitled to this benefit will receive a weekly payment of €166.15 and €103.85 respectively.

Employees who are made redundant after 8 March 2020 are entitled to apply for an Additional Unemployment Benefit, which applies to all employees who would ordinarily qualify for the Contributory Unemployment Benefit that was already in place pre-COVID-19; the Additional Unemployment Benefit is paid in addition to the Contributory Unemployment Benefit. Redundant full-time employees and part-time employees entitled to the Additional Unemployment Benefit will receive a weekly payment of €166.15 and €103.85 respectively; social security contributions will also be paid and any future contributory pension rights are safeguarded.

Persons who are registered with the Government employment agency Jobsplus as persons with a disability who have received medical advice after 8 March 2020 not to attend work and are unable to work remotely, can apply for the Person with Disability Benefit. Full-time employees and part-time employees entitled to this benefit will receive a weekly payment of €166.15 and €103.85 respectively; social security contributions will also be paid and any future contributory pension rights are safeguarded.

Furthermore, persons who after 27 March 2020 are unable to work remotely pursuant to an order issued by the Superintendent not to leave their home and who are not paid by their employer during their absence from work may be eligible for Medical Benefit. Full-time employees and part-time employees entitled to this benefit will receive a weekly payment of €166.15 and €103.85 respectively; social security contributions will also be paid and any future contributory pension rights are safeguarded.

With respect to each of the Parent Benefit, the Additional Unemployment Benefit and the Medical Benefit, the beneficiary's children's allowance entitlement would be adjusted taking into consideration the beneficiary's new income earned; such income may increase up to the maximum rate of €24.08 per week per child.

Quarantine leave

Any employee who is obliged to abide by a quarantine order is entitled to quarantine leave under the Period of Quarantine Order introduced by Subsidiary Legislation 465.13, the Period of Quarantine (Extension of Countries) Order introduced by Subsidiary Legislation 465.18 and the Period of Quarantine (Contact with other Persons) Order introduced by Subsidiary Legislation 465.23. The Government will compensate employers whose employees are on mandatory quarantine leave with a payment of €350 per full-time employee on quarantine leave. This grant is also available in relation to employees who are ordered to self-quarantine due to possible contact with individuals who were directly at risk of infection.

Teleworking initiative

Undertakings that invested in teleworking equipment between the 15 February 2020 and 8 May 2020 can benefit from the teleworking initiative.

Tax support and impact

Through the tax support initiative enterprises, including self-employed persons, who have suffered a significant downturn in their turnover have been granted a two-month moratorium on certain taxes including but not limited to provisional tax, employee tax and VAT. This covers taxes falling due in March 2020 and April 2020. All eligible taxes, excluding

VAT, must be settled in four equal instalments between the months of May 2020 and August 2020. VAT is to be settled in two equal instalments due on the submission of the two quarterly returns for the periods which follow immediately the quarter for which the relevant dues have been deferred.

Useful links

The application for payment in respect of mandatory quarantine leave is available at <https://covid19.maltaenterprise.com/quarantine-leave>

The online application for and guidelines for the deferral of payment of taxes are available at <https://covid19.maltaenterprise.com/deferral-of-payment-of-taxes>

Applications for the teleworking initiative are to be filed with Malta Enterprise by the 8 May 2020, the online application form and guidelines are available at <https://covid19.maltaenterprise.com/teleworking>

B. Impact on the energy and infrastructure sectors

Energy sector

The COVID-19 pandemic is also affecting the energy sector in Malta although the increased numbers of individuals working from home will inevitably result in an increase in the consumption of water and electricity for households. The slowed economic activity resulting in the drop in oil and gas prices worldwide has led both Liquegas Malta Ltd and Easygas Malta Ltd, suppliers and distributors of Gas, LPG and autoliquegas in Malta, to decrease their prices. Liquegas Malta Ltd has announced that its 12kg gas cylinders will now cost €15 instead of €16 while 25kg cylinders have been reduced by €2.05. Easygas Malta Ltd have similarly reduced their prices for 12kg cylinders and have announced that their 15kg cylinders will be reduced from €20 to €18.75. These new rates have been agreed by the Government and the Regulator for Energy and Water Services. For carbon emissions however, as the use of private vehicles has reduced drastically this has, in turn, reduced Malta's carbon emissions by an average of 70% in just one month. The reduction in flights due to the closure of Malta International Airport and with no cruise liners docking in Grand Harbour, has also significantly contributed to the reduction in carbon emissions in Malta.

Infrastructure sector

The infrastructure sector in Malta has also been adversely affected by the pandemic but the overall effect is yet to be assessed.

Other regulatory and policy issues

Malta International Airport is closed and cruise liners are no longer currently docking in the Grand Harbour. The outbreak of the pandemic has also burdened further Malta's waste management efforts. The situation was already under stress prior to the pandemic as 50% of domestic waste (excluding recyclable items and organic waste) was being dumped because of insufficient treatment capacity. The Ministry for the Environment, Climate Change and Planning had already been considering plans to change course from reliance on landfilling to upcycling waste into a resource; however, in view of COVID-19, Wasteserv Malta Ltd, the national waste management operator, has announced that it has been constrained to take certain precautionary measures to protect its workers handling mixed waste and to avoid workers being in close contact with each other. This has temporarily hampered the separation of waste recyclable and organic waste.

COVID-19 response initiatives in Moldova

An overview of the COVID-19 response initiative and impact on the Moldovan energy and infrastructure sectors

Andrian Guzun, senior associate, and Marina Zarija, associate, both of Schoenherr, Moldova

A. COVID-19 response investment and support initiative

Overview

In response to the COVID-19 pandemic, the Moldovan Parliament (Parliament) has declared a state of emergency for the period 17 March 2020 to 15 May 2020, which may be extended. With the situation escalating, the Extraordinary National Commission for Public Health (*Comisia Nationala Extraordinara de Sanatate Publica*) and the Commission for Exceptional Situations (*Comisia pentru Situatii Exceptionale a Republicii Moldova*) enacted several decisions and orders for the implementation of a set of measures to address the risks related to COVID-19 (eg ceasing activity at most points of sale and points of supply of services, restrictions on entering the Republic of Moldova, restrictions on movement, etc).

In an effort to mitigate and alleviate the financial burden on companies, the Moldova Government (Government) adopted Government Decision No. 213 dated 1 April 2020 on Establishing Certain Measures for Citizens and the Entrepreneurial Activity During the State of Emergency and Amending Normative Acts (GD 213/2020). GD 213/2020 contains a package of supportive measures both for individuals and for the business environment, which include economic, tax, labour and other business associated measures. Several provisions of GD 213/2020 will be subject to constitutional control by the Constitutional Court of the Republic of Moldova. It is also to be taken into consideration that, at an earlier stage, a special fund was created for the purpose of mobilising budget resources by donors willing to contribute to relief.

Sectors covered

In light of the great number of economic domains that are being disrupted in Moldova, targeted measures are put in place with respect to the following key fields: the healthcare sector, support for small and medium sized undertakings (SMEs), regardless of their domain of activity, and the labour market. However, the vast majority of companies are struggling while navigating these difficult times, facing business interruptions, severe revenue losses and relying primarily on the help and support of the Government.

Types of businesses covered

Temporary cessation of activity and/or halting of work schedules was imposed, either directly or due to state of emergency circumstances, to most of the undertakings operating points of sales and/or points of supply of services. The measures listed in GD 213/2020, as well as in other normative acts adopted by the Moldovan authorities, cover, among others:

- undertakings establishing technical unemployment (*somaj tehnic*) or stoppage (*stationare*) either from their own initiative or as a result of measures implemented by the Extraordinary National Commission for Public Health and/or the Commission for Exceptional Situations;
- other undertakings that entirely or partially suspended their activity as a result of measures implemented by the Extraordinary National Commission for Public Health and/or the Commission for Exceptional Situations;
- other undertakings (subjects of tax, financial, quality, technical or other types of control);
- individuals holding entrepreneurial permits (*patente de intreprinzator*);
- unemployed persons; and
- socially vulnerable individuals.

Types of support available

The Moldovan authorities (including by means of GD 213/2020) adopted decisions on the implementation of the following main support measures:

- introduction of a subvention mechanism for undertakings establishing technical unemployment or stoppage either from their own initiative or as a result of measures implemented by the Extraordinary National Commission for Public Health and/or the Commission for Exceptional Situations, which consists of total or partial restitution, on request and following a tax audit, of the taxes and contributions previously contributed by such undertakings as employers;
- a decrease in the VAT rate for HORECA (hotel/restaurant/catering sector) activities from 20% to 15%;
- introduction of a moratorium (until 1 June 2020) on tax, financial, quality, technical or other types of control; exceptions may apply depending on the particular circumstances;
- an extension until 25 July 2020 of the term for filing of local tax reports (*dari de seama fiscal aferente taxelor locale*) and the term for payment of local taxes (*taxe locale*) for Q1 2020;
- an exemption from excise and customs tax, goods and consumables imported for international intervention teams managing the consequences of the exceptional situation in Moldova;
- permitting full deduction of donations made by residents in 2020 into the accounts of the Ministry of Finance of the Republic of Moldova and/or medical institutions involved in combating the spread of COVID-19. The status of in-kind donations, however, remains unclear;

- a suspension of the validity term of individuals' entrepreneurial permits (*patente de intreprinzator*) for the entire period of the state of emergency;
- an increase in the minimum payment for unemployment (*ajutor de somaj*) to about MDL2,775 per month (about €135), which is the minimum amount for a monthly salary. Previously, the minimum payment for unemployment constituted 40% of the average monthly income registered by such unemployed person in the last 12 months out of 24 months before registration with the employment authority; and
- an increase in financial support for socially vulnerable individuals.

There is no bold central bank action with respect to the deferral of payments or a freeze on enforcement; the commercial banks or non-banking payment service providers decide independently whether or not to apply such policies. At this stage, no other preservation or rebooting measures to trigger the national economy are envisaged. A more holistic and comprehensive approach is therefore certainly required.

Eligibility

Generally, all undertakings are eligible to benefit from the support measures regardless of tax thresholds, trading periods or other criteria. However, certain measures are accessible upon specific circumstances of the respective undertaking (eg implementation of technical unemployment or stoppage, suspension of the activity as a result of measures implemented by the Extraordinary National Commission for Public Health and/or the Commission for Exceptional Situations, HORECA activity, etc).

Access

Most of the measures indicated in GD 213/2020 are applicable as of the date of publication of the decision (2 April 2020) and do not require implementation of additional steps from eligible undertakings or individuals. For payment of the subvention (see Types of support available), GD 213/2020 indicates that:

- the subvention refers to employees employed until 1 March 2020 and in respect of which technical unemployment or stoppage was implemented;
- the amount of the subvention will not exceed the 100% (60% for technical unemployment/stoppage from own initiative) of the amount of income tax and mandatory state social insurance contributions owed by the employer and of the individual state social insurance contributions and mandatory state health insurance contributions owed by the employer and by the employee related to the employee's salary for the month of February 2020 (per working day); and
- the subvention is granted by the State Tax Service within five working days, as of the date of submitting the respective documents.

Ease/speed of access

Generally, it is difficult to assess the speed of access to support schemes as central and local authorities, as well as the majority of institutions from the public sector, have suspended activity. Given the current situation, the timeline for accessing the support schemes is likely to be lengthier than under usual circumstances. For payment of the subvention, however, GD

213/2020 expressly indicates that the subvention is granted by the State Tax Service within five working days, as of the date of submitting the respective documents (including three days for the examination of the request, one day for preparing of the payment documents and one day for the payment of the subvention); the Commission for Exceptional Situations has declared the days in the period 30 March 2020 to 5 April 2020 and 7 April 2020 to 17 April 2020 as non-working days.

Period of support

Most of the support measures apply for the period of the state of emergency and certain support measures are intended to apply for a short period following the period of the state of emergency (eg filing of local tax reports, payment of local tax, a moratorium on certain types of controls). The possibility to deduct the donations for the purpose of combating the spread of COVID-19 applies for the entire year of 2020. The decrease of the VAT rate for HORECA activities from 20% to 15% will enter into force on 1 May 2020 and, as we understand, intends to support the activity of HORECA undertakings after the period of the state of emergency.

Tax support and impact

The tax support measures include:

- a moratorium (until 1 June 2020) on the tax, financial, quality, technical or other types of control;
- an extension until 25 July 2020 of the term for filing of local tax reports and of the term for payment of local taxes for Q1 2020;
- a decrease of the VAT rate for HORECA activities from 20% to 15%;
- an exemption from excise and customs tax for goods and consumables imported for international intervention teams managing the consequences of the exceptional situation in Moldova; and
- permission to fully deduct the donations made by residents in 2020 into the accounts of the Ministry of Finance and/or of the medical institutions involved in combating the spread of COVID-19.

Insurance cover

The existence or non-existence of insurance cover (including payments pursuant to such insurance) do not constitute a condition for application of a support measure.

Applicable existing support schemes

No other schemes exist other than those described above.

Useful links

The Government's official website provides COVID-19 information, available at <https://cancelaria.gov.md/ro/node/6463>

The Parliament's declaration of a state of emergency is available at (Romanian language) <http://parlament.md/LinkClick.aspx?fileticket=BkIDz1%2bOh2k%3d&tabid=90&language=ro-RO>

B. Impact on the energy and infrastructure sectors

Energy sector

The energy sector is very important for the Moldovan economy and of course is also affected by the COVID-19 pandemic. An expected impact of the current state of affairs is the decrease in demand for certain energy products (eg petroleum products, electricity, natural gas); the consequences of which are still to be evaluated.

Further, pursuant to Decision No. 4 dated 24 March 2020 of the Commission for Exceptional Situations, a derogation from the principle of transparency and non-discrimination (provided by Electricity Law 107/2016) was instituted. In particular, a special procedure for the acquisition of electricity for the period of the state of emergency was established, a result of which was that the Commission imposed on Energocom S.A. the public service obligation for the supply of electricity covering 100% of the demand of regulated electricity suppliers, distribution system operators, transmission system operators and other electricity market participants from a single source and for a period of three months (with a possible extension).

It is also to be taken into consideration that by means of GD 213/2020 the Tax Code was amended with regard to taxation for the use of mineral resources (including modification of the set amount of the taxes per each category of mineral resources). This amendment (together with other amendments implemented by means of GD 213/2020 and which, at first sight, are not related to combating the COVID-19 pandemic or its consequences) will be subject to constitutional control by the Constitutional Court of Moldova, as (a) GD 213/2020 is an assumption of liability by the Government (normally, the rules under GD 213/2020 were to be adopted by the Parliament) and (b) the opposition in the Parliament considers that such amendments are not related to combating the COVID-19 pandemic or its consequences.

Infrastructure sector

Although the infrastructure sector of Moldova is clearly also affected by the COVID-19 pandemic, we are not aware of any declared infrastructure project interruptions or suspensions.

Other regulatory and policy issues

We are not aware of any other notable regulatory or policy issues.

COVID-19 response initiatives in Montenegro

An overview of the COVID-19 response initiative and impact on the Montenegrin energy and infrastructure sectors

Slaven Moravčević, partner, and Petar Vučinić, associate, Moravčević Vojnović i partneri AOD in cooperation with Schönherr Rechtsanwälte GmbH

A. COVID-19 response investment and support initiative

Overview

In mid-March 2020, the Government of Montenegro (Government) and the Central Bank of Montenegro adopted the first package of measures aimed at mitigating the effects of the COVID-19 pandemic on the economy (First Package). The measures contained in the First Package are primarily devised to ensure liquidity and do not provide for direct stimulus. The Government has recently presented the second package of economic measures and has initiated a dialogue on this second package with interested stakeholders (Second Package). The Second Package contains a more comprehensive set of measures aimed at providing direct assistance, and its adoption is currently pending.

Sectors covered

The First Package contains general measures devised to cover all sectors, with some special benefits provided for healthcare, tourism, hospitality, traffic, food production and processing and service industries. The Second Package is aimed primarily at supporting industries that had to cease operations due to the pandemic or that are deemed especially vulnerable (eg tourism), as well as the agriculture sector. However, some of the proposed measures from the Second Package apply to all domestic companies, regardless of sector.

Types of businesses covered

The adopted/proposed measures from the First and Second Packages in principle cover all types of companies and organisations, including small and medium sized enterprises (SMEs), the self-employed, utilities etc.

Types of support available

The First Package provides for a number of measures including (i) a moratorium (of up to 90 days) on repayment of loans given by banks and micro financial institutions, and settlement of financial leasing obligations, (ii) the postponement of payment of taxes and social contributions on salaries as well as obligations under the Law on Rescheduling of Tax Obligations, (iii) a credit line intended to improve liquidity for the self-employed, micro, small, medium sized and large enterprises up to a maximum of €3 million per beneficiary in certain sectors, with 1.5% interest, and (iv) the postponement of payment of leases on State-owned property for a period of 90 days. Direct payments by the Government to service providers and contractors engaged in Government 'capital' projects have also been introduced, such direct payments must be secured by bank guarantees and the details as to eligibility of projects are yet to be confirmed.

The proposed Second Package provides for the following subsidies: (i) for the most impacted industries during the pandemic, 70% of the minimum wage and 100% of taxes and contributions to the minimum wage for all payroll employees, (ii) for vulnerable activities, 50% of the gross minimum wage for all payroll employees, (iii) for wages of employees on paid leave, 70% of the gross minimum wage for each employee on child-care leave, (iv) for wages of employees in quarantine or isolation, 70% of the gross minimum wage, and (v) for newly employed, 70% of the gross minimum wage for companies that in April 2020 register new employees that were previously registered as unemployed persons.

The Second Package additionally prescribes that (i) the Investment and Development Fund should design new credit lines, (ii) State authorities and majority State-owned companies will stop current enforcement proceedings for a period of 60 days for companies whose operations were prohibited, (iii) energy companies will not charge the fixed part of electricity bills for the months of April 2020, May 2020 and June 2020 to all companies that have been prohibited from working during the pandemic, (iv) the VAT refund procedure is to be shortened and the limit of exposure of customs guarantees for deferred payment of customs debt is to be extended for the months of April 2020 and May 2020 for companies whose operations were prohibited during the pandemic, and (v) special assistance to the agriculture industry.

Eligibility

Some of the support measures are available only to companies operating in certain sectors and/or to certain types of companies (eg SMEs, the self-employed, etc). The credit lines of up to €3 million with an interest rate of 1.5% are available to companies engaged in activities for the procurement of medicine, medical equipment and vehicles, tourism and catering, transport, services, food production and processing.

Access

The support schemes prescribed in the First Package are the only support measures that can currently be accessed as the Second Package has not yet been adopted and is still being negotiated. In order to access the support schemes, a company/organisation must apply to the relevant authority/or private entity; application methods have been simplified to ease access to these supports. Applications for use of benefits are mostly initiated through submitting a special application form provided by the competent government institution that processes the relevant measure.

Ease/speed of access

The ease and speed of access to support depends on the specific support measure and some are more easily accessible

than others. For a moratorium on the repayment of loans it is sufficient to apply via phone or notify by email. To access a credit line prepared by the Investment and Development Fund, the procedure is more formal and is likely to take more time. The Second Package has not yet been adopted and there is currently no information available on access.

Period of support

Different measures provide for different periods in which the support is available, for instance, salary subsidies and subsidies for new employment are available for six months, a moratorium on repayment of loans will last 90 days, and VAT refunds on donations will be processed in up to 45 days. Other measures also have different periods of application.

Tax support and impact

Tax support measures include postponement of payment of taxes and social contributions on salaries, the prohibition of enforcement and collection proceedings being initiated for due and unpaid instalments under agreements concluded in line with the Law on Rescheduling of Tax Obligations, subsidies on taxes and contributions for salaries, and a shortened VAT refund procedure.

Insurance cover

It appears that the adopted/proposed measures do not have any implications on insurance covers in place, however, potential effects will be confirmed once the measures are consumed.

Applicable existing support schemes

No other support measures are currently proposed or adopted in Montenegro.

Useful links

Government announcements regarding the support measures are available at [First Package](#) and [Second Package](#)

B. Impact on the energy and infrastructure sectors

Energy sector

The energy sector, especially electricity, is very important for the Montenegrin economy. There are currently no measures in place affecting the energy sector directly, however, retail oil prices in Montenegro have, due to global trends, fallen sharply and have reached the lowest prices in decades. The lockdown has certainly contributed to this by reducing demand.

The proposed Second Package would affect the energy sector as it prescribes that energy entities will not charge the fixed part of the electricity bill to all companies that are affected by COVID-19 measures in a way that their work is prohibited by order of the Ministry of Health (such as companies in hospitality activities, retail stores etc). This exemption is envisaged for the months of April 2020, May 2020 and June 2020. The Second Package also prescribes that the Montenegrin Electric Utility (*Elektroprivreda Crne Gore AD*) will double the amount of subsidies for electricity bills for the duration of the measures to socially disadvantaged households. No policy changes in the energy sector have been introduced to date.

Infrastructure sector

The infrastructure sector is generally not as affected as other sectors, and services are provided without interruption. The construction of new infrastructure is currently advancing without major interruptions and the Government has announced that works on 'capital' State projects will not be suspended. For construction activities, the Ministry of Health has however imposed new occupational health measures to protect workers from contracting COVID-19.

Other regulatory and policy issues

Montenegro has imposed strict measures and restrictions in order to combat the spread of COVID-19. Although a state of emergency was not declared, other imposed prevention measures and the suspension of many activities in various industries have had a major impact on the Montenegrin economy. The health authorities currently predict that the gradual easing of the current imposed measures may begin at the end of May 2020.

COVID-19 response initiatives in the Netherlands

An overview of the COVID-19 response initiative and impact on the Dutch energy and infrastructure sectors

Kirsten Berger, partner, and Marc van Beuge, senior associate, both of Houthoff, Amsterdam

A. COVID-19 response investment and support initiative

Overview

The Dutch Government (Government) has announced several measures to help businesses that have been affected by the COVID-19 pandemic. These include a deferral of tax payments, financial help for employers to help them pay their employees' wages (*Tijdelijke Noodmaatregel Overbrugging Werkgelegenheid*), an extension of the credit guarantee scheme to help small and medium sized enterprises (SMEs) that are affected by the pandemic (*verruiming Borgstelling MKB-kredieten*), an extra benefit payment or temporary loan for the self-employed to bridge their loss of income (*Tijdelijke overbruggingsregeling zelfstandig ondernemers*), an emergency compensation of €4,000 for SMEs in a number of specific sectors that have been affected by the Government's COVID-19 measures (*Tegemoetkoming ondernemers getroffen sectoren*) and an extension of the export credit insurance facility (*maatregelen exportkredietverzekering*).

Sectors covered

Most measures are available to all business that are established in, or doing business in, the Netherlands. The SME credit guarantee is not available to undertakings active in agriculture, fisheries, public health care, insurance and finance, and real estate. The €4,000 compensation is available to entrepreneurs in a number of specific sectors that are directly affected by Government measures, such as restaurants, cafés, the travel industry, beauty salons, etc.

Types of businesses covered

Most measures are available to all business that are established in, or doing business in, the Netherlands. The SME credit guarantee is available to SMEs that have substantial activities in the Netherlands, except for undertakings active in agriculture, fisheries, public healthcare, insurance and finance, and real estate.

Types of support available

The support varies from financial help for employers to help pay their employees' wages, an extension of the SME credit guarantee scheme, an extra temporary benefit to bridge the loss of income for the self-employed and financial compensation for SMEs in a number of specific sectors that have been affected by the pandemic.

Eligibility

Financial help for employers is available for those that pay Dutch wages and expect to see at least a 20% decline in turnover over a three-month consecutive period between 1

March 2020 and 31 July 2020, the starting date of which falls on the first day of March 2020, April 2020 or May 2020. The benchmark is the average turnover over the course of three months in 2019 for companies that existed in 2019.

The SME credit guarantee scheme is available to SMEs that are established in the Netherlands and have substantial activities in the Netherlands (except for undertakings active in agriculture, fisheries, public health care, insurance and finance, and real estate).

The benefit payment or temporary loan for the self-employed is available for self-employed persons registered in the business register before 17 March 2020. The €4,000 emergency funding is available to entrepreneurs that are established in the Netherlands (before 15 March 2020) and are active in sectors that are directly affected by the Government's COVID-19 measures, such as restaurants, cafés, the travel industry, beauty salons, etc. An extension of the export credit insurance facility is available for the Netherlands based exporters of capital goods, services and contractors involved in projects abroad and their financiers.

Access

Applications for financial assistance by employers can be submitted online via the Dutch Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*) (UWV) during the application period (6 April 2020 to 31 May 2020) (see Useful links).

The SME credit guarantee is intended for companies with a maximum of 250 employees with an annual turnover of up to €50 million or a balance sheet total of €43 million. General partnerships, sole proprietorships and partnerships are also eligible. The eligibility criteria for the SME credit guarantee, a list of accredited financiers and further information on applications is available online; support for the self-employed is made available by municipalities (see Useful links). SMEs active in sectors that are directly affected by the Government's COVID-19 measures can apply for emergency funding.

The Netherlands based exporters of capital goods, services and contractors involved in projects abroad and their financiers can submit their applications to Atradius Dutch State Business.

Ease/speed of access

All eligible persons can easily apply for the support measures by filling out electronic forms. If an application for financial assistance from an employer is honoured, the UWV will make an advance payment of 80% of the estimated amount of the subsidy based on the expected decline in turnover and the employers' actual wage costs in January 2020. After expiry of

the period for which this subsidy has been granted, a final settlement will take place on the basis of the actual turnover which normally requires an audit opinion.

Period of support

The amount of subsidy available to employers to assist them in paying their employees' wages is, depending on the decline in turnover, a maximum of 90% of the wage bill (the wages of all employees) for the period from 1 March 2020 to 31 May 2020 up to an amount of €9,538 per month per employee. The application period will run from 6 April 2020 to 31 May 2020. The SME guarantee is available until 30 June 2022; an application for the SME emergency funding can be made until 26 June 2020, and the extended export credit insurance facility is available until the end of 2020.

Tax support and impact

The following measures are available for all businesses subject to taxation in the Netherlands:

- Companies can obtain deferral of payment of personal income tax, corporate income tax, wage tax, VAT, environmental taxes, excise, insurance tax, gambling tax and landlord levy. The Dutch tax authorities will postpone collecting tax immediately after receipt of a request for deferral and grant a deferral of three months. Applications can be made online (see Useful links).
- The Dutch tax authorities will not impose default penalties for non-payment or late payment of taxes. Default penalties imposed for late payment of taxes will be reversed. The collection of interest that normally starts after the expiry of the payment term will be temporarily reduced from 4% to 0.01% from 23 March 2020, which applies to all tax debts. In addition, the interest rate for unpaid tax will also be reduced to 0.01% from June 2020. An exception to this is the temporary reduction of the interest rate for unpaid income tax, which will take effect from 1 July 2020. The current rate for unpaid corporate income tax is 8% and 4% for all other taxes.
- If a preliminary corporate tax assessment has been imposed and the taxable profit is likely to be lower than the taxable profit estimated for the preliminary assessment, a reduction of the preliminary assessment may be requested. This creates a right to a refund (if the preliminary assessment has already been paid in full) or provides for a reduction of the monthly tax due (if the preliminary assessment is paid on a monthly basis).

Insurance cover

In principle, loss resulting from business interruption is not covered in the Dutch market, unless loss results from physical damage. We understand that in other countries the same situation applies, but that notwithstanding the lack of cover, insurers have been put under pressure by governments to provide some form of compensation for business interruption losses. In the Netherlands, to date, no such pressure has been exerted on insurers and no funds have been created or made available for compensation of business interruption losses.

Applicable existing support schemes

In line with the request by the European Central Bank on 27 March 2020, the Dutch Central Bank (*De Nederlandsche Bank*)

has requested Dutch banks not to pay dividends or buy back shares during the COVID-19 pandemic until at least 1 October 2020. These measures should boost banks' capacity to absorb losses and support lending to households, small businesses and corporations during the pandemic. On 30 March 2020, ABN AMRO Bank, ING Bank and Rabobank announced that they will follow these recommendations. Several Dutch banks allow both commercial and retail clients to defer payment of interest and principal payment under credit facilities, mortgages and personal loans for several months. Companies that are unable to pay water taxes because of the pandemic will receive a deferral of payment for a period of three to six months. Several Water Authorities have also stopped collecting taxes.

Useful links

Further information on the emergency financial assistance available to employers can be found on the Dutch Employee Insurance Agency website, available at www.uvw.nl/werkgevers/actueel/nou.aspx

The eligibility criteria for the SME credit guarantee and the list of accredited financiers is available at www.rvo.nl/subsidie-en-financieringswijzer/borgstelling-mkb-kredieten-bmkb?utm_campaign=9641374287&utm_source=google&utm_medium=cpc&utm_content=426541141803&utm_term=%2Bbmbk%20%2Brvo&adgroupid=101823230849

Further information on, and application for, the emergency funding for SMEs active in sectors that are directly affected by the Government's COVID-19 measures is available at www.rvo.nl/subsidie-en-financieringswijzer/tegemoetkoming-schade-covid-19

Applications for the Netherlands based exporters of capital goods, services and contractors involved in projects abroad and their financiers can be made via the Atradius Dutch State Business website, available at <https://atradiusdutchstatebusiness.nl/nl/nieuws/maatregelen-steunpakket-corona-crisis.html>

Applications for deferral of payment of taxes for entrepreneurs (including the self-employed) can be via the tax authorities website, available at www.belastingdienst.nl/wps/wcm/connect/nl/ondernemers/content/coronavirus-belastingmaatregelen-om-ondernemers-te-helpen

B. Impact on the energy and infrastructure sectors

Energy sector

Climate change

The Minister of Economic Affairs and Climate Change has announced that, due to the COVID-19 crisis, the Government is, for the time being, postponing new climate plans aimed at substantially reducing CO2 emissions. This will make it increasingly difficult for the Government to comply with the Netherlands' Supreme Court's ruling in the Urgenda-case.

Energy taxes

Energy suppliers will grant large users of electricity and natural gas, ie companies that receive a monthly invoice for their actual consumption, a tax deferral for energy tax, the surcharge for sustainable energy and VAT over April 2020, May 2020 and

June 2020, to assist them in addressing COVID-19 related financial issues.

No shut-offs

Electricity and gas grid operators have agreed to exercise restraint in shutting off the energy supplies of customers that cannot timely settle their debts.

Upstream oil and gas

Due to the already low oil and gas prices, and the issues with projects involving nitrogen which have been at a standstill for months, upstream oil and gas market conditions were already trying. The COVID-19 pandemic is likely to contribute to a drop in demand and lower oil and gas prices which will make the investment climate even less attractive. Fields will come to the end of their economic field life sooner and if one operator stops production and therefore the use of a pipeline, it may be less attractive for the operators of other platforms connected to the same pipeline to continue production. The result may be that operators with relatively high overhead costs will cease operations in the Netherlands and shift their attention to other regions.

Renewable energy projects

A project developer that has been granted SDE+ subsidy for a renewable energy project must develop the relevant project within a limited period of time. Meeting these development deadlines has become increasingly difficult due to COVID-19 related measures resulting in administrative delays and a shortage of manpower. The Netherlands' Wind Energy Association (NWEA), the Dutch Renewable Energy Association (NVDE) and Holland Solar have therefore requested the Minister of Economic Affairs and Climate Change to extend the SDE+ subsidy decisions to accommodate project development delays.

Legislative proposals

The Government has circulated a list, dated 27 March 2020, of 'politically important' legislative proposals that require urgent attention, ie within two months or before the summer recess. The first category includes a plan to ban the use of low-calorific gas by the nine largest consumers. The second category includes the legislative proposal to strengthen buildings in the province of Groningen, which has suffered severely from gas production induced earthquakes. It further includes the introduction of increased investment credit for the benefit of offshore oil and gas companies.

Infrastructure sector

The 'Working together safely' Protocol, presented by the Dutch Construction and Infrastructure Federation (*Bouwend Nederland*), the Association of technical service providers, installation companies and the technical retail trade (*Techniek Nederland*) and the Ministry of the Interior and Kingdom Relations, provides clarity to companies, residents, employers and all workers on working safely in a COVID-19 environment. It also discusses the way in which work at people's homes can be carried out safely.

COVID-19 response initiatives in North Macedonia

An overview of the COVID-19 response initiative and impact on the North Macedonian energy and infrastructure sectors

Veton Qoku, independent attorney at law in cooperation with Karanovic & Partners

A. COVID-19 response investment and support initiative

Overview

The Government of North Macedonia (Government) has adopted several economic measures to mitigate the consequences of the COVID-19 pandemic, which include a financial support package (no-interest loans and salary subsidies), tax exemptions and conditions for facilitating debt servicing by companies and individuals to the banks and other financial institutions.

Sectors covered

The initial Government response is aimed at the hospitality, tourism and transport sectors, which are considered to be most affected by the pandemic (most affected sectors). However, other companies that suffer losses can also apply for support provided they meet certain conditions.

Types of businesses covered

Micro enterprises, small and medium sized enterprises (SMEs) and sole proprietors are eligible for the no-interest loans. The tax exemptions and salary subsidies, however, are not conditional on the size of the business. Almost all of the banks are negotiating changes to corporate loans on a case-by-case basis.

Types of support available

According to publicly available information, the financial support package includes:

- Interest-free loans of up to €30,000, with a grace period of six months and a repayment period of two years for micro enterprises, SMEs and sole proprietors, provided they meet certain conditions. This support is initially for market participants in the most affected sectors. A public call for applications has been published and businesses can submit their applications up until 25 April 2020.
- Salary subsidies for affected companies' employees in the amount of one minimal salary (MKD14,500 or about €235) per employee for the months of April 2020 and May 2020. To obtain this financial support applicants:
 - must not pay out dividends, annual rewards and/or bonuses to their management or employees;
 - must retain the same number of employees from the moment of applying for the measure until September 2020;
 - must have at least 30% reduced revenue in comparison to the same period in the previous year; and
- the average portion of the highest net salaries of 10% of the number of employees must not exceed the monthly amount of MKD120,000 (about €1,950) per employee.

The Government has not to date published the financial support programme for this measure, therefore more details will become available in the coming weeks.

- Subsidy of up to 50% of salary contributions for the months of April 2020 and May 2020. Companies would be able to choose between this support and the measure for subsidising minimal salaries to companies.

Eligibility

Generally, companies affected by the pandemic are eligible to apply for the support, provided they meet certain conditions.

Access

Depending on the type of support, companies may apply with different institutions (eg the Public Revenue Office the Development Bank of North Macedonia, etc). In practice, the relevant institutions have published forms/applications on their websites through which the companies can apply in electronic form and insist on communication by email.

Ease/speed of access

The responsiveness of institutions in regard to providing access is yet to be tested as the application process is ongoing or has yet to be initiated. Generally, institutions have been diligent in publishing notices on their websites along with the necessary forms and applications. Considering the fact that applying electronically is an option, the application process should be easy to follow.

Period of support

Currently, the supporting measures are designed for limited time periods as follows: (i) the interest-free loans are provided for a repayment period of two years, (ii) the salary subsidies would be granted for April 2020 and May 2020, and (iii) the tax relief is intended for March 2020, April 2020 and May 2020 (see Tax support and impact).

The banks continue to be free to arrange the terms of loans without intervention from the authorities and almost all banks had already provided changed terms for natural persons that use their products, mainly in the form of a three to six months' grace period on loan repayment, and postponement of the repayment period for three to six months. The Government has however decided to intervene directly with respect to arrangements between financial companies/financial leasing providers and their clients (eg by reducing the monthly annuity by at least 70% in the period 1 April 2020 to 30 June 2020, etc).

The amendment of agreements with legal entities is left to be regulated on an individual basis with the respective financial institution.

Tax support and impact

For tax support, the Government adopted Decrees for amending the laws for corporate income tax (CIT) and personal income tax (PIT).

In particular, companies from the most affected sectors are exempt from paying advance CIT for the months of March 2020, April 2020 and May 2020, provided that the company:

- does not pay out dividends or bonuses to its employees for the period between 26 March 2020 to 15 June 2020; and
- does not reduce the number of employees for three months after the end of the applicability of the relevant Decree, and starting from 26 March 2020. Exceptions to the reduction in the number of employees include (a) death of an employee, (b) retirement and (c) termination of the employment contract by an employee.

Companies from other sectors affected by the governmental measures are exempt from paying advance CIT if, apart from the conditions described above, they meet at least one of the following:

- have at least 40% reduced revenue for the current month compared to February 2020, or at least 40% reduced revenue for 2020 in comparison to the same period in the previous year;
- at least 25% of the employees are not contributing to the economic activity of the company in comparison to February 2020; or
- the company closed at least 50% of the points of sale through which it conducts sales.

Taxpayers who generate income from an independent activity in the most affected sectors and have suffered damage due to the pandemic will be exempt from paying advance PIT for the months of March 2020, April 2020 and May 2020, provided that the taxpayer does not reduce the number of employees for three months after the end of the applicability of the relevant Decree, and starting from 26 March 2020. Exceptions to the reduction in the number of employees include (a) death of an employee, (b) retirement and (c) termination of the employment contract by an employee. Taxpayers from the other sectors affected by the pandemic are exempt from paying advance PIT if they adhere to the requirement not to reduce the number of employees and meet at least one of the following:

- have at least 40% reduced revenue for the current month compared to February 2020, or at least 40% reduced revenue for 2020 in comparison to the same period in the previous year;
- at least 25% of the employees are not contributing to the economic activity of the company in comparison to February 2020; or
- at least 50% of the stores through which the taxpayer conducts sales are closed.

In addition to this, the interest rate of the amount for more or less paid taxes for each day of delay of payment is reduced to 0.015% instead of the previous rate of 0.3%.

Insurance cover

To date, no regulatory amendments have been adopted that target the insurance sector.

Applicable existing support schemes

In addition to the support from the Government and the other authorities, the banks can now negotiate and change the terms of the arrangements with the companies without affecting their creditworthiness. Regulatory changes entitle the banks to offer changed terms to the existing agreements which would be applicable without entering into additional instruments, such as annexes. The offer which generally includes grace periods, extinction of the payment period and refinancing, can be communicated via the respective websites of the banks, or individually in electronic form or in writing.

Useful links

Companies can follow developments regarding the COVID-19 response measures in North Macedonia at <https://vlada.mk/covid19> and <https://koronavirus.gov.mk>

B. Impact on the energy and infrastructure sectors

Energy sector

The energy sector in North Macedonia is stable for now. The Energy Regulatory Commission has issued a recommendation to energy companies to not turn off the utilities of citizens due to unpaid bills for the duration of the state of emergency. In addition, stakeholders are considering the option of paying for electricity in instalments, as well as the introduction of a 'cheap electricity tariff' for the entire day. Significant effects are currently visible on the retail market for oil derivatives where the prices are continually dropping.

Infrastructure sector

No regulatory changes have been adopted that might impact the infrastructure sector, except for the extension of the respective licences in the construction industry for 60 days as of the end of the state of emergency.

Other regulatory and policy issues

The state of emergency was declared in North Macedonia on 18 March 2020 and was initially to last until 18 April 2020, this date has since been extended to 15 May 2020. During this period, several categories of employees (pregnant women, chronically ill citizens, parents of children under ten years of age) are exempt from work. This significantly decreases the number of employees operating in businesses. The courts are also working with reduced capacities and only on urgent matters, while enforcement procedures are suspended until 30 June 2020. Additionally, curfew has been introduced for all citizens from 9pm until 5am during the work week, and from 4pm until 5am during the weekends. Businesses with employees working the third shift must obtain permission slips from the Ministry of Interior Affairs of North Macedonia.

COVID-19 response initiatives in Norway

An overview of the COVID-19 response initiative and impact on the Norwegian energy and infrastructure sectors

Karl Erik Navestad, partner, and Øystein Skotheim, associate, both of Arntzen de Besche Advokatfirma AS, Oslo

A. COVID-19 response investment and support initiative

Overview

The Norwegian Government (Government) has adopted the most far-reaching restrictions in peacetime to combat mass infections as a result of the COVID-19 pandemic. Due to the overall restrictions, virtually all Norwegian businesses are affected by the current outbreak. Despite a strong underlying economy with a pre-COVID-19 unemployment rate of less than 4%, mass layoffs are already taking place and bankruptcies are looming. The Norwegian stock market, which is also heavily exposed to the dramatic fluctuations in the oil price, has plunged in line with world markets, affecting businesses and investors. In response to this crisis the Government offered three packages on 16 March 2020, 19 March 2020 and 31 March 2020, respectively, as well as introducing certain other means of support.

Types of businesses covered

The Government has informed that the schemes announced will cover a broad range of businesses, will be easy to apply, and that this is in line with the regulations on state aid. Businesses in growth will receive contributions amounting to a total of NOK2.5 billion (about €0.25 billion).

Types of support available

Cash contributions and finance schemes

The Government has announced that it will establish a cash contribution scheme to aid businesses with their unavoidable, fixed costs, and has also indicated that the total contributions will amount to NOK20 billion (about €2 billion) per month, and will be granted up to and including the month of May 2020. Various measures and schemes to grant particular businesses contributions and/or postponements in the payment of interest and repayments have also been introduced. Compensation regimes in the range of NOK300 million to NOK600 million will also be offered to alleviate the cultural scene, as well as sports and voluntary organisations, respectively.

Employment matters

Employees who are subject to temporary layoffs are secured full compensation up to a certain level (about NOK600,000) for 20 days and thereafter 80% of salary, payable by the employer for the first two days and by the Government from day three. Special rules are in place for the self-employed, securing a temporary compensation of 80% of the average of the last three years from day 17 of the income loss. The Government has also established a temporary regime consisting partly of a loan and partly of a scholarship to help students experiencing income loss due to the pandemic.

Loans and guarantees

The Norwegian Ministry of Finance has reduced the Norwegian countercyclical capital buffer for banks from 2.5% to 1%, enabling banks to increase their commitments. Norwegian banks are solid and profitable and have sufficient capital to absorb losses in a downturn. They have been subject to stricter capital buffers than most other European countries. Further, the Central Bank of Norway has reduced the policy rate to 0.25% and has decided to offer extraordinary three-month F-loans to banks for as long as necessary.

In addition, a framework for governmental guarantees for loans to small and medium sized enterprises has been established, whereby the Government guarantees for 90% of the amount in new loans amounting to up to NOK50 million per business. Moreover, a governmental bond fund for larger businesses has been re-established. The fund will provide loans amounting to a total of up to NOK50 billion (about €5 billion). The Government has also established guarantees amounting to NOK6 billion (about €0.6 billion) to the benefit of airline companies, whereby the Government will provide 90% of the amount and the airline companies will have to contribute the remaining 10% through obtaining loans from a bank or other financial institution. Airlines operating air routes as public services will also be compensated with about NOK40 million per month.

Tax support and impact

The crisis packages includes various temporary tax and VAT postponements and reductions, an opportunity for lossmaking companies to reallocate loss towards previous years' taxed surplus, and suspension on air passenger tax and aviation charges. Businesses operating in the travel, hotel and parts of the cultural industry, will receive a VAT reduction from 12% (pre-COVID-19) to 6%. Further, the employers' national insurance contributions will be lowered with 4% for two months.

Useful links

Further information on measures relating to the pandemic implemented in Norway can be found in various AdeB newsletters, available at:

www.adeb.no/en/news/news1/updated-newsletter-covid-19-implications-in-norway--highlights

www.adeb.no/en/news/news1/newsletter-norwegian-government-proposes-temporary-restructuring-act-to-aid-businesses-facing-bankruptcy-due-to-covid-19

www.adeb.no/en/news/news1/newsletter---corona-virus---what-employers-need-to-know-about-temporary-lay-offs

www.adeb.no/en/news/news1/newsletter---covid-19-loan-and-guarantee-arrangement-for-norwegian-businesses-from-the-norwegian-government

www.adeb.no/en/news/news1/rent-exemptions-and-postponed-payment-of-rent--implications-on-the-lease-guarantees

www.adeb.no/en/news/news1/newsletter---corona-virus-this-is-what-employers-must-be-aware-of

Government announcements relating to the pandemic are available at:

www.regjeringen.no/en/aktuelt/economic-measures-in-norway-in-response-to-covid-19/id2696858

www.regjeringen.no/en/aktuelt/foretak-med-minst-30--omsetningsfall-kan-fa-kompensasjon/id2696396

www.regjeringen.no/en/aktuelt/additional-financial-measures-to-mitigate-the-economic-effects-of-the-coronavirus-crisis/id2696548

www.regjeringen.no/en/aktuelt/mandate-established-for-management-of-government-bond-fund/id2695345

www.regjeringen.no/en/aktuelt/new-measures-to-curb-the-financial-impacts-of-the-coronavirus-outbreak/id2695404

www.regjeringen.no/en/aktuelt/norways-health-related-measures-during-the-covid-19-pandemic/id2695470

www.regjeringen.no/en/aktuelt/economic-measures-in-norway-in-response-to-covid-192/id2695355

www.regjeringen.no/en/aktuelt/economic-measures-in-norway-in-response-to-covid-19/id2694274

www.regjeringen.no/en/aktuelt/guarantee-and-loan-programmes-improving-liquidity-for-norwegian-companies/id2694273

www.regjeringen.no/en/aktuelt/nok-100-billion-worth-of-guarantees-and-loans-in-crisis-support-for-businesses/id2693668

www.regjeringen.no/en/aktuelt/norway-to-lift-covid-19-restrictions-gradually-and-cautiously/id2697060

B. Impact on the energy and infrastructure sectors

Energy sector

Entry for foreign personnel in the energy and transport sector
On 15 March 2020, the Government in the interests of public health enforced regulations relating to rejection etc of foreign nationals without a residence permit in Norway. The Government has subsequently revised the circular to these regulations in order to ensure the availability of foreign personnel in critical sectors. Pursuant to the circular, foreign personnel with vital functions are exempted from the ban on

entry and such personnel may also be exempted from quarantine requirements if they are crucial to maintaining critical functions, which includes operations in the energy and transport sector. The measure has been put in place to alleviate the impact of COVID-19 after a surge in delays in the renewable energy sector due to measures taken to combat the pandemic, as well as impediments to entry for foreign personnel. The regulations governing the rejection of foreign nationals, and the circular on the exemption of foreign personnel with vital functions, remain in force until further notice.

Government to cover electric bills

The Government has proposed financial support to companies in order to cover costs incurred irrespective of reduced activity due to the pandemic. The scheme is to support businesses in need of assistance and that are unable to cover unavoidable fixed costs.

The financial support includes payment of electric bills. As businesses have partly or entirely shut down, and their revenues decreased, the Government's measure aims to get companies through these difficult times. The measure has a corresponding upside for the energy sector, reassuring the sector that customers will be able to pay their electric bills.

Once in force, the support scheme will be valid for two months and will be extended if necessary.

Due to reduced activity, energy companies are continuously considering reducing production or other activities, which is a consequence of reduced demand for electricity following dwindling business activity in general. Reduced activity in sales and construction may also lead to energy production cuts. Oil companies and oilfield service providers are also hit by the dramatic decrease in the oil price, from around US\$60/barrel (pre-COVID-19) to below US\$25/barrel. In response, oil companies have taken steps to cut investments and costs, and oil exploration activities are likely to be significantly reduced in 2020 compared to expectations.

Other regulatory and policy issues

The Financial Supervisory Authority of Norway has urged banks and Norwegian bank holding companies to conduct a renewed assessment of the distribution of 2019 proceeds in light of the ongoing crisis and financial uncertainty.

The Government has also adopted a new and temporary 'Corona Act' that authorises the Government to implement temporary regulations required to combat COVID-19 with simplified constitutional procedures. The Corona Act and the regulations were initially only valid until 27 April 2020, however, on 24 April 2020, the Corona Act was prolonged to 27 May 2020. The temporary regulations under the Corona Act include a set of new rules that imply that companies can conduct their board and general meetings without a physical meeting (ie by telephone, electronically or by other satisfactory means). In light of the ongoing crisis, the Government has also stressed that further measures are not excluded, and that the currently adopted measures are still a work in progress.

Regarding restrictions such as closure of schools and certain businesses, the Government announced on 8 April 2020 that it would re-open day care from 20 April 2020 (27 April 2020 at the latest), and primary school classes for years one to four, and

out-of-school care programmes from 27 April 2020. The Government also announced that health services such as psychologists and physiotherapists would be able to resume operations from 20 April 2020, provided that they follow statutory requirements on infection control. Other services dependent on one-to-one contact, such as hairdressers and skin care professionals, were permitted to resume their business on 27 April 2020, provided that they comply with infection control requirements. The measures are part of the Government's strategy to gradually lift restrictions.

COVID-19 response initiatives in Poland

An overview of the COVID-19 response initiative and impact on the Polish energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

On 31 March 2020, the Polish Government (Government) adopted the Anti-Crisis Shield (*Tarcza Antykryzysowa*) (the Act), a legal act aimed at protecting and supporting both legal entities and individual entrepreneurs and employees and mitigating the economic consequences of the crisis caused by the COVID-19 pandemic. The Act was signed by the President on 1 April 2020 and came into force on the same day. Poland had declared a state of emergency due to the risk of the pandemic and a state of epidemic emergency had come into force in Poland on 14 March 2020.

Sectors covered

The support measures and initiatives introduced by the Act are aimed at covering all sectors and industries.

Types of support available

The support measures announced include enabling corporate income tax (CIT) taxpayers who suffer negative economic consequences caused by the pandemic to deduct the loss incurred in 2020 from their business income earned in 2019 if they gain at least 50% less revenue in 2020 compared to 2019. The amount of the deducted loss must not exceed PLN5 million. Other measures include:

- Extending the deadlines for CIT submissions for annual tax returns for 2019 and payment of CIT from 31 March 2020 to 31 May 2020.
- Enabling the deduction from the taxable base of donations made to counteract COVID-19. If the conditions indicated in the new regulations are met, ie the period of making the donation and the beneficiary of the donation, an amount of up to 200% of the donation may be deducted.
- Postponing the new JPK_VAT (VAT Standard Audit File) for large companies from 1 April 2020 to 1 July 2020.
- For social security (ZUS) payments, on request, (i) a taxpayer who employs one to nine employees will be exempted from paying ZUS contributions for the period March 2020 to May 2020, and (ii) an undertaking registered with the Central Register and Information on Economic Activity (*Centralna Ewidencja i Informacja o Działalności Gospodarczej*) that does not employ anyone will be exempted from paying contributions for the period March 2020 to May 2020 if its income in March 2020 was no more than 300% of a projected monthly average gross salary in the national economy. If the income was higher in March 2020, it is possible to apply for exemption for April 2020 to May 2020 if

in those months its income was not higher than 300% of a projected monthly average gross salary in the national economy.

- During the state of an epidemic risk or an epidemic state declared due to COVID-19, some statutory deadlines provided for by administrative law will not commence and those already pending are suspended. Similarly, time limits for court proceedings, enforcement proceedings and customs and fiscal checks are suspended. A large entrepreneur should also consider the postponement of hearing dates in non-urgent cases.
- A large entrepreneur may announce economic downtime for employees and therefore pay them a reduced salary of no more than 50%, but not less than the minimum wage, or reduce their working hours by 20%, but not more than 0.5 tenure, and the salary cannot be lower than the minimum wage.
- The Act provides an opportunity to hold meetings of company bodies, including in particular general meetings of shareholders, a board of directors or supervisory board of limited liability companies or joint-stock companies, using electronic communication means.
- If the pandemic may affect or affects the proper performance of a public procurement contract, under the Act, the parties to the agreement should immediately inform each other of the COVID-19 impact that influences or may influence the performance of that contract. The Act also introduces the possibility of making amendments to a public procurement contract after the fulfilment of the conditions set out in the Act.
- The district governor (*starosta*), on the basis of an agreement, can grant to an employer on application remuneration of salaries, provided that the employer incurred at least a 30% decrease in his income in relation to the previous year. The subsidies are calculated on the basis of 50% of the number of employees multiplied by the minimum wage. Subsidies may be awarded to micro, small and medium sized enterprises from the date of submission of the relevant application, for a period of no more than three months; businesses with no employees can also file for the subsidy.

Useful links

An analysis on selected provisions of the Anti-Crisis Shield Act is available at <https://wkb.pl/en/news/business-during-a-pandemic-expert-analyses-on-selected-provisions-of-the-anti-crisis-shield-act>

More on the impact of the pandemic on day-to-day operation of commercial companies in Poland is available at <https://wkb.pl/>

[en/news/wkb-legal-alert-impact-of-the-covid-19-pandemic-on-day-to-day-operation-of-commercial-companies](https://wkb.pl/en/news/wkb-legal-alert-impact-of-the-covid-19-pandemic-on-day-to-day-operation-of-commercial-companies)

Further on the Anti-Crisis Shield and tax law is available at <https://wkb.pl/en/news/wkb-legal-alert-anti-crisis-shield-and-tax-law-2>

Further on the Anti-Crisis Shield as regards court proceedings and postal consignments is available at https://wkb.pl/en/news/wkb-legal-alert-the-anti-crisis-shield-as-regards-court-proceedings-and-postal-consignments_update

Further on the Anti-Crisis Shield and employment related solutions is available at <https://wkb.pl/en/alerty-en/wkb-legal-alert-anti-crisis-shield-and-employment-related-solutions>

Further on the impact of the COVID-19 special law on judicial proceedings in Poland is available at <https://wkb.pl/en/news/wkb-legal-alert-impact-of-the-covid-19-special-law-on-judicial-proceedings>

More on the Anti-Crisis Shield and the energy sector is available at <https://wkb.pl/en/news/wkb-legal-alert-anti-crisis-shield-and-energy-sector-update>

B. Impact on the energy and infrastructure sectors

Energy sector

The Anti-Crisis Shield does not offer many solutions to the energy sector, however, changes have been introduced through the Energy Law and the Renewable Energy Sources Act.

Changes in the Energy Law (Prawo energetyczne)

In view of the emerging liquidity problems of companies affected by the crisis caused by the pandemic, the legislator has decided to introduce changes to prevent electricity companies from cutting off electricity, heat or gas supplies from consumers on a massive scale if they do not pay their bills.

The Anti-Crisis Shield implements the amendments to the Energy Law by introducing a limitation on the possibility of suspending the supply of gas fuels or electricity during the state of an epidemic risk and the epidemic state. These changes create a situation in which an energy company performing business activities in the field of transmission or distribution of gas fuels or energy cannot suspend the supply of gas fuels or electricity if the customer is in default of payment for the services provided, at least for a period of 30 days after the payment deadline. Similarly, such an undertaking cannot withhold the supply, even if it was to be done at the request of the seller of the gas fuel or electricity. In the course of the state of epidemic risk and the epidemic state, the provision governing the obligation to notify the consumer (which relates only to household consumers) of its intention to withhold the supply of gas fuels, electricity or heat if that consumer does not pay its outstanding and current charges within 14 days of receipt of that notification does not apply.

Changes in the Renewable Energy Sources Act (Ustawa o odnawialnych źródłach energii)

The Anti-Crisis Shield has brought in a number of changes to the Renewable Energy Sources Act (RES Act). For some of the RES companies, the pandemic imposes challenges concerning mainly storage shortages or problems with access to imported components. This may cause a slowdown and, as a result, a delay in the construction of the RES installation and its connection to the grid. The changes introduced via the Anti-Crisis Shield concern, in particular, participants of the auction system and feed-in tariff (FiT) and feed-in premium (FiP) systems. The amendments relate to, among other things, the possibility of extending by an additional 12 months the deadline for the auction participant's obligation to sell electricity for the first time under the auction system, and extending the maximum age of equipment included in a given installation as a result of circumstances beyond the producer's control (COVID-19 pandemic). An analogous regulation has been introduced for energy producers using FiT and FiP systems, addressed to power-determined RES installations using hydropower, biogas and agricultural biogas.

The new regulations allow interested parties to submit applications to the President of the Energy Regulatory Office to extend the deadlines (for a period not exceeding 12 months from the date of expiry of the obligation). These requests concern two categories of applicants: (i) entities declaring their intention to sell unused electricity, and (ii) the auctioneers. The President of the Energy Regulatory Office, when considering applications for extension of the deadline, takes into account, for the benefit of the generator, the fact that there is a delay: in the delivery of equipment included in RES installations; or in the supply of components necessary for the construction of RES installations; or in the completion of RES installations and power grid connection; or in the RES installation start-up, or when obtaining a licence or entry in the registers specified in the Act, a delay is caused by a state of epidemic risk or an epidemic state announced by order of the minister in charge of health. The Anti-Crisis Shield also specifies the content of the application and indicates the grounds for refusing to grant the application.

What needs to be emphasised is that the energy sector requires many other specific solutions designed to manage and minimise the challenges of the current pandemic. In particular, this applies to the provisions of the Capacity Market Act (*Ustawa o rynku mocy*). Contracts concluded on the basis of this Act provide for a large number of obligations in terms of deadlines which should be met in the coming years and which, due to the pandemic, will be impossible to meet for objective reasons. Undoubtedly, this would also be the area where the legislator must intervene.

Other regulatory and policy issues

At this point in time it is difficult to estimate the possible impact of the pandemic in Poland and, similarly, designing adequate tools to diminish the negative effects of the pandemic is a challenging task. What we can see from the measures adopted to date is that those currently aimed at the energy sector (but not only) do not fully correspond to the needs of the market. However, the amendments introduced by the Anti-Crisis Shield are not definitive and the Government is currently working on Anti-Crisis Shield 2.0, which will hopefully propose some additional solutions allowing the energy sector to operate with as little pandemic-related negative impact as possible.

COVID-19 response initiatives in Portugal

An overview of the COVID-19 response initiative and impact on the Portuguese energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

The Portuguese Government's (Government) response is being structured, and constantly updated, on the basis of the three pillars of social security and tax obligations, labour measures and incentives to companies. With regard to support initiatives for companies, four lines of credit have been made available through banking institutions and guaranteed by the Government, representing in total €3 billion of additional financing for the economy, with a grace period of up to twelve months and which are redeemed over up to four years (New Credit Lines). Other specific credit lines have also been created, namely for cash-flow needs and working capital (Cash-flow and Working Capital Credit Lines), and existing funding programmes, such as Portugal 2020 and Programa Capitalizar, have been reinforced, and their conditions made more flexible, to promote companies' short-term liquidity.

An increase of export credit insurances with State guarantees has also been approved for (a) the metallurgical, metalworking and moulds sectors, with an increase of €100 million, totalling €200 million, in the credit insurance line with State guarantees, (b) construction projects abroad and other supplies, with an increase of €100 million, totalling €200 million, in the bond insurance line with State guarantees, and (c) an increase of €50 million, totalling €300 million, in the short-term export credit insurance line.

Sectors covered

The credit lines essentially cover (a) the tourism sector (ie restaurants, travel agencies, businesses and accommodation), (b) entertainment, event organisation and other similar activities, and (c) industry (textiles, clothing, footwear, mining and quarrying industry (ornamental), and wood and cork). A specific credit line was created for the agriculture and fishing sectors.

Types of businesses covered

Overall, the credit lines are aimed at micro enterprises, small and medium sized enterprises (SMEs), small mid cap and mid cap. The Cash-flow and Working Capital Credit Lines cover Large Companies with a business volume of up to €150 million, that do not integrate a large group. Furthermore, the self-employed whose activity has been interrupted are eligible to request up to six months of financial support from the State.

Types of support available

Under the New Credit Lines, a maximum of €1.5 million per company will be granted, with a guarantee of up to 100% of the

capital outstanding. The Cash-flow and Working Capital Credit Lines have a maximum of €1.5 million or €1 million for each purpose per company, depending on the performance ranking of the company. The financial support attributable to independent workers is subject to the terms of the existing sickness allowance, up to a maximum of €438.61 per month.

Eligibility

In order to be eligible, businesses must present a positive net worth on the last approved balance sheet, or a negative net worth and interim regularisation approved up to the date of the operation. For large companies under the Cash-flow and Working Capital Credit Lines, their credit rating must be B-.

Access

Access to the New Credit Lines is operated by the banking sector, and the conditions are verified by the banks that grant the respective funding. Other credit lines are accessible through various institutions, such as the Institute for the Support of Small and Medium Sized Enterprises (*Instituto de Apoio às Pequenas e Médias Empresas e à Inovação*) (IAPMEI), the investment company SPGM (*Sociedade de Investimento*), and Portugal tourism (*Turismo de Portugal*).

Ease/speed of access

For the Cash-flow and Working Capital Credit Lines under Programa Capitalizar, the process may take up to three months as of the date of application until the receipt of payment. Although the speed of access is uncertain for the remaining incentives, some programmes such as Portugal 2020 foresee the possibility of payment being made in advance, prior to the respective process being completed.

Period of support

The credits granted under the New Credit Lines will be reimbursed over the course of four years. The Cash-flow and Working Capital Credit Lines have maximum repayment periods varying between 18 months and three years.

Tax support and impact

Measures regarding tax include the extension of deadlines applicable to (i) special payment on account (first instalment postponed to 30 June 2020), (ii) payment on account/ additional on account (first instalments postponed to 31 August 2020), and (iii) filing of the corporate income tax (CIT) return (postponed to 31 July 2020).

Some measures have also been adopted in order to substantially ease payments in respect of value added tax (VAT) and corporate and personal income withholding taxes; the payment of these taxes, due in the second trimester of 2020, may occur

in three or six instalments, without interest falling due (taxpayers also do not need to provide a guarantee for the benefit of the Portuguese Tax Authorities). This regime is applicable to the self-employed and taxpayers (i) with a turnover up to €10 million in 2018, (ii) that commenced their activity from 1 January onwards, (iii) that have reinitiated their activity from 1 January 2019 onwards in case of not having turnover in 2018, (iv) that are forced to suspend their activity under the law applicable to the emergency status (eg restaurants, culture and artistic activities, sports, thermal and spas, and (v) that register a 20% decrease in their invoicing in three months average prior to the date of the tax obligation when compared with the same period of the previous year.

In addition, tax and social security enforcement procedures have been suspended (however, under implementation, the suspension includes payments under instalment payment plans but the Tax Authorities interpretation on the impact of the suspension on guarantees and foreclosures is yet uncertain).

Applicable existing support schemes

Other measures regarding social security and labour have been adopted, including social security obligations, labour measures and banking sector measures.

Social security obligations

Contributions due by employers and independent workers regarding March 2020, April 2020 and May 2020 will be divided in two parts: 1/3 of their value must be paid within the normal deadlines but the remaining 2/3 may be paid in three or six monthly instalments during the second semester of 2020 (with no interest).

Instalment plans are applicable to all employers with less than 50 employees, employers with 50 to 249 employees that have suffered a 20% loss in their turnover, and to employers with more than 250 employees with a 20% loss in their turnover registered in the months of March 2020, April 2020 and May 2020 when compared with the same period of the previous year and provided that either (i) the taxpayer is a private institution of social responsibility, (ii) the taxpayer was forced to suspend their activity or operates in the aviation or tourism sector, or (iii) the taxpayer's activity has been suspended by legal or administrative act.

Labour measures

A new legal regime to apply suspension and reduction measures for situations of economic crisis associated with the pandemic has been approved (simplified layoff). Companies forced to stop or reduce activity may impose, on all or some workers, suspension or reduction in the provision of work, accompanied by the corresponding suspension or reduction of remuneration, with the lost part being replaced by remunerative compensation.

Companies taking advantage of simplified layoff are entitled to an extra incentive in the amount of €635 per employee when they resume their normal activity. Companies meeting the requirements to access the simplified layoff but which decide not to do so are entitled to special financial assistance, for one month, for part-time professional training activities; such financial assistance is equivalent to up to 50% of the monthly salary of each employee covered by this measure.

Banking sector measures

Bank loans are being rescheduled with extension of maturities, in coordination with the Bank of Portugal.

Useful links

Further information on the COVID-19 Credit Line Capitalizar 2018 is available at www.pmeinvestimentos.pt/en/credit-line-capitalizar-2018-covid-19

Further information on the exceptional measures undertaken by Portugal in response to COVID-19 is available at <https://covid19estamoson.gov.pt/medidas-excepcionais>

The IAPMEI website is available at www.iapmei.pt/PRODUTOS-E-SERVICOS/Incentivos-Financiamento/Sistemas-de-Incentivos/Concursos-abertos.aspx

AICEP Portugal Global, which is an independent public entity of the Government, provides information on the support measures, available at <http://portugalglobal.pt/PT/sobre-nos/Paginas/covid-19-medidas-de-apoio-as-empresas-portugal-2020.aspx>

The SPGM website is available at www.spgm.pt/pt/catalogo/linha-de-credito-covid-19

Further information on the Government's measures to support employment and companies is available at <https://covid19estamoson.gov.pt/medidas-de-apoio-emprego-empresas>

The [Temporary Framework](#) for State aid measures to support the economy in the current COVID-19 outbreak adopted by the Commission on 19 March 2020, is available here as [amended on 3 April 2020](#) [C(2020) 2215 final].

B. Impact on the energy and infrastructure sectors

Energy sector

No amendments relevant to the energy sector regulatory framework have been adopted to date, therefore the existing framework continues to apply. Notwithstanding, in line with the exceptional and provisional measures adopted by the Government, the Energy and Geology Directorate General (DGEG) has determined the suspension:

- until the end of the month of April 2020, of the registration of new electricity producers; and
- of procedural deadlines applicable to administrative proceeding running before DGEG since 16 March 2020 (when the DGEG facilities closed to the public), which will resume on the first working day following the reopening of DGEG (such deadlines will not restart as they are merely suspended).

Infrastructure sector

Under Decree no. 2-B/2020, of 2 April 2020, the state of emergency was initially extended to 13 April 2020 and under Presidential Decree no. 20-A/2020, of 17 April 2020, was further extended to 2 May 2020, on which date the state of emergency was lifted, however several restrictions continued to remain in place.

Pursuant to Decree no. 2-B/2020, of 2 April 2020, measures will be taken as determined by the relevant member of the competent government:

- to guarantee electricity and gas, as well as oil and natural gas derivatives;
- in the transport sector, in order to ensure its operation, management flexibility, cleanliness, conditions of transport of goods, so as to ensure their supply throughout the national territory, and repatriation operations by the national airline and reduction of public transport capacity to one third of its capacity; and
- in the sectors of agriculture, marine and environment, to ensure the regular production of the respective goods and services, including to temporarily derogate regulations on waste management, and the provision of essential services related to nature and forests conservation.

Other regulatory and policy issues

On 4 March 2020, the European Commission approved two state aid regimes notified by the Portuguese State whereby with a total estimated budget of €13 billion to support companies affected by the COVID-19 outbreak under the Temporary Framework, namely:

- a direct grants scheme, under which support per company will not exceed €800,000, as foreseen by the Temporary Framework;
- a State guarantees scheme for investment and working capital loans granted by commercial banks, under which (a) the underlying loan amount per company covered by a guarantee is limited as set out in the Temporary Framework, and (b) the guarantees are limited to a maximum of six years; and
- guarantee fee premiums not exceeding the levels foreseen by the Temporary Framework.

The support under both schemes will be accessible not only to SMEs but also to large companies facing difficulties as a result of the economic impact of the pandemic and does not address specific sectors of activity. The aim of the scheme is to help businesses to cover their immediate working capital or investment needs, thereby ensuring that their activities continue.

COVID-19 response initiatives in Romania

An overview of the COVID-19 response initiative and impact on the Romanian energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

Following the declaration of the state of emergency in Romania on 16 March 2020 (expected to be extended until mid-May 2020), the Romanian Government (Government) has taken various initiatives aimed at supporting both the businesses and individuals affected by the economic effects of the COVID-19 pandemic. In parallel, the Romanian Parliament (Parliament) has promoted its own initiatives, currently being challenged in front of the Constitutional Court, which partially overlap with the measures initiated by the Government.

The key areas targeted by the initiatives are employment, tax, healthcare and pharma, bank loans, investment support for small and medium sized enterprises (SMEs) and relief measures for businesses directly impacted by the decisions taken by public authorities during the state of emergency.

Sectors covered

While certain measures target specific sectors (eg healthcare, banking), most of them are addressed to all sectors directly or indirectly impacted by the economic effects of the pandemic.

Types of businesses covered

Depending on the specific measures, the type of organisations covered include micro enterprises and SMEs, the self-employed and any large taxpayers.

Types of support available

Various supports have been announced, which include a bank loan moratorium of up to nine months (but no later than 31 December 2020) to eligible borrowers, ie natural persons and companies. Compensation due to employees placed on temporary layoff (ie temporary suspension of an employment contract) during the emergency will be borne directly from the unemployment insurance State budget; temporary layoff compensation is capped at 75% of the national average gross salary per employee, about €800 gross. Employers can, if possible, supplement (from budgets for personnel expenses) the compensation borne by the State with amounts representing the difference of up to the minimum 75% of the base salary of the relevant employee. Such additional compensation is subject to all social charges and wage taxation, which are costs of the employer.

SMEs that have curtailed their activity in whole or in part as an effect of the decisions taken by public authorities benefit from a payment deferral for utility bills, ie electricity, natural gas, water, telecom and internet services, as well as for rent due for corporate and secondary locations. A similar but more

favourable measure also covering individuals was recently approved by the Parliament (currently being challenged in front of the Constitutional Court); however, it remains unclear how the two legal enactments are to work together.

A State aid scheme for SMEs with a budget of RON781 million (about €160 million) is pending a greenlight from the European Commission. The scheme is set to cover guarantees for investment loans and working capital loans, and subsidies for loan interest and bank commissions, up to €800,000 per company.

Eligibility

Support measures are available to companies and individuals (with no specific nationality requirement) that are directly or indirectly affected by the economic effects of the pandemic. Depending on the scope and purpose of the measure, various eligibility criteria applies.

The bank loan moratorium applies to eligible borrowers who do not register overdue payments or whose loan is not accelerated. For natural persons, two additional criteria must be met: (a) the entity's activity must have been curtailed, in full or in part, further to measures taken by competent authorities during the state of emergency, or the entity's March 2020 revenue decreased by 25% or more compared with the average income generated in January 2020 and February 2020, and the entity has obtained a state of emergency certificate, and (b) the entity is not subject to insolvency.

Employers who totally or partially reduce/interrupt their activity due to the effects of the pandemic, as well as other professionals (such as freelancers, persons obtaining incomes exclusively from copyrights) that interrupt their activity due to the effects of the pandemic can benefit from the temporary layoff compensation support. For SMEs that hold an emergency certificate issued by the Ministry of Economy, Energy and Business Environment certifying that the entity has curtailed its activity in whole or in part, payment deferrals of utility bills and rent are available. A State aid scheme is available to micro enterprises and SMEs that face financial difficulties and that meet various criteria, eg the entity undertakes not to dismiss personnel until 31 December 2020.

Access

Access to the various support measures is not uniform. A system for issuing emergency situation certificates to those economically affected has been put in place, however, the use of such certificates prove to be rather limited (eg as a prerequisite for accessing certain relief measures, such as payment deferral for utilities bills). Eligible borrowers must submit a request (letter, email or telephone) within a defined timeline. To benefit

from the temporary layoff compensation borne by the State budget, employers must submit an electronic request accompanied by a sworn statement and the list of employees benefiting from the indemnity.

Ease/speed of access

As the various measures have just been enacted, there is little experience with accessing them. However, the mechanisms are designed to ensure quick and smooth access, being generally based on good faith statements of applicants.

Period of support

The period of support varies depending on the specific measure, eg some short-term measures apply during the state of emergency and shortly thereafter (such as the support by the State budget of temporary layoff compensation and the deferral of payment of the utility bills and rent), while others are more forward looking, eg the State aid scheme for SMEs is applicable until the end of 2020, with some extensions being considered, and the bank loan moratorium applies for up to nine months, but no later than 31 December 2020.

Tax support and impact

A wide range of relief measures have been enacted, aimed at postponing payment of tax liabilities and incentivising timely payment of profit tax, such as:

- Outstanding tax liabilities: Until the 30th day after the end of the state of emergency, no interest or late payment penalties will be due for tax liabilities that fall due starting 21 March 2020 and that are not settled in time. Tax enforcement proceedings will cease or will not commence, save for proceedings in criminal matters.
- Profit tax: A 5% profit tax reduction is granted to large taxpayers that timely pay the advance quarterly profit tax for the first quarter of 2020. A 10% profit tax reduction is granted under the same conditions for the rest of taxpayers who are subject to profit tax.
- Micro enterprise tax: Micro enterprises that pay the micro enterprise tax for the first quarter of 2020 by 25 April 2020 benefit from a 10% reduction.
- VAT: VAT payments on imports of medicine, protective gear, other devices or medical equipment and medical supplies that can be used in the fight against COVID-19, made during the state of emergency and until the 30th day after the end of the state of emergency period are replaced by a 'reverse charge'-like rule.
- Property taxes: The first payment term for the 2020 property tax on buildings, on land and on vehicles has been extended from 31 March 2020 to 30 June 2020.

Insurance cover

It remains to be seen on a case-by-case basis as to what extent the support measures qualify as exclusions under existing insurance cover.

Useful links

Further information on COVID-19 response measures undertaken in Romania is available at www.schoenherr.eu/coronavirus-info-corner/romania

A legislation tracker is available at www.schoenherr.eu/publications/publication-detail/cee-legislation-tracker-romania

B. Impact on the energy and infrastructure sectors

Energy sector

During the state of emergency, the price of electricity and heat, natural gas, water and sewage, and fuel is capped at the level as of 29 March 2020. It is not currently clear how this measure will apply in practice throughout the entire value chain and how it will interact with the upcoming liberalisation of gas markets.

A second measure that affects the energy sector is the deferral of the payment of utility bills for SMEs that have curtailed their activity in whole or in part as an effect of decisions taken by public authorities. In addition to this measure, the Parliament has adopted a similar yet more generous measure that generally applies to individuals and companies economically affected by the pandemic, allowing for a three-month payment deferral of utility bills, with the repayment to be done in up to 12 months. The respective law has been challenged in front of the Constitutional Court. Both measures are expected to have a significant effect on the value chain, but in particular on independent suppliers. To date, no counter measures aimed at protecting energy companies have been promoted.

Infrastructure sector

Beneficiaries of European Union (EU) funding affected by the emergency measures can, under the current circumstances, suspend their financing agreements. The decision to suspend must however be taken and agreed with the management authorities/intermediary bodies in charge of the respective EU funding programme..

COVID-19 response initiatives in Russia

An overview of the COVID-19 response initiative and impact on the Russian energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

The sudden outbreak of the COVID-19 pandemic not only poses a grave threat to people's health in Russia and worldwide, but it is also expected to result in severe economic consequences. Border closure, a nationwide paid non-working month, mandatory self-isolation in Moscow and most other regions, and other restrictive measures implemented in Russia in an effort to restrain the spread of COVID-19 have already affected almost every business sector.

The main areas of governmental support were set out by the President in his speech given to the nation on 25 March 2020. In particular, small and medium sized enterprises (SMEs), as service providers that are currently facing an acute drop in revenue, were identified as the most vulnerable businesses requiring governmental support.

There is no single statute comprising all the types of business support that have been made available to businesses in Russia to mitigate the negative consequences of the pandemic, however the various measures that have been adopted at both federal and regional levels can be found in various pieces of legislation and bylaws.

Sectors covered

The majority of support measures are available to companies operating in specific sectors as set out and listed by the Russian Government (Government), which currently include air transportation and airport activities, transportation generally, culture and leisure, sports, tourism, catering, additional education, the organisation of conferences and exhibitions, and household services (ie repair, washing, dry cleaning, beauty salons) (Affected Sectors).

The Government has also already introduced or has proposed to introduce certain support measures for (i) retailers selling food, medical products, clothing and everyday items online with home delivery (State regulated acquiring commission) and (ii) the tourism sector (in the form of an exemption from mandatory contribution to special reserve funds in 2020 and subsidies from the State budget). Given the current crisis, the list of sectors entitled to particular support measures is constantly changing. For instance, initially, a law was passed allowing tenants to suspend rent payments or request landlords to reduce the rent in cases where a tenant is unable to use leased property if a special emergency situation was introduced in a particular region (special emergency situations have now been introduced in every Russian region). The Government has since clarified that the suspension of rent will however only be

available to tenants conducting business in certain of the most adversely affected economic sectors; further clarification on the application of the rent reduction provisions of this law are also expected from the legislator.

Types of businesses covered

Certain support measures have been made available to private entrepreneurs and SMEs only. Generally, the criteria used to assess whether a business is an SME are (i) place of incorporation (Russia), (ii) legal form of the enterprise (most commonly used forms are covered), (iii) structure of charter capital (eg apart from limited exceptions a company may not be recognised as an SME if 49% or more is owned by a foreign investor), (iv) number of employees, and (v) amount of revenue. Measures offered to SMEs will not therefore be available to larger businesses and most foreign investors.

Types of support available

The support measures available to private entrepreneurs and SMEs operating in the Affected Sectors include grace periods and temporary reduction of payments under loans and facilities entered into with financial organisations. Certain other measures have been introduced which may also be available to larger businesses.

Firstly, amendments have recently been passed that empower the Government to pass a resolution introducing temporary moratoria on filing bankruptcy applications against certain types of debtors during the current emergency situation. Due to the rapidly aggravating current situation, this resolution has already been passed and covers not only companies active in the Affected Sectors but extends to businesses that are deemed to be of key importance. A list of such businesses is maintained by the Government and includes major oil and gas Russian companies. Secondly, tax and customs field inspections have been suspended until the end of May 2020 and the initiation of new currency control inspections by tax authorities has also been postponed until that date. The Government has also suspended the initiation of certain other business audits subject to limited exceptions. The introduction of these measures can potentially reduce the administrative burden on businesses in the current environment. Some amendments to corporate legislation allowing internal procedures not to be interrupted by COVID-19 are also being introduced or are expected to be soon introduced. For instance, it is now permitted, in 2020, to take decisions in joint stock companies (JSCs) by absentee voting in a wider range of cases. The Parliament has also passed a law extending terms for convening general meetings in JSCs and limited liability companies.

Access

Most measures are provided to businesses automatically. Some types of measures however require notification (eg when applying for grace periods under lease agreements) or the submission of additional documents (eg grace periods under facilities and loans).

Ease/speed of access

The current support measures are designed to be easily accessible, however it is yet to be seen how the procedures will be implemented in practice.

Period of support

Most measures have particular deadlines. For instance, the limitation on acquiring commissions will apply until the end of September 2020, the suspension of field tax audits of all taxpayers will continue up to the end of May 2020. There is a general expectation however that the term for such measures may be revisited at a later point depending on how the current situation evolves.

Tax support and impact

The majority of tax measures are aimed at SMEs and other types of companies in the Affected Sectors. In relation to designated taxpayers, the collection of most tax payments is suspended until 1 May 2020. It is also planned to extend for six months the deadline for paying corporate income tax calculated for 2019 and to postpone by six months the deadline for advance payments on all taxes (except for VAT) accrued for the first quarter of 2020, as well as by four months for advance payments accrued for the second quarter of 2020 (first half of 2020). Specific tax measures to support large businesses have not yet been adopted.

In addition to the measures adopted to date, the President has announced an increase in withholding tax on dividends and interest payments abroad. In particular, these dividends are intended to be subject to withholding tax at the rate of 15%, which will require the amendment of, or even withdrawal from, existing double tax treaties entered into by Russia.

Insurance cover

No specific rules have been adopted that deal specifically with the interaction between existing insurance coverage and the newly introduced support measures, it is therefore likely that matters in relation to insurance cover will be decided on a case-by-case basis.

Applicable existing support schemes

Additional support measures may be adopted at the regional level.

Useful links

Details of the supports available for SMEs to overcome the consequences of COVID-19 are available at <http://covid.economy.gov.ru>

A summary of tax measures by the Federal Tax Service (in Russian) is available at www.nalog.ru/rn77/business-support-2020

The official website summarising information related to COVID-19 maintained by the Government (in Russian) is available at <https://xn--80aefpebagmfblc0a.xn--p1ai/ofdoc>

B. Impact on the energy and infrastructure sectors

Energy sector

For the Russian energy sector the shocks of the pandemic resulting in significantly reduced oil demand are aggravated by the recent oil price crash due to the collapse of the OPEC+ agreement curbing oil production. Very few support measures specific to the energy sector have been introduced in Russia to date. A notable example of one of the measures that has been introduced is the automatic extension of all subsoil licences expiring in the period from 15 March 2020 to 31 December 2020. The Government has also imposed restrictions on the termination of subsoil licences until the end of 2020.

Certain support measures for enterprises of key importance (which include major Russian oil and gas companies) have been discussed but have not to date been passed. These measures include tax benefits, access to loans and facilities under beneficial terms, and State guarantees for investment projects.

Infrastructure sector

The infrastructure sector has also been affected by the pandemic, with the level of gravity of the effects varying for each particular area. Most of the market players and projects benefitting from State traffic guarantees (which includes, in particular, the bulk of highway projects) remain stable while the facilities run underutilised. A smaller amount of direct toll highway businesses bearing traffic risk are beginning to record losses and are evaluating future necessary steps, however the period of reduced use of toll roads has so far been too short to enable long-term forecasts.

The airport sector is suffering unprecedented losses due to an almost total cancellation of all flights and is suffering the loss of both sources of revenue, ie passengers and airlines. Airport owners have already reached out for help from the Government.

In the utilities sector, businesses are experiencing an overall reduced demand which is not estimated as being critical at this point in time. The negative impact of the current situation is more strongly felt by the water supply and discharge sector due to the significant reduction in water usage by industry sectors. Additional governmental support may be required for the utilities sector if the economy does not recover quickly.

The measures announced by the Government to date (for instance, a freeze on bankruptcies and a no licence renewal regime) are helping to stabilise the environment and reducing immediate shock (eg claims for winding up). However, going forward, infrastructure and other sectors may require financial support from the Government, and other targeted measures, to help businesses recover. Many projects (irrespective of their current status) will likely request extensions once the current situation stabilises and a number of these projects will clearly require compensation of losses.

The only sector that seems to not be negatively affected by the crisis is IT, especially internet providers, remote working platforms and online services.

Other regulatory and policy issues

The national regime of non-working days was introduced by the President on 25 March 2020 and it has been announced that it will remain in force until the end of April 2020, however, as stated by the President the term may be shortened if circumstances permit. During this period, remuneration will be paid by employers as usual. The State does not provide any direct subsidies to compensate remuneration paid to employees during this period. The Government and the Central Bank are encouraging banks to provide facilities and loans on favourable terms to SMEs for the purpose of paying remuneration to their employees. As stated by the President at a recent G20 emergency summit, the Government has allocated approximately 1.2% of its GDP to address the consequences of COVID-19 on businesses. As the situation is constantly evolving, consultations with affected businesses are being held and new support measures are being rolled out very quickly.

COVID-19 response initiatives in Serbia

An overview of the COVID-19 response initiative and impact on the Serbian energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

On 10 April 2020, the Government of Serbia (Government) adopted a legislative framework to implement economic measures for mitigating the adverse effects of the COVID-19 pandemic on the economy. Prescribed economic measures include: (i) fiscal benefits, (ii) direct payments to companies or their employees, (iii) maintaining liquidity, and (iv) compensation for damages caused by the pandemic. In addition, on 17 March 2020, the National Bank of Serbia imposed a moratorium on payments to banks and leasing companies.

Sectors covered

No particular sector-specific measures have been adopted to date, although the Government has announced that certain benefits will be available to companies engaged in tourism and hospitality industries.

Types of businesses covered

The economic measures adopted are generally available for all eligible companies incorporated and operating in Serbia. The application of the economic measures is not distinguished by a company's business activity although the size of a company may present a condition for eligibility for certain measures. For instance, some measures are available exclusively to entrepreneurs and small and medium sized enterprises (SMEs), but not for large companies, and vice versa. Current measures do not involve any other distinctions between eligible beneficiaries.

Types of support available

The support measures introduced, which include fiscal benefits, direct payments, measures for preserving liquidity, compensation for pandemic related damages, and a moratorium on bank loans and leasing, are expected to amount to about RSD608.3 billion (about €5.1 billion).

Fiscal benefits

Payroll tax and social security contributions for March 2020, April 2020 and May 2020 have been postponed until 4 January 2021, with repayment terms of up to 24 months without interest. Corporate income tax advance payments for earnings in March 2020, April 2020 and May 2020, have also been postponed until 29 June 2021.

Direct payments to entities, ie their employees

Direct payments are being made to entrepreneurs and SMEs of three monthly minimum salaries for March 2020 multiplied by the number of all employees (part-time and full-time employees); large entities are also receiving direct payments for 50% of the minimum net salary for March 2020, multiplied by the number of employees on 'forced leave', including part-time employees. A 'forced leave' employee is a full-time employee for whom a decision to terminate work has been issued from 15 March 2020.

Preserving liquidity

A programme for 'cheap' loans with 1% yearly interest and repayment periods of up to 36 months, including 12 months' grace period has been announced. The maximum amounts of loans for medium sized enterprises is up to RSD120 million (about €1 million), for small enterprises RSD40 million (about €340,000) and for entrepreneurs and micro enterprises RSD10 million (about €85,000).

Compensation for COVID-19 damages

State aid for compensation for damages caused by the pandemic will be made available for the purposes of the elimination of damages, ie justified costs caused by COVID-19. Compensation may be granted for up to 100% of the justified costs to all market participants if they clearly and unequivocally prove the effect of the actual loss caused by the pandemic. Regulation on this type of state aid is applicable until 1 July 2021, at which point all decisions on the delivery of state aid are expected to (should) have been adopted. The current requirements for applicants include the submission of a report from an independent expert, which must contain an estimate of the amount and types of damages, details of business or disputes insurance, a statement on whether and on what basis the applicant has already been granted state aid for the same purpose, and a statement on the obligation to repay excessive state aid. More detailed regulation on the granting of this state aid is however expected to be adopted.

Moratorium on repayments to banks and lessors

Banks/leasing companies were obliged to offer to their debtors a moratorium for payment of their obligations for a period of at least 90 days, ie while the state of emergency is in force, by publishing the offer on their respective official websites. During the term of the state of emergency, banks and leasing companies will not calculate default interest rate for due and unpaid receivables and will not initiate any legal process for collection of receivables against debtors, unless the debtors opt out of the moratorium.

Eligibility

The fiscal benefits and direct payments measures are available to private companies (including representative offices of foreign enterprises and branch offices), but excluding users of public funds, banks, insurance companies, reinsurance companies, voluntary pension funds' management companies, financial leasing providers and e-money institutions. These measures will not however be available to companies that have decreased the number of their employees by more than 10% between 15 March 2020 and 10 April 2020, and entrepreneurs that ceased operations prior to 15 March 2020 are also not entitled to these measures.

The measures fostering liquidity are available to all entrepreneurs, registered cooperatives and SMEs within which a majority of shares are owned by private companies/ individuals or cooperatives and which are engaged in production, services, trade or agriculture. Applicants applying for these liquidity measures must not be subject to bankruptcy proceedings, reorganisation, financial restructuring or liquidation, and amounts obtained under a liquidity measure cannot be used for gambling activities, oil and oil derivatives trade, and the production of prohibited products and activities. A moratorium on payment obligations is available to all debtors of banks and leasing companies (individuals, entrepreneurs and companies) without any further eligibility conditions.

Access

An entity that chooses to use the fiscal benefits and direct payments measures must file a request form provided by the end of April 2020. The Serbian Development Fund will collect and process requests for payments; requests for liquidity loans are submitted online. A moratorium on repayment of loans became automatically effective to all loans upon ten days as of publishing of the offer by the banks/lessors, unless the borrower/lessee had rejected the offer in writing within the same deadline.

Ease/speed of access

The fiscal benefits are automatically activated by submitting the relevant request form, and direct payments will be executed in May 2020, June 2020 and July 2020. The Serbian Development Fund will make decisions on received requests for liquidity loans by 31 December 2020. The moratorium measures are already in force for all debtors of banks and leasing companies that did not explicitly reject the moratorium offer.

Period of support

Fiscal benefits and direct payments are available during March 2020, April 2020 and May 2020. Liquidity loans will be available until designated funds are consumed, but not later than 10 December 2020. The moratorium measures introduced are for at least 90 days, ie until the end of the state of emergency.

Tax support and impact

In addition to fiscal benefits in terms of deferral of payments of due tax and social security obligations, enforcement and collection procedures for due and unpaid tax debts are also prohibited during the state of emergency.

Insurance cover

Available support measures and existing insurance covers are not mutually exclusive, and companies may duly submit claims under their insurance covers.

Applicable existing support schemes

Economic measures also include a moratorium on dividend payments until 31 December 2020, where the relevant company was granted any benefits available under the support scheme (excluding public companies). Donation contributors are exempted from VAT for donations made to the Ministry of Health or other health institutions during the state of emergency. In addition, each Serbian citizen over 18 will be entitled to a one-off payment of €100 by the Government; this is one of the economic measures aimed at increasing local demand.

Useful links

The Serbian Chamber of Commerce provides additional information on the support schemes in Serbia, available at [Q&A regarding fiscal benefits and direct payments and instruction for application](#)

B. Impact on the energy and infrastructure sectors

Energy sector

No official support measures or policy changes have been introduced for the energy sector. Incentive purchase prices (feed-in tariffs) under power purchase agreements for all renewables projects have however been significantly reduced (about 70%) during the state of emergency, and to offset the damage to renewables' producers, the feed-in period under the power purchase agreements will be extended for an additional period of three months after the scheduled expiry of these agreements. The reduction of price was introduced pursuant to a special act (Conclusion) of the Government dated 18 March 2020. Under the Conclusion, the Government accepted a report on the conditions for suspension of power purchase agreements (Report), which was prepared by the offtaker. In its Report, the offtaker did not substantiate its claim that the state of emergency has indeed prevented it from complying with its obligations under the power purchase agreement. The model power purchase agreement available for Serbian renewables' projects entitles the offtaker to rely on acts of political force majeure (although a State-owned company) but it is not entirely clear whether this provision is being invoked in the current case. The market response and the validity of legal grounds for invoking such measures are yet to be analysed.

Infrastructure sector

It is currently not expected that construction sites will be closed by Government order. In a letter dated 23 March 2020, construction companies and other market participants have been invited by the Government to provide proposals on measures that should be undertaken on construction sites in order to secure continued development of projects during the state of emergency. The deadline for submissions expired on 31 March 2020 and it is expected that the Government will adopt specific measures for the infrastructure industry in the coming weeks.

Other regulatory and policy issues

An open-ended state of emergency was declared on 15 March 2020 in Serbia. The Constitution of the Republic of Serbia prescribes that a decision on a state of emergency may be declared for a maximum of 90 days, with the possibility to extend for additional 90-day period.

COVID-19 response initiatives in Singapore

An overview of the COVID-19 response initiative and impact on the Singapore energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

In an effort to counter both the COVID-19 pandemic and related economic distress to the country, the Government of Singapore (Government) has introduced various measures including:

- the Stabilisation and Support Package (as part of the Unity Budget) announced by the Minister for Finance on 18 February 2020;
- the Supplementary Budget 2020 (Resilience Budget) announced by the Government on 26 March 2020;
- the Solidarity Budget announced by the Ministry of Finance on 6 April 2020 (the Unity Budget, Resilience Budget and Solidarity Budget, collectively the Stimulus Package);
- the COVID-19 (Temporary Measures) Act 2020 (COVID-19 Act) passed by the Parliament of Singapore on 7 April 2020, effective as of 20 April 2020; and
- the implementation of the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 alongside the COVID-19 Act, which among other things, includes restrictions on leaving or entering places of residence, prohibition of social gatherings, control on movement and the closure of business premises for all non-essential services. This is effective nationwide for the period of 8 April 2020 to 1 June 2020 (inclusive) (Circuit Breaker Period).

Sectors covered

The Government seeks to help sectors that are directly impacted by the pandemic and provide economic stimulus and support to Singaporeans and permanent residents. These include:

- Enhanced Jobs Support Scheme: the Government will pay 75% of the first SGD4,600 of monthly salaries paid in April 2020 and May 2020, for every Singaporean and permanent resident worker in employment. From June 2020, wage support levels will revert to original levels in Resilience Budget (75% for the aviation, accommodation and tourism sectors, 50% for the food services sector and 25% for all other firms) until the end of 2020.
- Cash payments for Singaporeans: including payments to target groups of all Singaporeans aged 21 and over, each Singaporean parent with at least one Singaporean child aged under 21, all Singaporeans aged 50 and over, and all Singaporeans living in one- or two-bedroom housing and development board (HDB) flats.
- Aviation sector: SGD350 million will be provided as cost relief to airlines, ground handlers and cargo business, and to

maintain the minimum air connectivity for Singaporeans to return to Singapore and for transportation of goods.

- Tourism: SGD90 million will be provided for tourism recovery support to help the sector rebound strongly.
- Land transport sector: a SGD172 million Point-Point Support Package will be provided for land transport operators, including a special relief payment of SGD300 per vehicle per month for taxi hirers and private car drivers until September 2020.
- Arts and culture: SGD55 million will be provided to safeguard jobs and retain capabilities, support capability development and step-up on digitalisation efforts.
- Maritime: the maritime sector generally remains open for cargo operations as essential services. Support measures include providing up to 50% concession on port dues from 1 March 2020 to 31 December 2020, and an additional 35% rebate on counter rentals and overnight berthing for regional ferry operators for three months from March 2020 and a 100% waiver of public licence fees for passenger terminal operators for one year.
- Small and medium sized enterprises (SMEs): the Enterprise Financing Scheme, under which the SME Working Capital Loan will increase to the maximum loan amount of SGD1 million. 90% risk share will be provided by the Government and SMEs can request a deferral of principal repayment for one year.

Types of businesses covered

The Stimulus Packages are intended to provide support to various bodies including households, workers, the self-employed and businesses in Singapore. The packages are mainly targeted at Singapore entities to ensure employment and business continuity and recovery via loans, exemptions from taxes and fees, the grant of subsidies and one-off payments or grants.

Types of support available

Stimulus packages

The Government has announced a plethora of policies and initiatives under the Stimulus Packages, which include financing facilities and a loan moratorium, including:

- the Temporary Bridging Loan Programme to provide loans up to SGD5 million to eligible enterprises, with the interest rate capped at 5% per annum. The Government will share up to 90% of the borrowing risk and enterprises may request for deferment of principal repayment for one year;
- the Enterprise Financing Scheme, Trade Loan for Singapore-based enterprises to borrow up to SGD10 million

to finance short-term import, export and guarantee needs, with the Government sharing up to 90% of the borrowing risk;

- the Enterprise Financing Scheme, SME Working Capital Loan (see Sectors covered); and
- the Loan Insurance Scheme under which the Government will provide subsidies for loan insurance premiums of 80% for SMEs whose short-term trade loans are secured by commercial insurers sharing loan default with participating financial institutions.

In addition to the Enhanced Jobs Support scheme, other cash assistance and grants are also available (including a cash grant of SGD800 a month for three months for lower-and-middle-income Singaporeans who lose their jobs due to COVID-19).

Other support measures include a waiver of rental for hawkers managed by the National Environmental Agency (up to three months), qualifying commercial tenants and other non-residential tenants in premises managed by governmental bodies (up to two months).

COVID-19 Act

The COVID-19 Act prohibits parties in contracts from taking the following legal actions: (i) insolvency proceedings; (ii) proceedings to enforce security over immovable property and movable property used for business or trade purposes; (iii) call on a performance bond given pursuant to a construction contract; and (iv) proceedings to terminate leases on non-residential premises, against counterparties who are unable to perform their contractual obligations due to the pandemic. The COVID-19 Act has retrospective effects on contracts entered into or renewed before 25 March 2020, and will last up to and including 19 October 2020.

Eligibility

As the initiatives vary from item to item under the Stimulus Packages and the COVID-19 Act, the eligibility criteria for such support varies accordingly. They are generally targeted at entities already operating in Singapore and at Singapore citizens.

Access

The exact steps and the implementation of the Stimulus Packages as a whole remains uncertain at this stage, particularly during the Circuit Breaker Period, and businesses should watch this space for further developments.

Period of support

The Stimulus Packages provide varying levels of support; some are tied to the Circuit Breaker Period, while others will last until the end of 2020 or beyond.

Tax support and impact

The Government has provided for postponements, exemptions and deductions on tax payments and service tax, which include: (i) deferment of income tax payments by companies with payments due in the months of April 2020, May 2020 and June 2020; (ii) financial year extension for companies with financial years ending in January 2020; (iii) interest-free instalments for companies that pay taxes in instalments; and (iv) a Property Tax Rebate for non-residential properties (such as hotels, tourist

attractions, shops, restaurants and the integrated resorts) for the period from 1 January 2020 to 31 December 2020.

Useful links

More on the range of COVID-19 support measures for individuals, households, businesses and workers introduced by the Government is available at www.singaporebudget.gov.sg/budget_2020/home

Updates to the COVID (Temporary Measures) Act are available at [www.moh.gov.sg/policies-and-legislation/covid-19-\(temporary-measures\)-\(control-order\)-regulations](http://www.moh.gov.sg/policies-and-legislation/covid-19-(temporary-measures)-(control-order)-regulations)

B. Impact on the energy and infrastructure sectors

Various services related to electricity, gas and petrol (such as generation, refinery, transmission, storage, supply, distribution and related repair and maintenance services) are categorised as essential services by the Government, meaning that employees may continue to work at these businesses during the Circuit Breaker Period (notwithstanding the general closure of workplace premises).

Construction is not deemed to be an essential service unless it is for epidemic control, defence and security or public safety purposes. All construction is therefore required to cease during the Circuit Breaker Period.

Whilst the Stimulus Packages and the COVID-19 Act do not contain express provisions relating directly to the energy and infrastructure sectors, the general support measures announced do apply. The Government has waived the foreign worker levy that applies to foreign workers for the duration of the Circuit Breaker Period to ease labour costs of firms that employ foreign workers (forming the bulk of construction workers) in this period.

Additionally, the COVID-19 Act applies to construction and supply contracts, as well as to performance bonds or equivalent granted pursuant to a construction or supply contract. To obtain relief under the COVID-19 Act, a party must serve a notification for relief on the other contracting party, as well as any guarantor of the non-performing party. The non-performing party is expected to serve the notification within a certain time limit, which has yet to be announced. Any dispute as to the entitlement to relief can be submitted to and decided by a newly-formed panel of assessors. Businesses should be aware of the implication of the operation of the COVID-19 Act on their rights and obligations under construction contracts. They should also note that the COVID-19 Act does not absolve parties from their obligations under a contract or limit the operation of the doctrine of frustration and any force majeure clause in a contract. A non-performing party can still seek relief through these avenues.

COVID-19 response initiatives in Slovak Republic

An overview of the COVID-19 response initiative and impact on the Slovak Republic energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

In response to the COVID-19 pandemic, a state of emergency was declared in the Slovak Republic on 16 March 2020. Under the state of emergency, the Slovak Government (Government) has imposed various restrictions against spreading the virus such as the closure of schools and educational establishments, restrictions on cross-border movement, state quarantine for persons coming from abroad and restrictions on intra state travel. The spread of the pandemic is seriously impacting the Slovak economy and in an effort to mitigate the severe consequences to individuals and businesses the Government has adopted various support measures.

Sectors covered

The support measures cover various sectors and are intended to help natural persons, sole traders and companies overcome the impact of the pandemic.

Types of businesses covered

All businesses are covered to varying degrees by the support measures, this includes sole traders, small and medium sized enterprises (SMEs) and large companies.

Types of support available

The main support initiatives to date relate to the protection of employees, with the Government introducing aid measures to help employers overcome the negative impacts of the crisis. In an effort to avert mass redundancies, the Government has introduced an allowance scheme aimed at two types of employers: (i) employers whose operations are prohibited or closed during the state of emergency and (ii) employers whose revenues decrease during the state of emergency.

Eligibility

To be eligible for the allowance scheme, an employer must be unable to assign work to employees (ie there must be something stopping the employer from assigning work, such as a prohibition on operating imposed by the Government). An employer that retains its employees during the state of emergency despite its operations being prohibited or closed can claim an allowance to cover 80% of employees' average salary up to a maximum €1,100 per employee. An employer that retains its employees during the state of emergency despite a decrease in its revenues of at least 20% compared to the same period in 2019 (or 2019 average) or in comparison with February 2020 (if the employer's business did not operate in 2019), can claim an allowance to partially cover employees' wages. To claim the aid, an employer must pay wage

compensation to employees equalling 80% of average earnings and commit itself not to terminate the respective employees positions due to redundancy or dissolution of the business for two months after the month for which the aid is claimed.

The Ministry of Finance of the Slovak Republic also launched a scheme of bank guarantees and interest subsidies. Assistance under this financial instrument is granted in accordance with de minimis conditions, ie the aid may not exceed €200,000 per undertaking. The indicative allocation from EU funds is €38 million, which is likely to be increased later. Aid in the form of loans to overcome the unfavourable period is intended for sole traders and small and medium sized enterprises (SMEs). Other measures have been adopted, for instance, in relation to partial suspension on payment of bank loans (currently available only to natural persons and small companies), suspension of enforcement proceedings, payment for parents that are not working because schools are closed (or similar). The potential repayment or adoption of the German model of flexible working measures (*kurzarbiet*) is currently being discussed.

Another specific measure will be likely adopted to create a legal framework for the granting of temporary credit protection to companies that: (i) have their registered seat or place of business in the Slovak Republic, (ii) were licensed for business before 12 March 2020, (iii) were not insolvent as of 12 March 2020, and (iv) have been affected by the negative impacts of the spread of COVID-19. Temporary protection basically prevents the petitions for bankruptcy filed by creditors from being tried. During the temporary protection period, the company under temporary protection is not bound to file a petition for bankruptcy in respect of its own assets. The enforcement proceedings initiated after 12 March 2020 against a company under temporary protection for the satisfaction of a business claim will be stopped for the entire duration of the temporary protection period. A company under temporary protection is immune from foreclosure in respect of the company itself, as well as any items, rights, values or other assets belonging to the company.

Period of support

The temporary protection of credit for companies against bankruptcy proceedings will expire on 1 October 2020, however the Government may extend the coverage until 31 December 2020. The eligible period to claim allowances in the amount of 80% of employees' average salary is from 13 March 2020, as of the day of the decision to close the respective operations up to the end of the calendar month in which the decision is recalled. The period of support for other measures is usually determined as up to the end of the pandemic.

Tax support and impact

Tax measures include the postponement of payment of income tax for 2019, the postponement of income tax advances, and the suspension of tax proceedings and tax audits, and eligibility for each measure varies. For instance, the postponement of income tax advances applies to all entrepreneurs, without limitation to the number of employees or the amount of income, ie for small companies, sole traders and large companies if revenues have fallen by more than 40% in a relevant month.

Useful links

Further information on the pandemic in the Slovak Republic and measures taken by the Government are available at (in English) www.korona.gov.sk/en, www.uvzsr.sk/en and www.socpoist.sk/?lang=en

B. Impact on the energy and infrastructure sectors

Energy sector

The pandemic has also had an impact on the energy sector in the Slovak Republic. For instance, the Ministry of Economy has terminated an auction for selection of new renewable energy sources (RES) projects and has temporarily suspended support for the purchase of electric vehicles. To date, however, no legislative changes have been made directly. The Regulatory Office for Network Industries, as the authority in the energy sector, has published its recommendations related to the spread of the pandemic and calls on all regulated commodity market participants to do their utmost to prevent potential problems and, if they arise, to communicate them without delay. For some categories of customers, particularly vulnerable customers, there is a risk of missed payments and that regular payments may be delayed. The authority therefore calls on all regulated entities to consider their application of any sanctions, including disconnecting supply, in light of the current COVID-19 crisis, and SMEs that delay payment for electricity and gas due to the pandemic should not be temporarily penalised or disconnected.

Additionally, the Ministry of Economy intends to submit to the legislative process draft legislation with a special focus on the energy sector. The ministry's aim is to maintain the supply chain and to ensure that the number of participants remains the same as before the crisis. This will be ensured by a moratorium for a proposed period of two months on the application of sanctions in the energy sector. If a household or an SME defaults on a due invoice for energy, under the proposed legislation, that household or SME would not be fined or otherwise sanctioned and, if an account reached the worst case scenario, that account would not be disconnected (during the proposed two-month moratorium). However, the ministry does not plan to impose any prohibition on disconnection providing the strictly defined time period is adhered to, and following which all obligations must be settled. The proposed measure is intended to be a freezing phase to protect all the participants in the chain and, in the case of households, should apply to all. However, companies will be eligible only if they are affected by the current crisis and will be required to declare that their revenues have fallen by at least 40%. The ministry also plans to limit the moratorium to consumption of 1GWh per year for electricity and 4GWh per year for gas.

Infrastructure sector

The infrastructure sector has been affected by the imposed measures of the state of emergency, for instance all international airports in the Slovak Republic are closed. International train and bus transport cannot operate from or to the Slovak Republic, and domestic train and bus transport is limited. Passenger cruise vessels are not permitted to enter a harbour in the Slovak Republic, although such vessels can sail through the territory without stopping. Freight transport is however permitted for domestic as well as international routes with safety measures in place such as that truck drivers must be equipped with protective equipment.

To date no support initiatives have been adopted for the infrastructure sector and there are currently no indications on whether such support is being considered.

COVID-19 response initiatives in Slovenia

An overview of the COVID-19 response initiative and impact on the Slovenian energy and infrastructure sectors

Marko Frantar, attorney at law in cooperation with Schoenherr, Slovenia, and Urša Ušeničnik, senior associate with Schoenherr, Slovenia

A. COVID-19 response investment and support initiative

Overview

In response to the outbreak and declaration of the COVID-19 pandemic in Slovenia on 12 March 2020, the Slovenian authorities adopted various emergency measures to contain the spread of COVID-19 and mitigate the resulting adverse social and economic effects.

As at 5 April 2020 (inclusive), the first out of (projected) three anti-pandemic rescue packages has been fast-tracked through the Slovenian Parliament (Parliament). This package focuses primarily on the labour market and implements various relief measures with a view to maintaining jobs and reducing the financial burden on employers. The package has already been adopted by the Parliament but, with the exception of a few intervention laws, it has not yet entered into force. The Slovenian Government (Government) has also announced that development of the second rescue package is under way. The second rescue package is expected to propose specific instruments to relieve liquidity issues and ameliorate the distressed trading position of Slovenian companies, among other things; the third rescue package is expected to set out a strategic recovery plan for the post-pandemic era.

Sectors covered

Support measures under the first rescue package are generally available to all citizens and businesses from all industries that have been affected by the pandemic. Particular attention is given to farmers and the self-employed. It is expected that additional, sector-specific measures will be implemented in the upcoming legislative proposals.

Types of businesses covered

The rescue package is targeted at all organisations whose business has been affected by the pandemic.

Types of support available

For businesses, the rescue package sets out various types of support, which include:

- the possibility to apply for a statutory 12-month moratorium on loan payments and corresponding prolongation of repayment schedules;
- full state coverage of pension contributions for workers that continue to work during the pandemic and (partial) state reimbursement of salary compensation for workers that are, for different but COVID-19 related reasons, unable to work due to and during the pandemic (specific requirements apply);

- immediate State coverage for workers' sick leave (as opposed to the default regime where the first 30 working days of absence are covered by the employer);
- reduced payment deadlines on private sector supplies to certain public sector entities;
- the possibility to restructure tax obligations; and
- deferral of various submission deadlines (notably, the deadline for 2019 tax returns and 2019 annual reporting).

Other support measures are available, which apply not only for companies (eg a universal basic income for the self-employed suffering from a loss in earnings as a result of the pandemic, or one-time solidarity payments to pensioners and students). The second rescue package is expected to include a more concrete set of measures to address liquidity issues.

Eligibility

The eligibility criteria varies between different support measures. By way of example, the application for a moratorium is only available to Slovenian debtors for loans taken out with Slovenian banks or Slovenian branches of European Union banks. Partial salary reimbursement is only available to employers that record a certain decrease in revenues as set out in the law and that generally have no outstanding obligations towards the State or employees.

Access

As regards access to support measures, the majority will typically require submission of an application form, with statements on and proof of fulfilment of the applicable criteria. By way of example, support for employers will generally be available through filing a request with the Slovenian Employment Service (*Zavod Republike Slovenije za zaposlovanje*), and an application for a loan moratorium must be filed with the respective lender. Some measures apply in and of themselves (eg reduced payment deadlines for dealings with the public sector).

Ease/speed of access

There is no single/uniform application process and timing will depend on the type of measure and the authority involved, although the intention is that all applications be processed swiftly. By way of example, the employer's application for partial salary reimbursement should be resolved by the Slovenian Employment Service within eight days of receipt. The reimbursement should be made by the 10th day of the month following the month when salary compensation had been paid to the employee.

Period of support

The existing measures will generally apply until 31 May 2020 (with the possibility to further extend if circumstances so dictate). The majority of measures will have a retroactive effect as of 13 March 2020; loan moratoria will generally apply for a period of 12 months.

Tax support and impact

In terms of taxation, the package most notably envisages suspension of corporate tax income prepayment instalments that would have become due up to 31 May 2020. The package also envisages the possibility of applying for an (up to) two-year tax moratorium/24 monthly instalments on (some) tax obligations; certain conditions apply, eg the pandemic related loss of revenue must pose a threat of serious business detriment.

Insurance cover

The support measures generally do not preclude any cover that may be available under applicable insurance policies.

Applicable existing support schemes

SID Bank (*Slovenska izvozna in razvojna banka, d.d., Ljubljana*), which is a development and export bank that is 100% owned by the Republic of Slovenia, offers various kinds of financing support to small and medium sized enterprises and large Slovenian companies that face liquidity issues as a result of the COVID-19 crisis (several conditions apply).

Useful links

The Government's website contains further COVID-19 related information and is available at www.gov.si/teme/koronavirus

The Slovenian Employment Service website is available at www.ess.gov.si

The SID Bank website is available at www.sid.si/en

B. Impact on the energy and infrastructure sectors

Energy sector

The rescue measures also extend to the energy sector where certain electricity surcharges have been temporarily suspended or significantly reduced for households and small business customers. More specifically, the support will take the form of (i) a suspended monthly contribution for supporting electricity production from high-efficiency cogeneration (CHP) and renewable energy sources (RES) and (ii) a significantly reduced network charge (on account of temporarily suspended capacity charge). The bill support will apply for the 1 March 2020 to 31 May 2020 period and is expected to reduce the monthly electricity bill by roughly 27% in aggregate.

Infrastructure sector

Restrictions have also been introduced in the infrastructure and transport sectors. Public transport is generally suspended until further notice (subject to exceptions, eg taxi services) and the same applies for air traffic (again, with certain exceptions, eg cargo/mail and ferry flight). A special screening regime also applies at land border crossings that remain open. Non-essential retail shops and services are generally prohibited

from operating and special restrictions apply for movement in public.

Legal notice: the above high level summary is for informational purposes only and does not constitute legal advice - which should be sought in relation to specific situations. The summary was last updated on 5 April 2020. In case of questions, please contact us m.frantar@schoenherr.eu or u.usenicnik@schoenherr.eu.

COVID-19 response initiatives in South Africa

An overview of the COVID-19 response initiative and impact on the South African energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

On 26 March 2020 South Africa entered into a lockdown set to last for 21 days (at a minimum) in response to the spread of COVID-19, in an effort by the Government to slow the spread of the virus. The lockdown is regulated under regulations promulgated by the responsible Ministry under South Africa's declared State of Disaster. The practical effect of this is that many businesses have been forced to cease trading for the period of the lockdown. Consumers are confined to their homes, other than to seek medical attention, purchase food and essential household items and attend funerals. Limited public transport is available for these purposes. In all cases of human movement strict social distancing measures are in place. The country's borders are closed, although imported cargo may be unloaded from ships and aircraft, and only essential goods may then be delivered to recipients.

Sectors covered

Businesses providing essential goods and services (including those providing food, healthcare, banking and financial services, communications and media, and power generation) are permitted, under the regulations, to continue to operate. The same is true of suppliers to these essential businesses, and some rare exceptions where dispensations have been given. Mines have generally been forced to go into care and maintenance mode, however coal mines supplying Eskom, the national power utility, are permitted to continue operations in order to keep up the supply of fuel to Eskom's (predominantly) coal-fired power stations, and to export coal. Other exceptions within the mining sector include gold and platinum mines, but only to the extent that ongoing operations are required in order to keep smelters running, which cannot be easily turned off and on again. In addition to this, a limited amount of processing of surface material is permitted.

Types of support available

A number of fiscal support initiatives for South African businesses were announced at the same time as the lockdown. All businesses in distress can claim assistance from the Unemployment Insurance Fund, which administers an Employer Relief Scheme. Amounts will be paid to businesses that cannot pay their employees, on a sliding scale from 38% of remuneration (for the highest paid employees) to 60% of remuneration (for the lowest paid employees), however the maximum benefit per employee is ZAR6,730 per month (about US\$375). The Companies and Intellectual Property Commission, which administers compliance with the Companies Act 2005, has declared that it will not exercise its powers to issue compliance notices to companies that are

trading recklessly (trading but unable to discharge debt in the ordinary course of business) for the duration of the lockdown and until 60 days after it has ended, provided the reckless trading is the result of hardship caused by the pandemic. The State-owned industrial Development Corporation has created the COVID-19 Essential Supplies intervention that has earmarked several billion Rand for the purposes of supporting suppliers of essential goods and services needed to combat the pandemic. These funds may be made available as loans, revolving credit facilities or bank guarantees.

Small and medium sized enterprises (SMEs) can claim relief in the form of funding from the Debt Relief Finance Scheme provided they are 100% South African owned and at least 70% of their employees are South African nationals (other qualifying criteria also apply). A Business Growth/Resilience Fund has been established for SMEs to take advantage of supply opportunities arising from the pandemic and where there are deficits in the supply of essential goods in the local market. The same qualification criteria apply as for the debt relief scheme.

Two of South Africa's wealthiest families, the Oppenheims and the Ruperts, have each donated ZAR1 billion (about US\$55.5 million) to be made available as relief to SMEs. In addition, Mary Slack (Harry Oppenheimer's daughter) and her daughters have announced a further ZAR1 billion donation to this project. The Oppenheimer funds will be disbursed via the South African Future Trust and will pay wages to employees of SMEs for 15 weeks as interest free loans payable in five years' time; employers are liable for repayment of the loans but not the employees. Businesses can apply for these loans from 3 April 2020. The Rupert funds will be distributed as loans through Business Partners, a funder of small companies. Additionally, the Motsepe Foundation has donated ZAR1 billion, and internet investment group Naspers ZAR1.5 billion, to purchase medical supplies and assist individuals, these sizeable donations may further free up government resources to assist impacted businesses.

Tax support and impact

All businesses qualify for tax relief under the Employment Tax Incentive, where they can claim up to ZAR1,500 (about US\$85) a month per employee who earns less than R6,500 (about US\$360) (for those younger than 30), and ZAR500 (about US\$28) for those 30 and older. This relief will be available from 1 April 2020 to 31 July 2020. SMEs with turnover of less than ZAR50 million (about US\$2.75 million) are permitted to delay provisional tax payments. Instead of paying 50% of their expected tax bill six months into the tax year, and then settling the full amount at the end of the tax year, companies are now permitted to pay only 15% after six months, and another 50% by the end of the tax year. Then, by 30 September 2021 (or six months after the end of its financial year), the company needs to

pay the outstanding balance. SMEs can also withhold 20% of the pay-as-you-earn (PAYE) payments they were supposed to pay over to the SA Revenue Service for the next four months. This will have to be paid back in equal instalments, with the first payment expected on 7 September 2020.

Useful links

Companies that are struggling to pay salaries can report this by email to Covid19ters@labour.gov.za and will receive an automatic response outlining the Unemployment Insurance Fund application process.

Further information on the COVID-19 Essential Supplies intervention is available at www.idc.co.za/wp-content/uploads/2020/03/IDC-Essential-Supplies-Funding-Intervention-COVID-192.pdf

Guidelines to the Debt Relief Finance Scheme are available at www.seda.org.za/WhatsHappening/Shared%20Documents/Guidelines%20for%20Debt%20Relief%20Application%2028%20March%202020%20ver%201.pdf

Guidelines to the Business Growth/Resilience Fund are available at www.seda.org.za/WhatsHappening/Shared%20Documents/Guidelines%20for%20Business%20Growth%20Resilience%20Facility%20Application%20%2028%20March.pdf

More details on the South African Future Trust are available at <https://saft.africa>

Applications for the Rupert funds to be distributed as loans through Business Partners can be made at <https://finance.businesspartners.co.za>

Explanatory notes on the Employment Tax Incentive are available www.treasury.gov.za/comm_media/press/2020/20200329%20Explanatory%20Notes%20on%20COVID%2019%20Tax%20measures%20-%2029%20March%202020.pdf

B. Impact on the energy and infrastructure sectors

Energy sector

Ironically, the pandemic may have a beneficial effect on the energy sector in South Africa in the long term. Eskom has famously been unable to generate sufficient electricity for South Africa since at least 2013. This was initially due to a failure in capacity planning and lack of infrastructure but as new plants were commissioned they have proved unreliable due to faults in design or continual need for maintenance and breakdown repair. With the national lockdown in place, South Africa's electricity demand is at an all-time low, (daily demand dropping by 7,500MW to 9,000MW) and, for the first time, Eskom can attend to essential maintenance and remediation of its plants without withholding electricity supply, to the extent possible within the small window of opportunity.

Eskom is supported by authorised independent power producers (IPPs) (using renewable energy resources) under South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPP). There are some 92 renewable energy power stations in the process of being commissioned or in operation in South Africa, employing a

variety of renewable energy resources to generate power, but principally wind and photovoltaic technologies. Of these, 34 are onshore wind farms, of which 22 are operational. All IPPs are obliged to feed their electricity into the national grid controlled by Eskom, which is obliged to purchase the electricity. Eskom, however, declared force majeure on 25 March 2020 in relation to its offtake of power from the 22 operational wind farms, for the duration of the lockdown, on the basis of the substantially lowered national electricity demand (particularly during the early morning and evening when wind power is ordinarily most needed). The IPPs concerned are considering their position and may contest this declaration by Eskom.

In addition, the Department of Mineral Resources and Energy has issued amendments to Schedule 2 of the Electricity Regulation Act 2006 to implement statements made by President Cyril Ramaphosa in his State of Nation address (2020), which are intended to rapidly and significantly change the trajectory of energy generation in South Africa.

Generation capacity of any size that does not have point of connection with a transmission or distribution system does not require a generation licence and does not have to be registered with National Energy of South Africa (NERSA). This removes the need to apply for a generation licence and also to obtain a Ministerial approval for a deviation from South Africa's national electricity plan when applying for such a licence, for the generation of 1MW and above that is not being put into a transmission or distribution system. This has removed one of the major regulatory hurdles previously experienced when wanting to develop such generation facilities.

Amongst these measures are the exemption from licensing, but with the requirement to register with the NERSA, of various facilities, including the following: (i) small-scale distributed generation of under one megawatt (1MW) in certain specified circumstances (including having a point of connection to a transmission or distribution system); (ii) cogeneration plants of any size in specified circumstances; (iii) the operation of distribution facilities up to the point of connection in respect of generation facilities that fall within the exemption; and (iv) the trading of electricity by a reseller provided that certain limitations on pricing are observed and the reseller has entered into a service delivery agreement (or similar agreement) with the relevant licensed distributor (either a municipality or Eskom) on terms approved by NERSA.

Infrastructure sector

As the lockdown prohibits the conduct of any business that is not defined as being an essential business, or one that is a supplier to an essential business, infrastructure projects, including construction in various forms have come to a halt for the duration of the lockdown.

COVID-19 response initiatives in South Korea

An overview of the COVID-19 response initiative and impact on the South Korean energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

In response to the COVID-19 pandemic, the Korean Government (Government) has been providing and looking to provide further support through various policies including, but not limited to, damage recovery support measures exceeding KRW32 trillion (about US\$26 billion; an approximate exchange rate of US\$1 to KRW1,230 has been applied for this article), a financial sector stability package measure exceeding KRW100 trillion+ (about US\$81.3 billion), temporary relief in the form of a reduction of the four social insurance premium payments, and an emergency disaster financial assistance fund for all households worth KRW14.3 trillion (about US\$11.6 billion). On 1 April 2020, the Government announced that it would focus on providing additional support in respect of damage recovery and survival assistance to those who are self-employed and small businesses facing difficult circumstances following a sharp decrease in sales and increase in costs; measures to help corporations suffering from production disruptions and liquidity difficulties; and employment retention policies.

Sectors covered

All sectors are covered to varying degrees, see Types of support available.

Types of businesses covered

The Government's initial economic policy response to the pandemic has focused on providing financial support for the vulnerable such as the self-employed and small and medium sized enterprises (SMEs), but this has recently been expanded to include large corporations as well as medium sized businesses in sectors which have been particularly hard-hit by the impact of the pandemic.

Types of support available

Stimulus packages

The Government's economic response to the pandemic has to date taken the form of five distinct support packages (as of 27 April 2020):

- First stimulus package, announced in early February 2020, under which the Government prepared emergency support measures for a total of KRW4 trillion (about US\$3.25 billion) including expanding lending support for micro business owners and an emergency relief fund for affected SMEs via loans, guarantees and import and export financing.
- Second stimulus package, announced in late February 2020, which comprised of financial and tax support for families and businesses affected by the pandemic, including 50% income

tax cut given to landlords who offer rent reductions to their tenants and consumption tax cuts for new car purchases; and KRW9 trillion (about US\$7.3 billion) of loans, guarantees and investment through financial institutions and public institutions. Together with the first stimulus package, the second stimulus package constituted over KRW20 trillion (about US\$16.2 billion).

- Third stimulus package, announced in mid-March 2020, the key measures of which include:
 - a total of KRW12 trillion (about US\$9.8 billion) to be spent on emergency funding for business operations and low interest rate loans;
 - KRW5.5 trillion (about US\$4.8 billion) worth of guarantees for SMEs and small business loans to be provided through the Korea Technology Finance Corporation, Korea Credit Guarantee Fund and local credit guarantee foundations;
 - provision of a 100% loan guarantee worth KRW3 trillion (about US\$2.4 billion) for small merchants; and
 - suspension of loan interest payments for SMEs and small businesses for six months starting on 1 April 2020.
- Fourth stimulus package, announced on 24 March 2020, under which the Government announced further measures with the goal of financial market stabilisation. The key measures of this package include:
 - additional financial support worth KRW29.2 trillion (about US\$23.7 billion) such as emergency loans and guarantees for micro business owners, the purchase of arrears and adjusting liabilities;
 - additional financing for corporate bond issuance worth KRW4.1 trillion (about US\$3.3 billion);
 - supplying liquidity for the short-term money market (stock finance loans, refinancing support through purchasing corporate commercial paper and electronic short-term bonds); and
 - relaxing regulations imposed on the call market (temporarily raising the limit of call money and the limit of call loans for asset management institutions).
- Further measures were announced by the Government on 22 April 2020, which included:
 - a KRW40 trillion (about US\$32.5 billion) 'key industry stabilisation fund' to support the nation's seven key industries of aviation, ship-building, shipping, automobile, general machinery, electric power and communications, which account for 20% of Korea's GDP, 30% of Korea's exports and 600,000 jobs. The support is expected to be conditional on promises of employment retention, internal

restructuring and profit-sharing with the Government upon normalisation;

- an additional KRW10 trillion (about US\$8.1 billion) of emergency funding and low interest rate loans to be made available for small businesses;
- a further KRW35 trillion (about US\$28.5 billion) of measures for financial sector stabilisation covering Government purchase of low credit corporate bonds and short-term commercial papers of up to KRW20 trillion (about US\$16.2 billion); and
- public sector job creation and other support measures for the unemployed.

Financial support to individual businesses

The industry/sector specific measures include:

- Providing emergency funding to the shipping/airline/transportation industry, expanding access to special loans and the amount of loans subject to deferred repayment for the tourism/theatrical industry, expansion of guarantees for early liquidation of export bonds for the export sector, etc.
- Financial support of KRW300 billion (about US\$244 million) was announced for the low cost carrier (LCC) sector in the Korean airline industry, which has been one of the hardest hit sectors. In addition, the Government has confirmed that it will arrange for financial support for the two full-service Korean airlines, Korean Air and Asiana Airlines, amounting to KRW2.9 trillion (about US\$2.36 billion).
- Providing funding lifelines to large corporates, eg Doosan Heavy Industries received a funding lifeline of KRW1 trillion (about US\$820 million) from national policy banks, KEXIM and the Korea Development Bank. KEXIM agreed to provide a further short-term loan to Doosan of close to KRW600 billion (about US\$487 million) to enable it pay off its foreign currency bonds which fell due in late April 2020. It remains to be seen if other large Korean corporates will receive Government-led support to stave off bankruptcy.

Additionally, on 1 April 2020, the Government announced plans to provide 50% reductions in rents for SMEs and micro businesses that have a business at duty free stores or at the airports, and this could also be expanded to provide 20% reduction in rents for medium to large sized companies.

Measures to stabilise employment

A relaxation of the 15% decreased sales threshold and other thresholds for businesses to qualify for support from the employment stabilisation fund which provides partial support to fund paid leave and leave entitlement costs for businesses undergoing employment restructuring due to decreased production or sales. A temporary increase in the level of financial assistance (up to 90% for SMEs) has also been effected.

Financial support measures to stabilise the financial market

The Government has also unveiled financial market stabilisation measures to help provide sufficient liquidity and deploy market stability tools to absorb shocks in the financial markets amid the spread of COVID-19. In order to address financing difficulties and help restore stability in the financial markets, the measures have increased the financing support package from KRW50

trillion (about US\$40.6 billion) to more than KRW100 trillion (about US\$81 billion). In particular, a KRW20 trillion (US\$16.2 billion) Bond Market Stabilisation Fund will be created to buy corporate bonds and commercial papers.

To stabilise the bond and short-term money markets, a total of KRW17.8 trillion (US\$14.5 billion) has been earmarked to, among other things, purchase primary collateralised bond obligations (P-CBO), and other corporate bonds via policy bank, the Korea Development Bank. To support the Korean stock market, a KRW10.7 trillion (about US\$8.7 billion) Stock Market Stabilisation Fund will be created. Also, stock investments through Individual Savings Account (ISAs) will get tax exemptions of up to five years on financial gains.

The Bank of Korea (BOK) lowered the base rate by 50 basis points to 0.75% effective 17 March 2020, as did the Bank Intermediated Lending Support Facility, to 0.25%, on the same date. Further, the BOK announced it would temporarily provide unlimited liquidity (aka Korean Quantitative Easing) to eligible banks and other non-bank financial institutions for three months (April 2020, May 2020 and June 2020) through repurchase agreement (RP) transactions. The BOK will lend money to financial institutions for 91 days with certain bonds as collateral; the BOK injected KRW5.2 trillion (about US\$4.2 billion) of liquidity on one day alone through the RP purchases. The BOK said this is the first time that the central bank provided an unlimited amount of liquidity and reserved its position to extend the measure if necessary. The BOK also announced on 19 March 2020 that it had agreed to a bilateral currency swap deal with the US Federal Reserve for up to US\$60 billion to ensure US dollar liquidity of US dollars to the market.

Financial support from local governments

Local governments and related organisations are also arranging budgets and executing additional financial support for SMEs and small businesses as well as its residents. Most notably, the Seoul metropolitan government increased its budget for COVID-19-affected self-employed and small businesses from KRW3.8 trillion to KRW5.09 trillion. In addition, numerous local governments are handing out funds to residents without any qualification criteria as emergency financial support. For example, the Seoul metropolitan government announced an emergency financial aid handout of KRW400,000 (about US\$325) for a family of four (to be pro-rated for household size).

Other financial support for households

The Government has announced an unprecedented policy measure in the form of the Emergency Relief Payments, which will hand out a fixed amount of money to households. It was initially announced that only households falling in the lowest 70% income bracket would be entitled to payments under the relief measure, but in April 2020 it was announced that the measure would apply to all households. For an average household of four, the amount of the handout will be KRW1 million (about US\$813). Details are being fine-tuned, however the support is expected to be in the form of a combination of cash, gift certificates, e-cash or e-vouchers and is planned to be distributed as early as from mid-May 2020. The KRW14.3 trillion (about US\$11.6 billion) measure is aimed at boosting domestic consumption which has taken a massive hit due to social-distancing measures. For children under the elementary school entry age and children from low income families, the Korean Ministry of Welfare has announced a form of support

that will pay out a fixed amount per child. A temporary relief in the four social insurance premium payments will also be considered from March 2020 to May 2020, such as reductions, deferrals and payment suspensions. A similar three-month deferral of payment of value added tax (VAT) by small businesses is on the table.

The Government has also announced a KRW10.1 trillion (about US\$8.2 billion) programme of wage subsidies and support for the unemployed, including job seeker benefits and job training programmes.

Useful links

Further information on the COVID-19 support measures announced by the Government is available at www.moef.go.kr, <https://english.moef.go.kr/main.do> and (in English) <http://m.korea.net/english/Government/Current-Affairs/National-Affairs?affairId=2034>

B. Impact on the energy and infrastructure sectors

Energy sector

The dramatic drop in international oil prices has perhaps had the largest direct impact on Korea's energy and related sectors, with Korea's leading refinery and petrochemicals companies incurring massive losses as their margins have been eaten up by price depression and reduction in demand for their products. Domestically, the demand and consumption of oil, liquefied natural gas (LNG) and other forms of energy has fallen, leading to a drop in prices.

Infrastructure sector

Similarly, the Korean engineering, procurement and construction (EPC), ship-building and marine engineering sector will suffer from the downturn in the global energy sector as sponsors defer or cancel big-ticket contracts as development projects become uneconomical and are put on hold in a low oil price environment. The Government has responded with the establishment of a KRW40 trillion (about US\$32.5 billion) fund to support seven key industries that underpin the export-driven Korean economy as well as tax concessions and liquidity support for the sector.

Other regulatory and policy issues

The Government's measures in relation to the pandemic have not extended to a mandatory lockdown of all or parts of its population, however the recent economic outlook shows that projects in the Korean economy will contract by -1.5% in 2020 (revised down from original predictions of GDP growth of around 2.2%). Korea's response to the economic impacts of the pandemic has been mainly focused on protective measures to support industries and businesses and thus, protect jobs, from the exogenous shock. The Government's priority in light of this crisis is on employment stability and job protection, and not restructuring of affected industries. Boosting domestic consumption is the other priority, accompanied by a controlled relaxation of the social distancing measures as the crisis appears to level out over time.

COVID-19 response initiatives in Spain

An overview of the COVID-19 response initiative and impact on the Spanish energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

The Spanish Government (Government) has approved a series of provisions to tackle the crisis caused by the COVID-19 pandemic in the context of the declaration of a State of Alarm, which has been extended to 10 May 2020, but which can be subject to further extensions. A great number of measures have been adopted in response to the pandemic, not only at a Governmental level but also at a regional and local level, and new measures are being adopted almost on a daily basis.

Types of support available

Employment support

In the area of employment, the Government has adopted certain measures to help companies, such as: (i) simplifying the legal procedure regarding the suspension of employees' contracts due to force majeure in companies whose activity has been affected by the pandemic; (ii) exemption from the payment of social security contributions for those cases in which the previous procedure is carried out during the state of alarm; (iii) access to unemployment benefit is given to collectives that were not previously entitled to it; (iv) establishing a measure of recoverable paid leave for people who work in non-essential services; (v) moratoria on payment of contributions, without interest; and (vi) a deferral in the payment of social security debts.

In addition, the new provisions have shortened the time periods and relaxed the procedures to qualify as temporary layoffs (*Expediente de Regulación Temporal de Empleo*) (ERTE). The measures and benefits derived from the application of these measures will be effective until the end of the state of alarm.

Guarantee scheme

The Government has approved a guarantee scheme for a maximum of €100 billion, in line with the temporary framework for state aid measures to support the economy approved by the European Commission. The first tranche of this line of guarantees amounts to €20 billion, and will be managed by the Official Credit Institute. This line of guarantee will be divided in half between the self-employed and small and medium sized enterprises (SMEs); and, the remaining half is reserved exclusively for companies that do not qualify as an SME. The financing can only be used to pay wages, invoices, working capital requirements or other liquidity needs, including repayment of financial or tax obligations. The guarantees will have a validity period equal to that of the financing granted, with a maximum of five years, and may be requested until 30 September 2020, although this period may be extended.

Suspension of legal terms - particular reference to public subsidies

Generally, the declaration of a state of alarm has involved the suspension of all procedural terms, and deadlines and statutes of limitations (with a few exceptions) are suspended until the state of alarm (or its extensions) is lifted.

Additionally, new regulations provide that public subsidies and funding that have already been awarded by orders and decisions before the announcement of the state of alarm can be modified to extend the term for performing the subsidised activity and, as applicable, for providing evidence of and verifying the subsidised activity, even when this was not provided for in the terms and conditions for awarding the subsidy.

Contractual support schemes

Under Spanish law, force majeure provisions and the principle of things not changing (*rebus sic stantibus*) are generally applicable to contractual relationships. In general terms, they are useful to exempt a party from complying with contractual obligations and to provide economic balance to contracts affected by the COVID-19 pandemic. However, the application of these two principles will need to be made on a case-by-case basis.

Tax support and impact

Various tax measures have been adopted, which include at a Governmental level:

- the filing and payment of taxes managed by the Spanish State (eg corporate income tax, VAT, withholding taxes, etc) has not been suspended; therefore, tax returns must be filed (and tax due must be paid) within the ordinary deadlines;
- the computation of deadlines in respect of ongoing tax proceedings has been delayed from 18 March 2020 to 30 April 2020 (tax audits, tax claims, tax refunds, etc) and, therefore, appeals/pleadings/writs can be filed as and from such date; and
- a tax payment deferral of six months has been announced during which there will be no delay interest charged for the first three months for small companies (ie taxpayers with a turnover of under €6 million in the previous tax period).

Most of the Spanish regions have extended the tax payment period of their taxes (ie stamp duty, transfer tax, inheritance and gift tax, etc). In this sense, some Spanish regions have declared as non-business days the period under the state of alarm, and other Spanish regions have established a specific dateline.

Several City Councils have approved a deferral of the municipal taxes' payment date (eg Barcelona has approved deferral until July 2020) or tax deductions of certain municipal taxes (eg Madrid has announced its intention to approve a 25%

deduction for property tax and business activity tax corresponding to 2020).

Insurance cover

The Government support initiatives do not seem to have a direct impact on insurance cover, however, several covers may be triggered as a result of the situation caused by COVID-19, and/or arising out of the effect of public measures adopted. The answer to whether or not a policy covers a specific situation will depend, essentially, on the wording of that policy in the context of a new legal normality.

Useful links

The legal compendium on COVID-19 is available at https://boe.es/biblioteca_juridica/codigos/codigo.php?id=355&modo=2¬a=1&tab=2

Further information on the tax measures is available at www.agenciatributaria.es/AEAT.internet/Inicio/La_Agencia_Tributaria/Campanas/_Campanas_/Medidas_Tributarias_COVID_19/Medidas_Tributarias_COVID_19.shtml

Further information on employment support is available at www.sepe.es/HomeSepe/COVID-19.html and <http://www.sepe.es/HomeSepe/que-es-el-sepe/comunicacion-institucional/noticias/detalle-noticia.html?folder=/2020/Marzo/&detalle=noticia-formulario-covid-19>

Further information on the guarantee scheme is available at www.ico.es/web/ico/linea-avales

Further information on the public subsidies is available at https://administracion.gob.es/pag_Home/atencionCiudadana/Estado-de-alarma-crisis-sanitaria.html#Xotiiozbd4

B. Impact on the energy and infrastructure sectors

Energy sector

For the energy sector, the Government has adopted certain measures to help consumers and the self-employed, such as a prohibition on cutting off the supply of electricity and natural gas, among others, to vulnerable consumers during the state of alarm, and the broadening of the group of potential beneficiaries eligible for the electricity discount (*bono social*).

Further, to secure the supply of energy, natural gas and petroleum derivatives, the relevant authorities can adopt measures necessary to safeguard the referred supply, including but not limited to temporary restrictions or modifications to the electricity market and the gas market, the imposition of maximum speed limits on vehicles on public roads, limits on the hours and days during which petroleum product suppliers can open or direct operations of generation, transmission and distribution facilities.

Self-employed workers and companies (without apparent distinction of their size) that own electricity supply points can request, among other things, the temporary suspension or modification of their supply contracts, without penalty, during the state of alarm. Additionally, when the supply points are owned by a self-employed worker or an SME, it will be possible to request a freeze on the obligation to pay electricity, natural

gas, manufactured gas and piped liquefied petroleum gases (LPG) bills during the state of alarm.

In the case of LPG, the regulated price of bottled LPG and the last resort tariff rate (*tarifa de ultimo recurso*) was initially frozen for the next six months to prevent the price of those products rising, however, prices may be reviewed within the six months' period if this would result in lower prices than those that applied before 17 March 2020.

In relation to the generation of energy, under-construction plants that had obtained their access and connection permits before the entry into force of the Spanish Electricity Sector Law 24/2013 of 26 December, were under an obligation to obtain a definitive start-up certificate before 31 March 2020. This deadline has now been extended to two months after the end of the state of alarm (including any extensions); this measure has been introduced to avoid the access and connection permits expiring.

Infrastructure sector

Subject to certain requirements, public works and public services concessionaires have been granted a possibility of asking for economic financial rebalancing of their contracts in the event these contracts cannot continue to be performed as a consequence of the COVID-19 situation, and the measures adopted by the different authorities in this regard. In this case, the contracts will be rebalanced through extending the initial term of the agreement or by amending the economic clauses of the concession.

Other regulatory and policy issues

Certain foreign direct investments will be subject to authorisation, in particular, those made in Spanish companies by (i) investors from non-European Union (EU) and non-European Free Trade Association (EFTA) states; or (ii) investors resident in the EU or EFTA who are actually owned or controlled by non-residents, when they come to hold a shareholding interest in the Spanish company or, as a result of the transaction, come to take part in its management or control. The authorisations regime applies to investments in critical infrastructure (including energy infrastructure), among other categories. Although this measure is meant to be temporary and exceptional, it will not be lifted automatically after the end of the state of alarm as this measure can only be lifted by the passing of another regulation.

COVID-19 response initiatives in Sweden

An overview of the COVID-19 response initiative and impact on the Swedish energy and infrastructure sectors

Markus Olsson, partner, Olof Traung, associate, and Sanna Hammoud, associate, all of Roschier, Stockholm

A. COVID-19 response investment and support initiative

Overview

The Swedish Government (Government) has introduced a number of initiatives aimed at mitigating the impact of the COVID-19 pandemic, mainly through expanding credit access and supporting businesses through cost saving measures, including tax alleviation.

Sectors covered

The initiatives are generally not limited to specific sectors. However, financial companies are excluded from the scope of several initiatives and sector-specific measures are being implemented with regard to certain vulnerable sectors, eg airlines, consumer durables, hotels and restaurants.

Types of businesses covered

A majority of the initiatives are primarily aimed at small and medium sized enterprises (SMEs) and non-financial companies (notwithstanding that support may be administered via banks). Employment related alleviations are only offered to private companies (ie excluding state-owned enterprises), whereas tax support is also offered to sole traders and individuals with shares in partnerships (*handelsbolag*).

Types of support available

The State-owned company Almi Företagspartner AB has received a SEK3 billion capital increase and offers 12-month bridge loans to SMEs with a maximum of 250 full time employees. Export companies, their suppliers and overseas customers can also apply for loans from the Swedish Export Credit Corporation (*Svensk Exportkredit*) (SECC), whose credit framework has been increased from SEK125 billion to SEK200 billion.

The Swedish Export Credit Agency (*Exportkreditnämnden*) (EKN), which offers credit guarantees to export companies and their suppliers, has increased its credit guarantee limit from SEK450 billion to SEK500 billion. The Swedish National Debt Office (*Riksgälden*) offers an aggregate amount of SEK100 billion in loan guarantees to credit institutions for the purpose of providing loans to non-financial companies, primarily SMEs. The guarantees will cover 70% of new loans of up to SEK75 million provided by banks to companies. The scheme will be in force from 1 April 2020 to 30 June 2020 and can be extended until 30 September 2020. The Swedish National Debt Office also offers airlines that, as of 1 January 2020, held a Swedish permit for commercial aviation and whose principal business or main office is located in Sweden, an aggregate amount of up to SEK5 billion in credit guarantees (of which SEK0.5 billion is

earmarked for the Scandinavian-based airline company SAS AB) during 2020. Credit guarantees for airlines must be approved by the European Commission.

The Swedish Financial Supervisory Authority (*Finansinspektionen*) has lowered the countercyclical capital buffer requirement for banks from 2.5% to 0% in order to safeguard a well-functioning credit supply. The Swedish Central Bank (*Riksbanken*) is offering up to US\$60 billion in US dollar loans and SEK500 billion in two-year loans against collateral to banks at a variable interest rate equivalent to the repo rate (currently 0%), for the purpose of providing loans to non-financial companies and private businesses. Further, the lending rates for overnight loans to the banks have been reduced from 0.75 percentage points to 0.2 percentage points, and collateral requirements have been eased. Normally, only banks that are considered 'monetary policy counterparties' are eligible for loans, however, other credit institutes can apply for temporary monetary policy counterparty status. The Swedish Central Bank has also extended purchases of securities by up to SEK300 billion during 2020.

New rules regarding short-time work schemes (*korttidsarbete*) allow eligible private companies to temporarily reduce employees' working hours and salaries, for which they can claim support from the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*) for up to 53% of salary costs, currently up to a monthly salary of SEK44,000. The support is limited to a six-month period, which may be extended for an additional three months. The rules will apply retroactively as from 16 March 2020 and will remain in force throughout 2020.

The Government is allocating SEK5 billion to reduce fixed rents for vulnerable sectors such as consumer durables, hotels and restaurants. Landlords who reduce fixed rents for such tenants for the period from 1 April 2020 to 30 June 2020 will be able to apply for compensation for up to 50% of the fixed rent reduction (however no more than 25% of the original fixed rent) from the county administrative boards. The regulatory framework is currently (as at 6 April 2020) being drafted and the proposal will be subject to approval from the European Commission.

Eligibility

Generally, support is only offered to companies registered or operating in Sweden that are experiencing temporary and serious financial difficulties as a result of the COVID-19 pandemic. Bridge-loans from Almi are offered exclusively to SMEs, whereas the Swedish National Debt Office and the Swedish Central Bank also offer support to larger companies. Export companies and their suppliers can apply for support from EKN. SECC provides finance to export companies with a

turnover exceeding SEK200 million, including their overseas customers.

To access short-time work scheme support, companies must either be bound by central and local collective bargaining agreements that stipulate how working hours can be reduced, or enter into an agreement with at least 70% of the workforce in the operating unit regarding reduction of working hours.

Access

Companies can apply directly to Almi, SECC and EKN to participate in their support programmes (support from EKN can also be sought via banks). The Swedish Central Bank and the Swedish National Debt Office's support schemes are administered through the banks. Applications for short-time work scheme support can be made through the Swedish Agency for Economic and Regional Growth's website. Applications for tax alleviation can be made via the Swedish Tax Agency's (*Skatteverket*) website (see Useful links).

Ease/speed of access

There is currently no specific information available on the speed of access to the support initiatives. While, for example, the Swedish Agency for Economic and Regional Growth has instructions to process applications for short-time work scheme support promptly and make generous assessments, high demand may lead to long processing times.

Period of support

The measures are intended to be temporary and are initially offered during 2020, with initial support periods varying between three to six months (with possibilities for extension).

Tax support and impact

For the period from 1 March 2020 to 30 June 2020, employers can reduce social security contributions and general payroll tax for up to 30 employees, by an amount of SEK5,300 per employee and month, effectively only paying pension contributions for such employees.

Companies can defer payments of social security contributions, deducted tax and VAT for up to three months from January 2020 to September 2020 by up to 12 months. The new rules took effect on 30 March 2020 but will be applied retroactively as from 1 January 2020, meaning that companies that have already paid taxes for January 2020 to March 2020 can receive repayments from the Swedish Tax Agency. Companies that report VAT annually can receive a payment respite for VAT reported between 27 December 2019 and 17 January 2021.

Employers can receive State compensation for the first 14 days of sick pay costs for the period from 1 April 2020 to 31 May 2020 and the standard deduction (*Sw. karensdag*) will be discontinued between 11 March 2020 and 31 May 2020 in that central Government will pay sick pay from the first day of sickness as per 13 March 2020. Employers can report sick pay costs when filing their tax returns, after which reimbursements will be made through the employer's tax account.

Insurance cover

Pandemics insurance is available but not widely used on the Swedish market. Generally, business interruption insurances will not cover interruptions caused by pandemics, potential

insurance coverage will therefore have to be assessed on a case-by-case basis.

Applicable existing support schemes

Several of the support schemes were available prior to the COVID-19 outbreak and have since been expanded or offered on alleviated terms. In addition, governmental agencies can grant companies payment deferrals on the basis of existing legislation.

Useful links

Further information is available at the following:

- Swedish Government, available at www.government.se/government-policy/the-governments-work-in-response-to-the-virus-responsible-for-covid-19
- Swedish Parliament, available at www.riksdagen.se/en/the-riksdags-work-in-connection-with-the-coronavirus
- Almi, available at www.almi.se/en/in-english
- EKN, available at www.ekn.se/en
- SECC, available at www.sek.se/en
- Swedish Tax Authority, available at www.skatteverket.se/servicelankar/otherlanguages/inenglish/businessesandemployers/informationforcompaniesinconnectiontothecoronavirus.4.1c68351d170ce55452715e4.html

B. Impact on the energy and infrastructure sectors

Energy sector

The impact on electricity consumption in Sweden has so far been limited, but consumption is expected to decrease. The Swedish Energy Agency (*Energimyndigheten*) has stated that, while there is an increased need of continuity planning, the impact on the energy supply in Sweden has so far been limited. Due to unusually low electricity prices however (to some extent affected by falling demand due to the COVID-19 pandemic, but primarily caused by the mild winter season) the State-owned energy giant Vattenfall has decided to prolong an ongoing production stop at the Ringhals 1 nuclear reactor (due to be decommissioned in 2020) until after the summer, and to decrease production at the Forsmark nuclear plant. Swedenergy, a special interest organisation for Swedish energy companies, has submitted a proposal to the Government for measures aimed at securing workforce availability and facilitating energy companies' ability to grant customers payment deferrals through allowing energy tax deferrals and the issuing of State credit guarantees as security for energy companies' invoices.

Infrastructure sector

There is limited information available on the impact of the pandemic on the Swedish infrastructure sector (with the exception of the transportation sector, which is experiencing major disruptions). However, the Government has held meetings with representatives of the telecommunications and transport industries in order to assess the potential impact. The Government has announced a temporary public traffic obligation (*trafikplikt*) for eight domestic flight routes, meaning the Government will procure trips on these routes for up to SEK105 million. The validity of licences and certificates for the

shipping sector has been extended by six months, in addition to shipping companies being able to access EKN's credit guarantees. Generally, there may be an increased risk of delays with regard to the infrastructure sector due to decreased workforce availability.

COVID-19 response initiatives in Switzerland

An overview of the COVID-19 response initiative and impact on the Swiss energy and infrastructure sectors

David Mamane, partner, and Josef Caleff, partner, both of Schellenberg Wittmer Ltd, Zurich

A. COVID-19 response investment and support initiative

Overview

On 16 March 2020, the Swiss Government (Government) declared the COVID-19 pandemic an extraordinary situation pursuant to the Swiss Epidemics Act. The Government ordered all schools, shops, restaurants, bars and entertainment and leisure facilities to close until at least 19 April 2020, which date has since been extended but with staggered re-opening from 27 April 2020. The Government also ordered various hygiene measures to be put in place. To mitigate the expected economic damage, the Government introduced various measures, in particular but not exclusively, Government backed credit loans, facilitation of the process to obtain compensation for reduced working hours (*Kurzarbeit*), compensation for loss of earnings for the self-employed and emergency aid for specific sectors.

Sectors covered

Other than the emergency aid measures for the cultural, sports and agricultural sectors, the COVID-19 response investment and support initiative (Initiative) is not sector specific.

Types of businesses covered

The Initiative is in principle available to all types of organisations, except that the COVID-19 loans guaranteed by the Swiss Confederation are available to small and medium sized enterprises (SMEs) and the self-employed only. Further, the self-employed may be entitled to compensation for loss of earnings by way of a daily allowance. There are no specific measures for the energy and infrastructure sectors.

Types of support available

The main types of support available are the facilitation of the process to obtain compensation for reduced working hours, Government backed COVID-19 loans, compensation for loss of earnings by way of a daily allowance, emergency aid for specific sectors and extension of payment periods (eg for lease agreements and in the meat industry as well as for importers of eggs and butter). Generally, in order to prevent the termination of employment agreements, employers may apply for reduced working hours. Employees' salary may be reduced in proportion to the working hour reduction and the Government (public unemployment insurance) indemnifies the employees for 80% of the resulting salary loss (capped at CHF12,350 per month). The process to receive the approval for reduced working hours has also been simplified.

COVID-19 loans guaranteed by the Swiss Confederation have been available since 26 March 2020. SMEs and the self-employed can apply to receive funding of up to 10% of their

annual turnover and no more than CHF20 million. Loans up to CHF500,000 are at an interest rate of 0% per annum and fully backed by the Government, those from CHF500,000 up to CHF20 million are at an interest rate of 0.5% per annum and backed in the amount of 85%. On 3 April 2020, the volume of the guaranteed COVID-19 loans was increased from CHF20 billion to CHF40 billion.

Employees, parents with children in need of care, individuals who are in medically ordered quarantine, and self-employed individuals suffering economic hardship due to the governmental measures are entitled to compensation for loss of earnings by way of a daily allowance of 80% of the previous salary (capped at CHF196 per day). Professional and non-profit sport associations as well as associations in the fields of music and theatre, cultural undertakings and cultural workers benefit from non-repayable emergency aid and repayable interest-free loans. So far, these are capped at CHF100 million (sports sector) and CHF280 million (cultural sector). Undertakings and individuals in the meat industry as well as importers of eggs and butter are granted longer payment periods and temporary ease on the regulations for certain control activities.

Eligibility

Compensation for reduced working hours is available to undertakings with employees in Switzerland subject to the fulfilment of certain requirements. In particular, there must be an unavoidable reduction of work either due to administrative measures such as business closures or due to general economic hardship (eg interruption of supply chains or decrease in demand).

COVID-19 loans guaranteed by the Swiss Confederation are available to the self-employed, partnerships or legal entities domiciled in Switzerland. Certain minimum criteria must be met. In particular, the applicant must declare that it is suffering substantial reductions in turnover because of the pandemic. Companies with a turnover of more than CHF500 million in 2019 are not covered by this programme.

Access

Access is through cantonal authorities and specific authorities, and can be done online (see Useful links). For COVID-19 loans, access is through the usual contacts of the company's bank.

Ease/speed of access

Simplified and/or accelerated procedures are in place for all measures, and access is granted easily and quickly.

Period of support

For the process to obtain indemnity for reduced working hours, the period of support applies until 30 September 2020. For COVID-19 loans, the period of support applies until 31 July 2020.

Tax support and impact

The Government has waived interest in the event of late payment of the direct federal tax, VAT, incentive taxes (*Lenkungsabgaben*) and customs duties until 31 December 2020. Additionally, the vast majority of cantons has granted an extension of the deadline for filing of tax returns and waived the interest for late payment of cantonal and municipal taxes. Companies impacted by the current exceptional economic situation can also request a temporary, interest-free extension for the payment of social security contributions (AHV/IV/EO/ALV).

Insurance cover

The Initiative does not interact with any existing insurance cover.

Useful links

An overview of the economic support measures is available at www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus.html

An overview of the medical measures is available at www.bag.admin.ch/bag/en/home/krankheiten/ausbrueche-epidemien-pandemien/aktuelle-ausbrueche-epidemien/novel-cov.html

Resources for Swiss start-ups are available at <https://docs.google.com/spreadsheets/d/1hPMhndCjXWDbIBibNtyBkvAWOM72mYr1Oh-UpmuVXtw/htmlview#gid=0>

Further information on indemnities for reduced working hours is available at www.arbeit.swiss/seco/de/home/service/formulare/fuer-arbeitgeber/kurzarbeitsentschaedigung.html

Further information on emergency aid in the sports sector is available at www.baspo.admin.ch/de/aktuell/covid-19-finanzhilfen-sport.html

Further information on emergency aid in the cultural sector is available at www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus/kulturbereich.html

Further information for the self-employed is available at www.ahv-iv.ch/en/Contacts/Cantonal-compensation-offices

B. Impact on the energy and infrastructure sectors

Energy sector

There have been no specific regulatory changes in the energy sector due to the pandemic. The Swiss Federal Office of Energy has conducted a survey on the impact of the standstill measures issued by the Federal Council, which found that no supply issues had been identified. Electricity suppliers have, due to the current crisis, put into effect their prepared pandemic and emergency plans. Suppliers in urban areas and those with many industrial and commercial customers, report a decline in electricity sales on working days of 10% to 20% during the day; the decline is

particularly severe in tourist regions, with a drop of 30% to 50%. Some utilities report a significant shift in the course of the day. Their electricity consumption peak has shifted from noon to the evening, between 7pm and 8pm. As a consequence of the pandemic, the energy sector faces certain market issues, such as, in particular, an inability to pay by some of its customers, and some energy companies have been proactively offering their customer extended payment terms.

The Swiss Federal Office for National Economic Supply has also released a Q&A on the issue of energy supply during the pandemic. As far as mineral oil is concerned, there have been no supply bottlenecks thus far and existing compulsory stocks would guarantee full supply of heating oil, diesel and petrol for four and a half months. There is also currently enough supply of electricity in Switzerland.

While Switzerland is always dependent on electricity from foreign countries, it had to import less electricity this winter due to mild temperatures. Additionally, Switzerland's power plants can maintain electricity production even if COVID-19 were to spread further. The major electricity companies and grid operators are considered critical infrastructure and therefore have pandemic plans in place to ensure that operations are maintained even with reduced staffing.

Infrastructure sector

There have been no specific regulatory changes in the infrastructure sector due to the pandemic

Other regulatory and policy issues

On 3 April 2020, the Federal Council published its proposal to amend the Electricity Supply Act. The amendment aims at better integrating renewable energies, subsidising national renewable energy production, and opening up the electricity market to all consumers (full market liberalisation). The amendment also aims to extend the subsidies for domestic renewable energies and make them more competitive. In this way, the Federal Council aims to provide the electricity sector with the necessary planning and investment security, and to strengthen Switzerland's security of supply. The consultation process on the Electricity Supply Act showed that the majority of respondents supported full market liberalisation but that they also wanted more investment incentives for domestic renewable energies.

COVID-19 response initiatives in Turkey

An overview of the COVID-19 response initiative and impact on the Turkish energy and infrastructure sectors

Okan Demirkan, partner, Melis Öget Koç, managing associate, and Gülce Nur Osoydan, legal trainee, all of Kolcuoğlu Demirkan Koçaklı, Istanbul

A. COVID-19 response investment and support initiative

Overview

To mitigate the impacts of the COVID-19 pandemic, President Erdoğan declared an Economic Stability Shield (ESS) on 18 March 2020. The ESS mainly introduced financial measures, which ultimately aim to allow businesses to postpone their short-term debts (eg tax and social security payments, loan repayments, etc) without any penalty or late payment interest, and to expand their financing options.

Sectors covered

The ESS covers all sectors with a specific focus on companies operating in the most affected segments. The Ministry of Treasury and Finance (Ministry) identified the most affected businesses as retail/shopping malls, the iron and steel industry, the automotive industry, logistics/transportation, entertainment, accommodation, textiles and event planning.

Types of businesses covered

While the measures adopted under the ESS are not sector specific, there are certain benefits granted exclusively to small and medium sized enterprises (SMEs) and merchants/craftsmen. For example, loan repayments by merchants and craftsmen to Halkbank (a State-owned bank) in April 2020, May 2020 and June 2020 are postponed for three months without interest. The repayment of loans that are due in April 2020, May 2020 and June 2020 by SMEs benefiting from the SMEs Development and Support Administration's (KOSGEB) support system are also postponed for three months. SMEs have also been granted extended insurance coverage under the support system introduced by the ESS.

Types of support available

Under the ESS, financial support is provided to businesses in multiple ways. Loan repayment obligations of companies, cashflows of which have been deteriorated due to the pandemic, are deferred for at least three months and additional financial support will be provided to these companies if needed. The scope of this additional support scheme has not yet been clarified and a secondary legislation is likely to be introduced on this matter. Furthermore, companies that fall into default during April 2020, May 2020 and June 2020 on repayment of their loans due to the financial effects of the pandemic are assured to have a force majeure remark on their credit records. This remark will procure that these companies' credit scores will not be affected adversely due to any payment defaults. In the meantime, SMEs and companies that (i) need liquidity due to negative impacts of the recent developments and (ii) have security deficit, will be prioritised in obtaining loans. Stock

financing support will also be available to export companies. An additional credit limit will be allocated by public banks and some private banks for certain payments, eg commercial checks, salaries, loans. The criteria to grant such additional credit limit will vary for each bank. The Credit Guarantee Fund limit is also increased from TRY25 billion to TRY50 billion.

Eligibility

The preliminary criteria for companies to benefit from the introduced support mechanisms is that their businesses must have been affected negatively due to the pandemic. Certain support mechanisms such as the Business Continuance Credit Support scheme require fulfilment of specific eligibility benchmarks, such as not terminating any employment contracts during the pandemic period. Additionally, the ESS provides certain sector specific benefits for the most affected industries and accordingly companies must be operating in one of these sectors to enjoy these sector specific benefits.

Access

The greater part of these support mechanisms will be enforced by governmental authorities, so they are easy to access. Enterprises will be able to benefit from the support systems by applying to the relevant governmental authorities/banks.

Ease/speed of access

The ESS is quite new and the measures/support mechanisms that it has introduced have not been tested as of the date of writing; the ease or speed of access to the benefits provided under this programme cannot therefore as yet be determined.

Period of support

The applicability period of each support mechanism differs, however, the ESS focuses on short-term measures, ie April 2020, May 2020 and June 2020.

Tax support and impact

Tax is one of the areas covered under the ESS, under which, for example, the deadline for VAT declarations (ie 26 March 2020) and the payment periods of the taxes accrued based on these declarations have been extended to 24 April 2020. The deadline for filing BA (purchases of services and goods)/BS (sales of services and goods) forms on the 2020/February period, which were due by 31 March 2020, has been extended to 30 April 2020. All applications/submissions to be made to tax offices must be made via the Interactive Tax Office's website or via post until 10 April 2020. In addition, the Ministry has declared the presence of a force majeure situation for some sectors (eg retail/shopping malls, the food and beverage sector, health services, mining, car rental, the press, logistics) until 30 June

2020. For these sectors, deductions for withholding tax and VAT have been deferred until the end of October 2020.

Insurance cover

The scope of the State-Backed Commercial Receivable Insurance, which was available to institutions with an annual turnover of TRY25 million or less, has been extended to cover SMEs with annual turnover of up to TRY125 million. SMEs opting to benefit from this support will be able to have insurance coverage for their commercial receivables up to a limit of TRY750,000. This figure can be increased subject to further valuation under risk assessment criteria.

Applicable existing support schemes

Under Turkish law, employers who have suspended activities in their workplaces due to an extraordinary event (ie force majeure) can apply to the Turkish Employment Agency for temporary short-term working pay support. With the recent legislative amendments, the eligibility criteria (eg required premium payment terms) for short-term working pay is now more flexible and the application process with the Turkish Employment Agency has been expedited. Implementation of flexible and remote working models existing under the Labour Law is increasing gradually both in public and private sectors. President Erdoğan has also declared that payment of social security premiums by employers operating in the heavily affected sectors for April 2020, May 2020 and June 2020 have been deferred for six months.

Useful links

Further information on the economic measures for businesses affected by the pandemic is available at <https://tobb.org.tr/Sayfalar/20200323-covid-destegi.php>

An overview of the ESS is available at https://kpmgvergi.com/Content//FinancialBulletins/%E2%80%9CEconomicStabilityShield%E2%80%9DannouncedtoeliminateanypotentialdamageofCOVID-19breakouttoTurkisheconomy_20032020_0557555365151.pdf

More on emergency tax measures for Turkish companies is available at www.pwc.com.tr/en/hizmetlerimiz/vergi/bultenler/2020/covid-19-emergency-tax-measures-for-turkish-companies.html

B. Impact on the energy and infrastructure sectors

Energy sector

The energy sector is among the sectors in Turkey affected by the pandemic. The Energy Market Regulatory Authority (EMRA) recognised the pandemic as a force majeure event and has adopted certain measures for providing further flexibility to market players, to ensure continuity of energy investments in the country. For example, time-sensitive obligations of pre-licence or licence holders ending on or after 10 March 2020 have been extended for three months. The application period for a wind power plant pre-licence has been postponed from 6-10 April 2020 to 5-9 October 2020. EMRA has also suspended the requirement to add 3% ethanol into gasoline until 13 June 2020, considering the growing public need for disinfectants. The Turkish Government has prepared a draft bill for amending certain laws (Draft Omnibus Bill). The Draft Omnibus Bill is expected to allow enterprises to terminate their

generation or auto-producer pre-licences, licences or licence applications by applying to EMRA. The Draft Omnibus Bill provides that certain power plant installation contracts and electricity sales agreements for establishment of local thermal power plants can be terminated. The Draft Omnibus Bill is expected to come into effect in the coming weeks.

Infrastructure sector

There are no specific measures/benefits introduced for the infrastructure sector due to pandemic and, consequently, companies operating in this sector can benefit from the support mechanisms provided under the ESS as any other business owner. That said, a force majeure guideline for public tender contracts has been issued recently, according to which undertakers can apply to the contracting public authority if it is temporarily or permanently impossible for the undertaker to execute the contracted project due to the pandemic. If, in light of evidentiary documents, the contracting public authority decides that (i) the delay did not occur due to the undertaker's fault, (ii) the ongoing incident prevents the undertaker from performing its contractual obligations and (iii) the undertaker is unable to cease the effects of the ongoing incident, an extension can be granted to the undertaker for performing its contractual obligations, or the contract may be terminated at the relevant public authority's discretion.

The demand for pandemic hospitals has increased due to the current crisis and, for example, construction of the İkitelli City Hospital has been expedited and it is now planned to be completed in May 2020. Two new pandemic hospitals are also to be built in Istanbul within the next month or so.

Other regulatory and policy issues

For legal proceedings, periods for initiating proceedings and those relating to ongoing proceedings, as well as the statute of limitations, were initially suspended until 30 April 2020 (inclusive), which has since been extended to 15 June 2020. This extension date may change if the risk of the virus spreading decreases in the short-run. This extension also applies to execution and bankruptcy proceedings.

Although this decree suspends the time periods and postpones hearings until 15 June 2020 (inclusive), objection proceedings against tenders that fall within the scope of the Public Procurement Law are exempted from this time suspension. Accordingly, the parties who claim to be affected by an unlawful public tender must resort to a mandatory administrative objection proceeding within due time without the benefit of the above extension.

COVID-19 response initiatives in Ukraine

An overview of the COVID-19 response initiative and impact on the Ukrainian energy and infrastructure sectors

Glib Bondar, senior partner, Dmytro Symbiryov, senior associate, Anna Mykhalova, Yelyzaveta Kravtsova and Mykola Falko, associates, all of AVELLUM, Kyiv

A. COVID-19 response investment and support initiative

Overview

On 11 March 2020, the Ukrainian Government (Government) adopted Resolution No. 211 on Preventing the Spread of Coronavirus COVID-19 on the Territory of Ukraine, introducing specific restrictive measures for combating COVID-19 (Quarantine). The Government had initially introduced the Quarantine for the period from 12 March 2020 to 3 April 2020, however it has now been extended to 22 May 2020.

In March 2020, the Ukrainian Parliament (Parliament) adopted several laws aimed at supporting businesses during the Quarantine. These laws include (i) Law of Ukraine on Amendments to the Tax Code of Ukraine and Other Laws of Ukraine Regarding Taxpayers Support During the Period of Measures Aimed at Preventing the Onset and Spread of Coronavirus Disease (COVID-19), No. 533-IX dated 17 March 2020, (ii) Law of Ukraine on Amendments to the Laws of Ukraine Aimed at Preventing the Onset and Spread of Coronavirus Disease (COVID-19), No. 530-IX dated 17 March 2020 and (iii) Law of Ukraine on Amendments to the Laws of Ukraine Aimed at Additional Social and Economic Guarantees Due to the Spread of Coronavirus Disease (COVID-2019), No. 540 dated 30 March 2020 (Support Laws).

Sectors covered

The Support Laws mainly offer tax and customs related support measures, as well as certain measures in corporate, labour and general commercial relations without focusing on any particular industry.

Types of businesses covered

The Support Laws cover a vast majority of legal entities and individual entrepreneurs (ie individuals who run their business without establishing a legal entity) conducting commercial activity in Ukraine.

Types of support available

Under the Support Laws, the Quarantine may constitute a force majeure event, provided there is a clear causal link between the Quarantine and the fact of failing to perform its obligations by the relevant party. In such case, the Quarantine may serve as a legitimate excuse from liability attached to the non-performance of the obligations. As regards financing, the Support Laws prohibit increasing interest rates on loans during the Quarantine, aiming to decrease the potential number of defaults caused by the deterioration of the general economic situation due to the outbreak of the COVID-19 pandemic. Additionally, if a tenant cannot use the leased property during

the Quarantine, it may be exempt from rent payments. However, the Support Laws does not provide for a specific mechanism for implementing this new rule. The Support Laws also allow employees to work within flexible schedules in the workplace or remotely.

The deadline for running an annual general meeting (GM) in joint stock companies, as well as for disclosures and reporting is postponed. In 2020, the annual GM should be held no later than three months after the Quarantine restrictions are lifted, and the information on the issuer is to be disclosed within five business days of the GM. In addition, if it is impossible to hold a GM in person due to the introduced restrictive measures, the GM may be held remotely. The Support Laws also extended the deadlines for submitting annual financial statements and audit report of banks. Within commercial, administrative, and civil procedures, the deadlines for all submissions and appeals are extended for the term of the Quarantine. The statute of limitations for claims is temporarily suspended for the term of the Quarantine.

Eligibility

There is no unified eligibility criteria to qualify for the introduced support measures. A legal entity or individual that falls under the scope of the Support Laws by virtue of its activity (VAT payers, tenants of immovable property, etc) may benefit from the introduced measures by virtue of their legal status and without applying for such support.

Access

As support measures for business are mostly related to postponement or release of contractual or statutory obligations during the Quarantine, there is no direct access mechanism.

Period of support

Generally, support measures are introduced for the Quarantine period (ie up to 22 May 2020 inclusive).

Tax support and impact

Legal entities that provide charitable support to fight COVID-19 (for example, donations of food, medical equipment and other goods to charity or non-government organisations and medical institutions) can fully deduct the amount of such support. Additionally, individuals who donated funds, medicines or medical products during the Quarantine can include the full amounts of such expenses to tax relief for 2020. For VAT, during the Quarantine, medicines and medical products purchased or imported to fight COVID-19 (as per the list defined by the Government) are exempt from VAT.

In relation to land and property, land tax need not be paid from 1 March 2020 to 31 March 2020 for land plots used in commercial activity, and non-residential property is not subject to real estate tax from 1 March 2020 to 31 March 2020.

Fines for violations of tax legislation committed from 1 March 2020 until 31 May 2020 will not be imposed. However, these changes do not apply to the following violations: (i) alienation of property under the tax lien without the consent of tax authorities, (ii) breach of accounting rules, rules of production and circulation of fuel and ethyl alcohol within excise warehouses, and (iii) breach of assessment, declaring and payment of VAT, excise tax, and rental payment. Taxpayers are also not subject to late payment interest for the period from 1 March 2020 to 31 May 2020; the accrued but unpaid late payment interest will be written-off. Documentary and factual tax audits are under a moratorium (a) with respect to taxation for the period from 18 March 2020 to 31 May 2020, and (b) with respect to payment of the unified social contribution, for the period from 18 March 2020 to 18 May 2020. However, the moratorium does not cover unscheduled documentary audits with respect to the claimed VAT refund, as well as factual tax audits, and the imposition of fines for excise tax violations.

Insurance cover

In terms of social insurance issues, the Support Laws introduce the legal concept of 'temporary unemployment due to COVID-19' and, under the Support Laws, the Government will pay employers whose employees have become 'temporarily unemployed'. The employer will be required to apply for financial aid and submit a definitive list of documents (among others, a list of employees whose working hours have been cut more than 50% because of the Quarantine). The right to financial aid is granted to insured persons with whom the employer has a registered employment relationship. Financial aid will not cover an employee's full salary as the Support Laws limit the aid to a 'subsistence minimum', which currently amounts to about €70.

The Support Laws also provide that if an employee failed to make pension insurance contributions from 1 March 2020 to 30 April 2020, it would be considered that such contributions were made in the minimal amount and this period would be included in the employee's work experience.

Applicable existing support schemes

In addition to the support measures introduced, Ukraine supports the health care industry by, among other things, disapplying public procurement to certain medicines and medical equipment necessary to combat COVID-19 and increasing salaries for the medical personnel. Moreover, the Support Laws provide that: the Government and the National Bank of Ukraine should elaborate and adopt a national programme of specific purpose loans to sustain a salary fund by 2 May 2020; the Government should elaborate a programme for stimulating the economy to overcome the negative consequences of COVID-19 in Ukraine by 2 May 2020; and the Parliament should adopt the law suspending the performance of underlying obligations secured by mortgages and introducing a moratorium on enforcement of mortgaged property during the Quarantine.

Useful links

The following links to the initiatives described are available in Ukrainian only, with summaries on the introduced initiatives available in English:

- Resolution of the Cabinet of Ministers No. 211 on Preventing the Spread of Coronavirus COVID-19 on the Territory of Ukraine, dated 11 March 2020, as amended
- Law of Ukraine on Amendments to the Tax Code of Ukraine and Other Laws of Ukraine Regarding Taxpayers Support During the Period of Measures Aimed at Preventing the Onset and Spread of Coronavirus Disease (COVID-19) No. 533-IX, dated 17 March 2020
- Law of Ukraine on Amendments to the Laws of Ukraine Aimed at Preventing the Onset and Spread of Coronavirus Disease (COVID-19) No. 530-IX, dated 17 March 2020
- Law of Ukraine on Amendments to the Laws of Ukraine Aimed at Ensuring Additional Social and Economic Guarantees Due to the Spread of Coronavirus Disease (COVID-2019) No. 540, dated 30 March 2020
- Avellum Legal Alert "Government expands list of measures to prevent onset and spread of COVID-19"
- Avellum Legal Alert "COVID-19 Pandemic affects lease relations"
- Avellum Legal Alert "Laws aimed at preventing COVID-19 in Ukraine"

B. Impact on the energy and infrastructure sectors

Energy sector

There are no specific measures introduced to reduce the impact of the pandemic on the energy sector.

Infrastructure sector

There are no specific measures introduced to reduce the impact of the pandemic on the infrastructure sector.

COVID-19 response initiatives in the United Arab Emirates

An overview of the COVID-19 response initiative and impact on the United Arab Emirates energy and infrastructure sectors

Anthony Ellis, partner, Benjamin Hopps, of counsel, Phil Hanson, senior associate, Scott Aitken, senior associate, Samer Mahjoub, associate, and Charles Oliver, associate, all of Herbert Smith Freehills, Dubai

A. COVID-19 response investment and support initiative

Overview

The United Arab Emirates (UAE) has shut down public spaces and more recently imposed a 24-hour lockdown due to the COVID-19 outbreak; travel movements are subject to permission via a permit system. In mid-March 2020, the UAE Central Bank announced an AED100 billion (US\$27.2 billion) programme to assist lenders; a week later this was increased by a further AED16 billion. At the beginning of April 2020, the stimulus package was doubled to a total of AED256 billion (US\$70 billion). Authorities have also published new legislation and supporting guidance to assist and support private sector employers and employees.

Sectors covered

The measures implemented focus primarily on the banking sector and employment concerns with recent initiatives aimed at supporting private businesses and individuals through: (i) deferral of real estate rental payments, (ii) reduction or waiver of business licence fees, and (iii) delay of registration of transfers on real estate assets for specified periods (ranging between three and nine months).

Types of businesses covered

A financial stimulus package is available to lenders of the UAE Central Bank. Meanwhile, recent Ministerial Resolutions concerning employment stability (Ministerial Resolution No. (279) of 2020) and remote working (Ministerial Resolution No. (281) of 2020) apply to all businesses in onshore UAE and its free zones, excluding the Abu Dhabi General Market (ADGM) and Dubai International Financial Centre (DIFC), which have their own employment laws and regulations. These resolutions apply to those employees under the purview of the Ministry of Human Resources and Emiratisation. The ADGM and DIFC have released their own circulars and guidance notes affecting employees in those jurisdictions.

Types of support

Banking

The UAE's Targeted Economic Support Scheme includes AED50 billion (US\$13.6 billion) for banks through collateralised, zero-interest loans. Banks will also be permitted to free up capital buffers, which is expected to make another AED50 billion (US\$13.6 billion) in liquidity available to lenders. The purpose of the scheme is to facilitate relief from the payments of principal and interest on outstanding loans for all affected private sector companies and retail customers.

Banks will be permitted to use up to 60% of their capital conservation buffer while those deemed 'systematically important' will be able to utilise their entire buffer. The UAE Central Bank raised the loan-to-value ratios related to mortgage loans taken by first-time home owners and revised limits on banks' maximum exposure to real estate, allowing their exposure to the sector to increase up to 30%.

Employment stability resolution (ESR)

The ESR will apply as long as the current precautionary measures remain and applies to all non-UAE national employees. The ESR provides that affected employers can take the following steps with the relevant employee (steps (c), (d) and (e) require employee consent): (a) implement remote working, (b) grant paid leave, (c) grant unpaid leave, (d) salary reduction (temporary), and (e) salary reduction (permanent).

The ESR created a Virtual Labour Market in which employers enrol employees who are surplus to their current requirements. Employers will continue to provide accommodation and other entitlements (not including wages) until the employees leave the UAE or obtain a work permit from another employer. Employers in need of temporary workers use the Virtual Labour Market to advertise vacancies and search for available workers.

The ESR further provides that any temporary reductions in salaries will require both parties to execute a 'temporary supplement' to existing employment contracts which must be provided to the Ministry. If the salary reduction is permanent then the Ministry's approval is required. Neither the ADGM or DIFC have imposed a similar regime.

Remote work resolution (RWR)

The RWR requires all private establishments (save for those in excluded sectors as stated below) to minimise the number of workers (to a maximum of 30% of the total number of workers) and the number of customers (to a maximum of 30% of the seating capacity) at their premises. The ability to work remotely applies to all workers whose job does not require their physical presence at work (subject to approval by human resources). These requirements do not apply to businesses that operate in infrastructure projects, catering, telecommunications, power, health, education, banking, food processing, hospitality, health supplies manufacturing or cleaning.

The RWR includes a temporary guide regulating remote working and all private establishments are to implement the procedures set out therein. Employer obligations include: providing necessary equipment to work remotely; managing remote work, such as determining working hours; ensuring a safe technological environment; data privacy etc; observing remote workers; and facilitating the communication of remote workers with their colleagues, management and leadership.

Employee obligations include: reporting to their workplace when required; performing tasks within deadlines; being reachable by phone or email; maintaining confidentiality and carrying out work during working hours; and maintaining remote working devices and returning them when requested.

Additionally, requirements which are pervasive across all industries are set out such as: providing screening points at workplaces and employer-provided staff accommodation entrances to take employee temperatures and check symptoms twice per day; transporting workers to and from the workplace; regulating interaction at labour accommodation; and reporting any workers with COVID-19 symptoms or suspected cases. The ADGM has released a less stringent circular mandating a similar reduction in workplace employees to 30%; the DIFC has suggested no more than 20%.

Eligibility

The banking measures are largely focused on facilitating access to finance for small and medium sized enterprises (SMEs), reducing fees and removing hurdles to opening business bank accounts. SMEs have been specifically targeted as, according to the UAE Ministry of Economy, they make up around 98% of businesses in the UAE. The employment related support announced applies to all non-UAE national employees/private establishments with stated exceptions.

Access

The majority of other measures implemented are the waiver, suspension or reduction of fees and/or costs associated with conducting business in the respective Emirates. It is therefore anticipated that the benefits of such methods will be felt relatively immediately.

Ease/speed of access

SME customers will be able to open bank accounts within two days (normally, this can take new companies up to three months), provided that the acceptable documentation is in place and the anti-money laundering and counter-terrorism financing regulations are satisfied. Tenants of real estate located in the DIFC or the ADGM may immediately apply to receive approval for the deferral of rent (in the case of the DIFC for up to six months and in the ADGM up to the end of calendar year 2020).

Period of support

The support currently provided is temporary and the Central Bank has confirmed that its support for retail and commercial customers will last until the end of 2020.

Tax support and impact

Dubai

Included in the announced economic stimulus package are the following measures:

- 20% refund of the customs fee imposed on imported products sold in Dubai;
- 90% reduction of fees imposed on submission of customs documents;
- a 'freeze' on the 2.5% market fees levied on all facilities operating in Dubai;

- a reduction in 'municipality fees' imposed on sales at hotels from 7% to 3.5%;
- a freeze on 'fees' charged for the sale of tickets, issuance of permits and other Government fees related to entertainment and business events;
- a reduction in water and electricity bills by 10% and a reduction in deposits paid for water and electricity connections by 10%; and
- changes to bank guarantees and cash requirement rules.

Abu Dhabi

Abu Dhabi has also announced initiatives including:

- the suspension of real estate registration fees until the end of 2020;
- 25% reduction of industrial land leasing fees on new contracts;
- the suspension of tourism and municipality fees for the tourism and entertainment sectors until the end of 2020;
- an exemption for commercial vehicles from annual registration fees until the end of 2020; and
- an exemption for all vehicles from road toll tariffs until the end of 2020.

Insurance cover

The Dubai Health Authority has extended the use of expired health insurance cards for three months from 24 March 2020. Those individuals carrying expired health insurance will still receive medical treatment during the three-month period.

On 8 March 2020, the UAE Insurance Authority issued circular No. 3 of 2020, which sets out clear guidance on the measures the UAE Insurance Authority expects the UAE insurance sector to take including that a disaster recovery plan should be in force to manage COVID-19 risks and that insurers should look at flexible working measures to ensure employee safety. Further, it is anticipated that life and health insurers could see an increase in the number of claims where individuals require medical attention and treatment, and in the event of fatalities. Businesses whose operations are impacted by COVID-19 may look to their insurers for business interruption cover. General liability insurers may also see a rise in claims, such as from businesses in the hospitality, entertainment and travel sectors that cater to a large number of people in close proximity.

Applicable existing support schemes

Dubai has offered restaurants, tourism and the entertainment sector an up to 20% rebate on rental values for the year and has suspended tourism and municipality fees for the tourism and entertainment sectors for 2020. On the residential side, AED5 billion has been allocated to subsidise water and electricity for citizens and commercial and industrial activities. Abu Dhabi and Dubai have prohibited all rental eviction cases for two months after new directives were issued to protect those tenants struggling to meet their rental payments.

Useful links

Further information on the UAE economic support scheme is available at www.centralbank.ae/en

The UAE Ministry of Human Resources and Emiratisation measures to curb the effects of the pandemic are available at www.mohre.gov.ae/en/home.aspx

The DIFC's response to the pandemic is available at www.difc.ae/newsroom

The ADGM support measures in light of the pandemic are available at www.adgm.com/adgm-support-measures

B. Impact on the energy and infrastructure sectors

Energy sector

Abu Dhabi has announced that all approved capital expenditure and development projects in the Emirate will continue as planned. From our experience, those projects that are underway are continuing as planned, particularly where utility agreements have been entered into with the relevant Government entities. Many of those projects that are at earlier stages in the project life-cycle have seen their bid submission deadlines or bid read-out dates extended to the latter half of 2020.

Infrastructure sector

The infrastructure sector is largely aligned with the energy sector. Several specific measures implemented include an exemption on commercial vehicles from annual registration fees and exempting all vehicles from road toll tariffs to the end of 2020.

Other regulatory and policy issues

The Government indefinitely suspended flights to and from Lebanon, Turkey, Syria and Iraq from 17 March 2020. On 23 March 2020, Emirates and Etihad both announced the suspension of all passenger flights, except for some returning UAE nationals and diplomats to Abu Dhabi. More recently, Emirates and Etihad have each begun operating a limited number of flights from the UAE for tourists who became stranded after the borders closed.

In mid-March 2020, the UAE closed its borders to all travellers except Emiratis returning home; the closure extended to UAE residents abroad, leaving some stranded in other countries. Initially the suspension of entry for UAE residents was due to last until April 2020 but authorities have continued to repeatedly extend the suspension in two-week periods. The Government has urged residents overseas to register with Twajudi, a service that was initially set up for citizens to contact embassy officials during emergencies. All travellers who have recently entered the country, on special repatriation flights, must undergo 14 days of mandatory self-quarantine. From 5 April 2020, the Dubai Metro and Tram services have been suspended until further notice with all stations on the red and green lines of the Dubai Metro closed.

COVID-19 response initiatives in the United Kingdom

An overview of the COVID-19 response initiative and impact on the United Kingdom energy and infrastructure sectors

Silke Goldberg, partner, Sophie Lundsberg, associate, and Sahil Kher, associate, all of Herbert Smith Freehills, London

A. COVID-19 response investment and support initiative

Overview

On 19 March 2020, in response to the COVID-19 pandemic, the UK Government (Government) introduced the Coronavirus Act 2020, which was formally adopted on 25 March 2020 and under which the Government is granted discretionary emergency powers. The Government has since enacted further legislation under these emergency powers, one of which is the Health Protection (Coronavirus, Business Closure) (England) Regulations 2020, which was signed into law on 21 March 2020 and under which businesses were required to cease trading with immediate effect.

In an effort to mitigate the negative effects of the pandemic on business, the Government has announced various financial supports, which include employee supports, financial supports, stimulus packages for start-ups and grant schemes.

Sectors covered

All private sectors are covered by the support measures, however the measures are not generally available to public sector organisations.

Types of businesses covered

All private organisations including the self-employed, small and medium sized enterprises (SMEs) (ie businesses with fewer than 250 employees), innovative companies, large businesses, retail, hospital and leisure businesses are covered.

Types of support available

Job retention scheme

The Coronavirus Job Retention Scheme (CJRS) is a payroll support scheme for all employers with a UK bank account and PAYE payroll started on or before 19 March 2020. Under the scheme, support is granted to businesses to cover up to 80% of wages (capped at £2,500 per month) plus associated employer social security contributions and minimum auto-enrolment pension contributions of employees designated as 'furloughed' (ie not working but retained on the payroll), which can be backdated to 1 March 2020. Employees are furloughed for a minimum of three consecutive weeks during which time they cannot undertake work for the employer, however they can partake in training or volunteer. The scheme will normally require the employee's agreement to amend the employment contract if the employer chooses to pay less than 100% remuneration (the employer must pay at least 80% or £2,500 per month if lower).

Statutory sick pay for SMEs

Statutory Sick Pay (SSP) is payable to qualifying employees and from 'day one' for those who self-isolate or are unwell owing to COVID-19 (SSP is normally unsupported for the first three days). The current rate of SSP is £95.85 per week. HM Treasury (the UK Finance Ministry) has also announced that SMEs may recover this cost where SSP has been paid as a result of COVID-19 from 13 March 2020 for a maximum of two weeks' per employee.

Corporate financing facility (CCFF)

The Coronavirus Corporate Financing Facility (CCFF) is operated by the Bank of England (BoE) to provide funding to businesses by purchasing commercial paper (CP) that meets certain minimum ratings criteria of up to one-year maturity from issuers who make a material contribution to economic activity in the UK. The CCFF is intended to operate for 12 months and the BoE will provide six months' notice of withdrawal. Companies who do not currently issue CPs but who are capable of doing so will be able to access the CCFF (provided they meet the eligibility criteria); they will need to set up a CP programme, which can be done relatively quickly. The CCFF will purchase new CP (at a minimum spread over reference rates) in the primary market via dealers and, after issuance, from eligible counterparties in the secondary market.

Business interruption loan scheme (CBILS) and large business interruption loan scheme (CLBILS)

The Coronavirus Business Interruption Loan Scheme (CBILS) is a Government-backed guarantee against 80% of an outstanding facility balance. It is currently available to businesses with turnover of up to £45 million. Lending is organised through commercial banks supported by the British Business Bank for amounts from £1,000 up to £5 million per company with the Government meeting interest costs for the first 12 months. Finance terms are from three months up to six years for term loans and asset finance, and up to three years for revolving credit facilities and invoice finance. The first 12 months of these loans will be interest free for the borrower (the Government will cover these payments).

The Government will provide support through the temporary Coronavirus Large Business Interruption Loan Scheme (CLBILS) for all UK-based firms with an annual turnover of over £45 million that are unable to secure commercial financing or access the CCFF, and will provide a guarantee of up to 80% of loans, overdrafts or invoice or asset financing facilities of up to £50 million. Firms with a turnover of more than £250 million can borrow up to £50 million. The scheme will be delivered through commercial lenders and the facilities will be offered at a commercial rate of interest.

Stimulus efforts for UK start-ups

The Government has announced the creation of a co-investment Future Fund which will support UK companies that are unable to access the CBILS due to their lack of profitability and their need for ongoing external investment to support liquidity and cash flow challenges. The Government will contribute an initial £250 million to the Future Fund. For any eligible UK-based company, the Government will invest between £125,000 and £5 million in the form of convertible loan notes. The Government will not be able to invest more than 50% in a financing but the amount that can be invested by investors in the financing will not be subject to a cap.

The Government has also announced £1 billion worth of support for start-ups, committing £250 million towards a new £500 million fund investing in high-growth private companies, and £750 million worth of grants and loans to SMEs focusing on research and development.

Bounce back loan for SMEs

The Bounce Back Loan (BBL) scheme, launched on 4 May 2020, is aimed at helping SMEs borrow from £2,000 to £50,000 through accredited lenders with the Government guaranteeing 100% of the loan. Under the BBL scheme, there are no fees, interests or repayments needed for the first 12 months and the term is up to six years. The Government has announced that it will work with lenders to agree low interest rates for the remaining loan period. Businesses that have already applied for a CBILS loan of up to £50,000 can transfer it to the BBL scheme up to 4 November 2020.

Retail and hospitality grant scheme (RHGS)

Grants of up to £25,000 (per property) will be made available to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value between £15,000 and £51,000.

Support for businesses that pay little or no business rates (small companies)

The Government will provide additional funding for local authorities to support small businesses that pay little or no business rates by virtue of Small Business Rate Relief (SBRR). Businesses currently eligible for SBRR or Rural Rate Relief (RRR) can receive a once-off grant of £10,000 to help meet their ongoing business costs.

Income support scheme for members of partnerships

Members of partnerships, subject to eligibility, can claim a taxable grant worth 80% of their trading profits up to £2,500 per month for the next three months.

Eligibility

CJRS

All employees are eligible for the CJRS including those who had to leave their employer due to the effects of the pandemic after 28 February 2020, who can, under the scheme, now be reemployed and placed on 'furlough'. Administrators acting for companies in administration will be able to access the scheme, however the Government expects they would only do so if there is a reasonable likelihood of rehiring workers (ie if the companies are acquired).

CCFF

The BoE has said that the following issuers will usually meet the eligibility criteria for the CCFF, which include: (i) UK companies, including those with foreign incorporated parents, with a genuine business in the UK; (ii) companies with significant employment in the UK; or (iii) companies headquartered in the UK. The BoE's risk management team will ultimately make the final eligibility decision, taking into account various factors.

CBILS and CLBILS

Businesses can access the CBILS through accredited lenders who will then, if necessary, apply to the scheme. To qualify, a business must: be UK based, with turnover of no more than £45 million per annum; operate within an eligible industrial sector (a small number of industrial sectors are not eligible for support); be able to confirm that they have not received de minimis State aid above €200,000 equivalent over the current and previous two fiscal years; and have a sound borrowing proposal, but insufficient security to meet the lender's requirements. CBILS is due to be reformed so that lenders are prohibited from requesting personal guarantees for loans under £250,000. Treasury data shows that, to date, almost 1,000 SMEs have been approved for a total of £90 million of loans.

The CLBILS is available to mid-sized and larger UK businesses with turnover in excess of £45 million.

Government-backed stimulus efforts for UK start-ups

To be eligible for the stimulus package for start-ups, a company must be based in the UK and be able to attract the equivalent match funding from third party private investors and institutions. The company must also have previously raised at least £250,000 in equity investment from third party investors in the last five years.

BBL

All UK businesses negatively affected by the pandemic, and which were not already in financial difficulty on 31 December 2019, may apply for the BBL scheme. Businesses claiming under CBILS, state funded schools, public sector bodies, banks, insurers and reinsurers (except insurance brokers) cannot apply for the scheme.

Support for small companies

Businesses are eligible for support if their property (on the 11 March 2020) was eligible for (i) the SBRR scheme (including those with a rateable value between £12,000 and £15,000 which receive tapered relief) or (ii) the RRR scheme.

Income support scheme for members of partnerships

Individuals who are members of partnerships (or self-employed individuals) are eligible for support under the income support scheme for members of partnerships if they: (i) have submitted their Income Tax Self-Assessment tax return for the tax year 2018/2019; (ii) traded in the tax year 2019/2020; (iii) are trading when they apply, or would be except for the pandemic; (iv) intend to continue to trade in the tax year 2020/2021; (v) have lost trading/partnership trading profits due to the pandemic; and (vi) have self-employed trading profits of less than £50,000 and more than half of their income comes from self-employment.

Access

CJRS

Claims can now be submitted via the Government Gateway for the CJRS and the Government expected that the first grants would be made to employers by the end of April 2020 by the tax authority, HM Revenue and Customs (HMRC), and then within six days of the application.

SSP for SMEs

There is no existing mechanism for the recovery of SSP by employers, however, the Government has committed to working with employers to work out a mechanism for recovery.

CCFF

Issuers will need to appoint an authorised dealer for the process. Certain documents need to accompany the application form (including an undertakings and confidentiality agreement, ratings letter, annual report, etc). For those issuers that do not currently have a CP programme one can be set up relatively quickly. Treasury data shows that £1.9 billion in loans has been provided through the BoE's CCFF, of which £1.6 billion has been committed to date.

CBILS and CLBILS

Any small business interested in the CBILS should, in the first instance, approach one of the 40+ accredited lenders with their borrowing proposal. The British Business Bank has accredited ten lenders to provide term loans and/or overdrafts.

RHGS

Funding will be provided via local authorities which will contact the company if it is eligible. There is no mandatory application process for the scheme and it will be administered by each local authority.

Support for small companies

Funding will be provided via local authorities which will contact the company if it is eligible. There is no mandatory application process for the support and it will be administered by each local authority.

Income support scheme for members of partnerships

HMRC will contact those eligible and invite them to apply online.

Tax support and impact

Deferral of sales tax

Value added tax (VAT) payments due from businesses between 20 March 2020 and the end of June 2020 will be deferred. No VAT-registered business will need to make a VAT payment normally due with their VAT return to HMRC during this period but returns must still be submitted. Payment of VAT which is deferred as a result of COVID-19 will be due on or before 31 March 2021. Import VAT and customs duty due on 15 April 2020 may also be deferred.

Local business taxes

The Business Rates Retail Discount (BRRD) has been expanded to provide a 100% business rates discount for all retail, leisure and hospitality venues, with no limit to Rateable Values. The relevant government department (Ministry of Housing, Communities and Local Government) (MHLCG) has issued a

guidance note to local authorities clarifying where possible which specific types of property are covered by the 100% relief.

Properties that have closed temporarily due to the Government's advice on the pandemic should be treated as occupied for the purposes of this relief.

Time to pay arrangements

HM Treasury has announced a stepping up of 'time to pay' (TTP) resources and a specific COVID-19 helpline that businesses can call. TTP allows a business to defer current tax debts (corporation/income tax, payroll taxes and VAT, etc) by paying in instalments over a period of three to 12 months.

Deferral of self-assessment payment on account

Those eligible and who are due to pay a self-assessment payment on account by 31 July 2020 may defer payment until 31 January 2021. All taxpayers due to pay their second self-assessment payment on account on 31 July 2021 are eligible; this is an automatic offer with no application required. No penalties or interest for late payment will be charged if payment is deferred until 31 January 2021.

Temporary stay of HMRC enforcement activity

HMRC has announced that it will pause most of its enforcement activity until 1 July 2020, although HMRC will still be an active creditor in new voluntary arrangements and administrations. The stay will apply to enforcement proceedings against all taxpayers.

Applicable existing support schemes

Support for UK businesses trading internationally

For UK businesses that export or deliver goods and services abroad and have been impacted by the pandemic, Government support includes helping smooth customs clearance, offering advice on intellectual property and business continuity issues, and finding alternative suppliers to manage supply chain difficulties. The Government has noted such companies should also be eligible for the various Government finance support schemes announced and also suggests exporters can seek help from UK Export Finance (see Useful links).

Personal protective equipment (PPE) export control process

Economic operators, including manufacturers and distributors, wishing to export PPE goods outside of the EU must apply for a PPE export licence. The following will be taken into consideration when companies apply for a licence: whether the export will threaten the need for PPE within the UK and the EU; whether it would satisfy a legitimate need for official or medical use in the destination country; and whether or not the export is for one or more of the purposes set out in the legislation.

Commercial tenants – protection from eviction and aggressive rent collection

Commercial tenants in England, Wales and Northern Ireland who cannot pay their rent because of the effects of the pandemic will be protected from eviction and no business will automatically forfeit their lease and be forced out of their premises if they miss a rent payment up until 30 June 2020.

The Government announced on 23 April 2020 that high street shops and other companies under strain will be protected from aggressive rent collection and asked to pay only what they can

during the pandemic. The Government will temporarily ban the use of statutory demands and winding-up orders where a company cannot pay its bills due to the effects of the pandemic. Any winding-up petition that claims a company is unable to pay its debts must first be reviewed by the court to determine why and the court will not allow petitions or winding-up orders to be made where the inability to pay is a result of the pandemic. The measures will be included in the Corporate Insolvency and Governance Bill.

The Government is also proposing secondary legislation to give tenants more breathing space to pay rent by preventing landlords using Commercial Rent Arrears Recovery (CRAR) unless they are owed 90 days of unpaid rent.

Extension to file accounts

All businesses registered with Companies House can apply for a three-month extension to their accounts filing deadline. Those companies citing COVID-19 issues will automatically be granted to extension.

Support to suppliers of public authorities

All public authorities, including central government departments, councils, non-departmental public bodies, hospitals, and wider public bodies, have been instructed to keep paying suppliers even if services have been scaled back or are temporarily suspended. In addition, procuring entities have been told to support supplier cash flow via pre-ordering and making immediate payments on receipt of invoices. This will remain in place until 30 June 2020.

Useful links

Further information on the financial supports available to businesses are available at <https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19>

Further information on the CBILS and CLBILS is available at www.british-business-bank.co.uk/british-business-bank-announces-four-new-lenders-under-the-coronavirus-business-interruption-loan-scheme

The Government's business support finder tool is available at www.gov.uk/business-coronavirus-support-finder

Details of the grant funding local authority payments to SMEs are available at www.gov.uk/government/publications/coronavirus-grant-funding-local-authority-payments-to-small-and-medium-businesses?utm_source=19626bc5-193c-4480-a459-dd3fc6236522&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

Details of the current accredited lenders and partners in various regions are available at www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/current-accredited-lenders-and-partners/

Guidance on finance for UK businesses that trade internationally is available at www.gov.uk/government/publications/coronavirus-covid-19-finance-and-insurance-support-for-exporters

B. Impact on the energy and infrastructure sectors

Energy sector

No legislative measures specifically aimed at the energy sector have to date been introduced in the UK as a result of the pandemic.

For the Great Britain (GB) downstream gas and electricity markets, the national regulatory authority, Ofgem, has published a statement to the effect that all regulatory obligations remain in place. At the same time Ofgem has indicated that it would be pragmatic in its approach to compliance with a focus on the protection of consumers from immediate harm, particularly vulnerable customers or where customers are at risk of being cut off from supply. Ofgem is reviewing its overall processes, including how their consultations can be run over the next year, mindful of the limits on consultees and the different priorities that they will be working towards. It has already postponed RII0-2 hearings until further notice, and will publish revised plans in due course.

The Crown Estate has extended the timetable for the current Round 4 of its offshore tender round for new offshore wind projects. The first stage of the invitation to tender opened at the end of March 2020 with the submission window being extended from seven to ten weeks. National Grid, in its function as the Electricity System Operator for GB, has issued a statement to the effect that it has well-developed procedures in place to manage the effects of a pandemic, and has analysed anticipated effects on electricity supply and demand of mass self-isolation of the UK's workforce.

The Low Carbon Contracts Company (LCCC), which administers contracts for difference (CfD) payments, will receive some governmental support due to a forecast of a shortfall in supplier contributions which in turn is due to a drop in electricity demand due to the effects of the pandemic. The LCCC may have to increase the supplier obligation interim levy rate in order to have enough liquidity for CfD generators in June 2020. The department for Business, Enterprise and Industrial Strategy (BEIS) is due to determine the loan amount; the intention is for the LCCC to repay the same in 2021. BEIS may be conducting a consultation on the reduction of liabilities for CfD payments in May 2020 and may introduce the relevant amendments to the regulations by July 2020.

Infrastructure sector

The pandemic has had an impact on the development and construction schedules of energy projects, and some building sites have had to be suspended for multiple causes, including that equipment rental companies are no longer offering their services due to a lack of manpower, subcontractors have returned to their countries, and there is an interruption of the supply of equipment being imported from abroad, particularly China.

The Infrastructure and Projects Authority (IPA) (the Government's Centre of Expertise for Infrastructure and Major Projects) has issued guidance for contractors in public finance initiative (PFI) and private finance (PF) projects. Pursuant to the IPA's Guidance, such contractors are to consider themselves part of the public sector response to the COVID-19 emergency. The PFI supply chain should work together to ensure continued

delivery of public services, and the pandemic is not to be regarded as an event of force majeure for PFI contract purposes.

The Construction Industry Leadership Council has published site operating procedures (SOPs) to ensure safe working on construction sites, and in particular to implement the Government's social distancing policy. These SOPs have, effectively, been endorsed by the BEIS; construction is viewed as a vital driver of the economy and the Government is keen to maintain activity where possible.

With railway passenger usage down by up to 90% due to the pandemic, the Department for Transport has provided train operators carrying out railway passenger services under the franchise regime with the opportunity to transition temporarily to Emergency Measure Agreements (EMA). An EMA will suspend the financial provisions of the relevant franchise agreement and will transfer all revenue and cost risk to the Government. The franchise operator will continue to operate the services for a small fee. A financial support package has also been made available to operators of bus services with a further package set to be provided to tram and light rail networks.

In the water sector, Ofwat has intervened in the non-household retail market in order to improve liquidity for thinly capitalised retailers in what is a relatively immature market. Those interventions have increased the exposure of wholesale water companies (eg, Thames Water) to bad debt risk and Ofwat has indicated that it will introduce measures to cap that exposure. Where water companies struggle to meet their performance commitments as a result of the pandemic, and in consequence are exposed to financial penalties, Ofwat has indicated that it will consider providing relief but only after the event.

Other regulatory and policy issues

It is not possible at this point in time to estimate the mid- or long-term impact of, and the measures to combat, the pandemic on the energy sector. As the situation evolves, it is likely that the energy markets will respond further to existing measures; in particular if the catalogue of restrictive measures is evolving further over a longer period of time. It is therefore possible that, in time, the enforcement of certain competition law rules could be relaxed to facilitate cooperation (eg sharing data between producers on best practice measures) to mitigate the impact of the pandemic. While the energy sector has proven resilient in times past, and there is no suggestion that the sector as a whole is in distress, it is possible that in extremis, a safety net for energy companies may have to be considered to ensure security of supply for a sector that is systemically too important to fail.

COVID-19 response initiatives in the United States

An overview of the COVID-19 response initiative and impact on the United States energy and infrastructure sectors

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A. COVID-19 response investment and support initiative

Overview

On 13 March 2020, President Trump declared a national emergency in response to the COVID-19 outbreak in the United States (US). Since then, the US Government has implemented several measures to address the economic fallout caused by COVID-19. On 16 March 2020, the White House released national guidelines that highlighted the importance of the critical infrastructure workforce during the COVID-19 pandemic. In particular, critical infrastructure industries were advised to continue their normal operations despite COVID-19 restrictions, modified as necessary to comply with the Centres for Disease Control and Prevention (CDC) guidelines.

On 28 March 2020, the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) released its revised Essential Critical Infrastructure Workforce advisory list. Industries identified as critical infrastructure sectors include chemical, commercial facilities, communications, critical manufacturing, dams, defence industrial base, emergency services, energy, financial services, food and agriculture, government facilities, healthcare and public health, information technology (IT), nuclear reactors, materials, and waste, transportation systems, and water and wastewater systems. The list, developed in collaboration with other federal agencies, state and local governments, and the private sector, is designed to assist authorities in identifying their essential workforce as they consider COVID-19 related restrictions. CISA emphasised that the list is 'advisory in nature' and should not be considered the exclusive list of critical infrastructure sectors, workers, and functions that should continue operating during the pandemic. Individual jurisdictions were to identify their own essential workforce categories based on their own requirements and discretion.

On 27 March 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a US\$2.2 trillion economic stimulus package to provide financial and emergency relief to the US economy and industries affected by COVID-19.

Types of support available

Federal agencies

DOE

The DOE's Office of Cybersecurity, Energy Security, and Emergency Response (CESER) is holding regular calls with state and industry partners to discuss preparations, provide awareness, and assess issues that may require federal support, including long-term concerns due to supply chain disruptions. CESER has also advised energy sector partners to be vigilant

about cybersecurity threats, including COVID-19 themed phishing emails and to ensure that the latest cybersecurity guidance is provided to their organisations.

Federal Energy Regulatory Commission (FERC)

FERC announced several response actions to prioritise reliability of US energy infrastructure and to provide the public and regulated entities relief from certain regulatory obligations during the pandemic. On 18 March 2020, FERC and the North American Electric Reliability Corporation (NERC) announced that they are taking steps to ensure that operators of the electric system have the resources necessary to continue their operations. Among other things, they advised all entities that they would consider the effects of COVID-19 as an acceptable basis for non-compliance with certain reliability standards, including obtaining and maintaining personnel certification and certain requirements involving periodic actions. They also advised that regional entities will postpone onsite audits, certifications and other onsite activities at least until 31 July 2020.

On 2 April 2020, FERC announced a number of additional actions, including adopting a policy that FERC will act expeditiously on requests for relief in response to the pandemic, extending certain filing deadlines, and promising to take the emergency into account in evaluating compliance programmes. To facilitate social distancing, FERC also approved a blanket waiver of certain requirements that require entities to hold meetings in-person and to provide or obtain notarised documents.

On 7 April 2020, FERC and the National Association of Regulatory Utility Commissioners (NARUC), sent a letter to the Federal Reserve asking it to extend access to short-term debt financing for electric, natural gas, and water utilities. The letter supported a similar request by the Edison Electric Institute, the American Gas Association, and the National Association of Water Companies.

Environmental Protection Agency (EPA)

On 26 March 2020, the EPA announced a temporary enforcement discretion policy regarding EPA's enforcement of environmental legal obligations during the pandemic. The temporary enforcement policy applies to civil violations that take place during the outbreak and addresses different categories of noncompliance differently. For example, the EPA has advised that it does not expect to seek penalties for noncompliance with routine monitoring and reporting obligations that are the result of the pandemic but does expect operators of public water systems to continue to ensure the safety of drinking water supplies.

On 27 March 2020, EPA Administrator Andrew Wheeler urged governors in all 50 states, territories, and Washington DC to protect drinking water and wastewater operations during the pandemic. Recommendations included ensuring that drinking water and wastewater employees are considered essential workers when enacting restrictions such as shelter-in-place, as well as other steps to support water utilities that provide clean water for drinking and handwashing. The EPA has also provided the gasoline industry with flexibility during this time by temporarily waiving the summer low volatility requirements and blending limitations for gasoline.

Department of Transportation (DOT)

On 13 March 2020, the DOT Federal Motor Carrier Safety Administration (FMCSA) issued an emergency declaration to provide hours-of-service regulatory relief to commercial motor carriers and drivers transporting emergency relief related to the pandemic. On 18 March 2020, FMCSA expanded the declaration to apply to commercial motor vehicle operations providing direct assistance to emergency relief efforts intended to meet needs for, among others, 'immediate precursor raw materials' such as paper, plastic or alcohol, that are required for the manufacture of essential items, and fuel. It also stipulated that direct assistance 'does not include routine commercial deliveries, including mixed loads with a nominal quantity of qualifying emergency relief added to obtain the benefits of the emergency declaration'.

During an energy emergency, energy companies may also obtain regulatory waivers to facilitate the movement of crews, movement of personnel, and restoration of power. The temporary waiver of certain safety, environmental, or statutory requirements can accelerate response and restoration efforts. The DOE maintains a consolidated, categorised library of waivers a governor can request from the federal government if needed to facilitate energy sector response.

Governmental organisations

National Governors Association (NGA)

On 25 March 2020, the NGA provided guidance to governors on how they can best support the energy during the pandemic. The NGA urged governors to consider: (i) ensuring critical energy infrastructure employees can be identified and credentialed in the event of a shelter in place order; (ii) critical infrastructure workers may need priority access to testing, personal protective equipment (PPE), and cleaning supplies; and (iii) waivers for fuel carrier standards and commercial drivers' licences may be needed to move critical utility supplies.

Electricity Subsector Coordinating Council (ESCC)

On 23 March 2020, the ESCC announced that it was coordinating efforts between the electric power industry and the federal government to ensure continued access to electricity during the COVID-19 outbreak. Among other things, the ESCC has established strategic working groups focused on critical issues facing the industry during the pandemic. The current areas of focus include control centre continuity, access to restricted areas, supply chain, mutual assistance, generation continuity, IT/telecommunications, and external messaging.

Useful links

The proclamation on declaring a national emergency concerning the pandemic in the US is available at www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak

The COVID-10 guidelines for America are available at www.whitehouse.gov/briefings-statements/coronavirus-guidelines-america

The advisory memorandum on identification of essential critical infrastructure workers during the COVID-19 response is available at www.cisa.gov/sites/default/files/publications/CISA_Guidance_on_the_Essential_Critical_Infrastructure_Workforce_Version_2.0_Updated.pdf

The full text of the CARES Act is available at <https://files.taxfoundation.org/20200325223111/FINAL-FINAL-CARES-ACT.pdf>

The DOE COVID-19 energy sector response efforts and frequently asked questions are available at www.energy.gov/ceser/articles/covid-19-energy-sector-response-efforts-and-frequently-asked-questions

More on the COVID-19 implications for the EPA enforcement and compliance assurance programme is available at www.epa.gov/sites/production/files/2020-03/documents/oecamooncovid19implications.pdf

The NGA governor guidance on the energy sector during the COVID-19 response is available at www.nga.org/wp-content/uploads/2020/03/COVID-19-Utility-Guidance.pdf

B. Impact on the energy and infrastructure sectors

Energy sector

The CARES Act does not specifically target the energy sector, however several general provisions indirectly benefit energy companies, including:

- US\$454 billion for low interest loans, loan guarantees, and other investments in programmes or facilities established by the Federal Reserve to support eligible businesses operating in any sector;
- US\$221 million in funding to federal agencies to be used towards COVID-19 related operations such as equipment and IT support to improve teleworking capabilities vital to continued operations, which includes:
 - US\$127 million to the US Department of Energy (DOE), US\$99.5 million of which is allocated to the DOE's Office of Science for costs related to equipment, personnel, and operations to support research related to COVID-19;
 - US\$9.1 million to the US Department of Homeland Security (DHS) to address immediate needs for improved interagency coordination for the protection of critical infrastructure nationwide;
 - US\$70 million to the US Army Corps of Engineers to provide additional equipment, licences, and IT support to improve

teleworking capabilities and ensure secure remote access for Corps staff; and

- US\$900 million for payments under the Low Income Home Energy Assistance Program.

Infrastructure sector

The CARES Act includes several provisions specifically aimed at the transportation infrastructure subsector, including:

- US\$58 billion in emergency relief to the aviation industry, which includes up to US\$25 billion in loans and loan guarantees for passenger aircraft, up to US\$4 billion for cargo air carriers, and up to US\$3 billion for airline contractors for the continuation of employee wages, salaries and benefits, as well as a suspension of aviation excise tax on fuel;
- US\$10 billion of grants to airports to be administered by the Federal Aviation Administration (FAA);
- US\$492 million and US\$526 million of grants to the National Railroad Passenger Corporation for activities relating to the Northeast Corridor and National Network, respectively; and
- US\$25 billion of grants for public transit to tribal, state and local authorities, and other operators of public transportation that receive federal transit programme grants.

COVID-19 response initiatives in Uzbekistan

An overview of the COVID-19 response initiative and impact on the Uzbekistan energy and infrastructure sectors

Joel B Benjamin, managing partner, Muborak Kambarova, counsel, and Jamiyla Kaipbergenova, junior associate, all of Kinstellar, Tashkent

A. COVID-19 response investment and support initiative

Overview

In order to immediately respond to challenges caused by the COVID-19 pandemic, the President created a Special Republican Commission (Commission) on 29 January 2020 and appointed the Prime Minister as its chairman. Any decisions taken by the Commission are mandatorily applied for all legal entities and individuals.

On 19 March 2020, several days after the first COVID-19 case was registered in Uzbekistan, the President adopted a Decree on primary measures to mitigate the negative effects on the economy due to the pandemic (Decree No. UP-5969). Decree No. UP-5969 provided for the creation of an Anti-Crisis Fund under the Ministry of Finance in the amount of UZ\$10 trillion (about US\$1.5 billion), the funds for which will be allocated from the State budget and from soft loans attracted from international financial institutions and other sources. The Anti-Crisis Fund will be used to finance the main activities to combat the spread of COVID-19 in Uzbekistan and to support the stable operation of strategic companies of various sectors of the economy.

Decree No. UP-5969 instructs the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan (MIFT) to issue force majeure certificates in accordance with the procedure envisaged by legislation for the period of force majeure event restrictions; such certificates are issued only for foreign economic contracts. On 3 April 2020, the President signed another Decree on additional measures to support the population, sectors of the economy and business entities during the pandemic. Due to the continuous spread of COVID-19 in Uzbekistan, legislation has been under significant continuous strategic transformation, with the changes aimed at immediately responding to arising challenges.

Sectors covered

The Government initiatives aim to support sectors that are most affected by the pandemic, including export/import, finance, healthcare, hospitality and tourism, and real estate. Decree No. UP-5969 also underlines that particular attention must be paid to supporting and ensuring the sustainability of the country's rapidly developing economic sectors, ie the transport, pharmaceutical and textile industries.

Types of businesses covered

The initiatives introduced mainly cover SMEs, State-owned companies and banks.

Types of support available

The Government support announced for businesses includes the granting of interest-free loans by the State to strategic State-owned enterprises, including the energy sector, to ensure timely repayment of loans guaranteed by the Government and also to cover immediate expenses.

Other supports announced include:

- For foreign investors, extending the period for fulfilling investment obligations under relevant investments agreements between the Government and foreign investors on all projects for six months.
- For export and import operations, creating an operational centre to ensure expedited passage of goods through the border, uninterrupted customs clearance, and the issuance of relevant permits for exported and imported goods. Other initiatives for export and import operations include:
 - a mechanism introduced from 1 April 2020 for customs clearance of imported food products in an expedited manner, including issuance of permits before goods arrive in Uzbekistan;
 - suspending penalties for delayed (outstanding) payment under foreign trade contracts until 1 October 2020;
 - exporting goods without a guarantee payment where the sum of outstanding receivables does not exceed 10% of the total export cost for the reporting year;
 - allowing a once-off application for the import of technological equipment and raw materials in exchange for the repayment of overdue receivables on foreign trade operations throughout 2020; and
 - establishing, until 31 December 2020, zero rates of customs duty and excise tax on the import of 20 categories of goods, including food, hygiene products and ventilation devices.
- For financial stability in the private sector, the provision of revolving loans to replenish working capital and, until 1 October 2020, the deferral of payments amounting to UZ\$5 trillion (about US\$500 million) to commercial banks under loans (without applying penalties) granted to tour operators, entities operating in the hospitality, transportation, and logistics sectors, and also legal entities facing difficulties due to limitations on foreign trade operations. Other private sector supports include:
 - not imposing penalties on deferred credit debts and not directing collection via loan collateral;
 - extending the deadline for final payments on loans until 1 October 2020;

- taking measures to create a system for remote consideration of applications for deferred payments on loans; and
- permitting, until 1 October 2020, annual general meetings of shareholders following the results of 2019, as well as permitting meetings via video conferencing.
- For rental payments on State-owned property as of 24 March 2020, catering enterprises, training centres, centres of physical education, sports, tourism and other areas that use State-owned facilities on a rental basis and whose activities were suspended by the decision of the Commission will cease rental payments.
- Until 1 November 2020, legal entities facing financial difficulties due to the pandemic will not be declared bankrupt.
- For the healthcare sector, the measures announced include:
 - an exemption for medicines, medical equipment and other necessary goods imported into the country from customs duties and value added tax (VAT);
 - providing medical and other institutions with medicines and medical devices, protective drugs and test systems necessary to combat the spread of COVID-19; and
 - constructing, repairing, reconstructing and equipping medical and other institutions involved in the detection, prevention and treatment of infectious diseases.

Additionally, visas for foreign citizens in Uzbekistan are now automatically extended until 5 May 2020.

Eligibility

Newly enacted legislative acts have not to date provided an exhaustive list of the eligibility criteria for the announced supports, however it is clear that all Uzbek registered legal entities will be eligible for such support. Foreign investors having investment agreements with the Government may rely on the six-month deferral period for fulfilling investment obligations on all projects.

Access

In a number of cases, the legislation is silent on the procedure for legal entities to seek access to the announced support. The practical approach would therefore be for each legal entity to contact the relevant government body, which will then make a decision on providing such support on a case-by-case basis.

For some supports, access is through direct application to the appropriate authority, for instance, to access the six-month deferral for legal entities in paying taxes on property, land and for the use of water resources, a taxpayer must submit a written application and decisions are based on a written conclusion of the heads of regional subdivisions of the Ministry of Economy and Industry, and Ministry of Finance. To take advantage of the exemption not to pay rent from 24 March 2020 for the use of State-owned facilities, entrepreneurs can contact the State Asset Management Agency and its territorial departments, as well as regional commissions. For payment holidays and other support measures, based on the recommendations of the Central Bank of Uzbekistan, banks of Uzbekistan began to provide borrowers with such payment holidays and other such support measures and almost all banks mentioned that they would not charge fines for late payment of interest. Cases are determined by each bank on a case-by-case basis of a

borrower's application/appeal for payment holiday support or similar.

Ease/speed of access

Existing legislation is silent on the time limits in which the various supports should be provided. Speed of access mostly therefore depends on the ability of state bodies as well as commercial banks to process and issue decisions on requests received.

Period of support

The current timeframe depends on available support, however in most cases it is six months.

Tax support and impact

Tax support is divided into different categories with different timeframes and include:

- For entrepreneurs engaged in the tourism and hospitality sector:
 - an exemption from payment of land and property taxes until 31 December 2020; and
 - a decrease in the rate of social tax from the current rate of 12% to a rate of 1%.
- For legal entities:
 - until 1 January 2021, a cessation of tax audits, excluding tax audits initiated in the context of a criminal case or liquidation of the legal entity;
 - until 1 October 2020, a cessation of penalties on property, land and use of water taxes, and the tax authorities will not collect delayed payments; and
 - a six-month deferral is granted on payments of property, land and water use taxes.
- From 1 April 2020 to 1 October 2020:
 - payments by entities engaged in the wholesale of alcohol products to be decreased from 5% to 3%; and
 - payment for the right to sell alcohol products by retailers to be decreased to 25% from the established rate.
- From 1 April 2020 to 1 July 2020, cessation of payments of tourist levies.
- From 1 April 2020 to 31 December 2020, calculating and paying VAT on a quarterly basis if the turnover on the sale of goods (services) does not exceed UZS1 billion per month and such payers use electronic invoices.
- As of 1 April 2020, the mandatory requirement of 100% prepayment by legal entities for gas and electricity supply to be decreased from 100% to 30%.

Useful links

The National News Agency of Uzbekistan (UzA) is the state source of official information and the leading news agency of the republic and is available at <http://uza.uz/en>

B. Impact on the energy and infrastructure sectors

Energy sector

The pandemic has negatively affected the energy sector. In the past couple of years a number of investment agreements have been signed with foreign investors in energy and oil and gas, and these projects will need to be paused until the opening of borders for people and transportation of goods.

Infrastructure sector

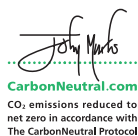
Similar to the energy sector, the pandemic has negatively affected the infrastructure sector and projects that have been entered into over the past couple of years will need to be paused until borders reopen.

Other regulatory and policy issues

Decree No. UP-5969 instructs the MIFT to, within two weeks of the decree being issued, make proposals for additional measures to support the initiators of investment projects experiencing the effects of COVID-19 related issues in global production chains, transport and logistics systems and trade relations. In addition to the measures aimed to support businesses and the economy, the Commission has adopted a number of decisions to prevent the spread of COVID-19. From 24 March 2020, only markets, grocery stores, pharmacies, outpatient clinics, hospitals, banks and other essential services have remained open. Moreover, residents can only leave their homes to buy food or medicine. Such restrictions do not apply to employees of state and public organisations performing their duties. Everyone who goes outside is required to wear protective masks and violation of this rule is punishable by fines. All employers are obliged to facilitate working from home for all employees for whom such work can be organised.

From 16 March 2020 to 20 April 2020, Uzbekistan closed air and road communications with all foreign countries. However, the State Customs Committee provided assurances that the suspension of the transportation of export-import goods is not expected. Following the suspension of all international transport, the Ministry of Transport reported that from 27 March 2020, interregional traffic for all types of vehicles (cars, buses, air and rail) will be stopped with the exception only of vehicles intended for freight traffic. In addition, from 30 March 2020 to 20 April 2020, the use of vehicles for personal purposes in Tashkent city is not permitted, however, this ban does not apply to cars on diplomatic missions, emergency services, representatives of city and district administrations, delivery services, trucks and special vehicles that carry passengers. Such vehicles will however only be able to move where they hold special permits (stickers) issued by public service centres.

From 6 April 2020, citizens living in Tashkent, Nukus and regional centres can only leave their homes to visit a doctor, place of work, pharmacies, grocery stores and shops for essential goods located near the place of residence. In addition, while moving within the streets, as well as, for instance, visiting grocery stores, the two-metre distance from others rule must be maintained. The regime of self-isolation has been extended to 10 May 2020.



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