

Rödl & Partner

Coronavirus (COVID-19)

Status update | Nordic-Baltic region
13.8.2020



Content

1.	Denmark	4
1.1	Direct business support	4
1.2	Contracts, debts and civil law	7
1.3	Regulatory response	8
1.4	Working	9
1.5	Contact in Denmark	10
2.	Estonia	11
2.1	Direct business support	11
2.2	Contracts, debts and civil law	12
2.3	Regulatory response	13
2.4	Working	16
2.5	Contact in Estonia	17
3.	Finland	18
3.1	Direct business support	19
3.2	Contracts, debts and civil law	20
3.3	Regulatory response	20
3.4	Working	22
3.5	Contact in Finland	24
4.	Latvia	25
4.1	Direct business support	25
4.2	Contracts, debts and civil law	28
4.3	Regulatory response	29
4.4	Working	31
4.5	Contact in Latvia	32

Content

5.	Lithuania	33
5.1	Direct business support	33
5.2	Regulatory response	38
5.3	Working	40
5.4	Contact in Lithuania	41
6.	Sweden	42
6.1	Direct business support	42
6.2	Contracts, debts and civil law	43
6.3	Regulatory response	44
6.4	Working	45
6.5	Contact in Sweden	46
7.	Rödl & Partner in the Nordic-Baltic Region	47

1. DENMARK

Latest news:

- The Danish government has decided to extend the period of compensation for companies extraordinarily affected by COVID-19. If the company is restrained by certain governmental prohibitions it is now possible to obtain compensation for up to 80 percent of fixed cost in the period of 9 July to 31 August.
- Due to increased numbers of COVID-19 cases the final phase of the re-opening scheduled for start-up the 8 August has been partially postponed and the ban of public gatherings above 100 persons is not expected to be lifted.

Country overview:

1.1 Direct business support

- Sick leave due to COVID-19
- Salary-compensation
- Compensation for self employed
- Compensation for fixed costs
- Other government measures

The Danish government has decided on several measures to provide financial support to Danish employers to counter impending layoffs. Some measures have already entered into force, others are currently still in the legislative process:

PAYMENT OF WAGES FOR SICK LEAVE DUE TO COVID-19 INFECTION OR ORDERED QUARANTINE

If employees are sick due to an infection with the Sars-CoV-2 virus the employer is entitled to reimbursement of daily sickness benefits from the first day of sickness.

The reimbursement of wages is applicable to the state daily sickness benefit rate. This is currently approximately 14.300 DKK a month. Salary that exceed this amount are borne by the employer.

This right to reimbursement applies to employees who are on sick leave due to an infection with the virus, as well as to employees who have been quarantined by the doctor.

The law applies retrospectively from 27 February 2020 and until 1 January 2021. Refunds are made through the online portal www.virk.dk.

Furthermore, persons in the special risk group for COVID-19 and their relatives are guaranteed the right to sickness benefit if, after agreement with their employer, they will stay home from work during the reopening of Denmark if it is considered too risky to attend work. These persons will in other words receive pay or sickness benefit until 31 August 2020. Employers will receive sickness benefit reimbursement throughout the period. The new rules include persons in the special risk group or relatives of persons in the special risk group, for whom it

Rödl & Partner

is not possible to organize the workplace so that work is not considered a risk to the person and where working from home is not possible.

POSTPONE HOLIDAY

Companies may postpone holidays for the current holiday year as well as the shortened holiday year based on individual agreements or its own decision, to be taken in the following holiday year. The temporary changes to the Holiday Act will provide better flexibility for companies currently experiencing critical demand for staff.

According to these temporary rules, the right to postpone holidays is as follows:

- Holidays to be held in the 2019/2020 may be postponed to the shortened holiday year from 1 May 2020 to 31 August 2020.
- Holidays to be held in the shortened holiday year may be postponed to the subsequent period from 1 September 2020 to 31 December 2021.

The right to postpone holidays requires the existence of unpredictable circumstances beyond the control of the company, e.g. where the company is affected by several cases of sickness or quarantine among its employees because of COVID-19.

SALARY-COMPENSATION FOR COMPANIES THAT ARE FACING DISMISSAL OF EMPLOYEES

The Danish government together with the Danish labour market parties (unions and employer associations) agreed on a fixed-term compensation scheme to companies that suffer from lack of work to counter impending layoffs in the private sector.

Employers who would have to lay off more than 30 percent of their workforce or more than 50 employees due to lack of work or other corona-related consequences can receive a state salary compensation for a maximum of four months if, in return, they commit to not terminating any employees and instead send the employees home during the period while continuing to pay full salary.

The following state salary compensation can be applied for:

- For full-time employees up to 75 percent of the salary, max. however, 30.000 DKK a month.
- For hourly-paid employees up to 90 percent of the salary, max. however, 30.000 DKK a month.

Employees are not allowed to work during the period for which compensation is requested. In addition, 5 days of vacation or time of in lieu for overtime work or 5 days without salary are deducted for each employee who compensation is applied for.

The application for salary compensation from 9 March to 8 July 2020 is open for applications only until **20 September 2020**. The regulation applies for the period from 9 March 2020 to 29 August 2020.

Compensation is applied for via the online portal www.virk.dk.

COMPENSATION FOR SELF-EMPLOYED

Self-employed who started their business no later than 9 March 2020 and have had a turnover of min. 10.000 DKK a month in a preceding period of minimum 3 months and expect a revenue loss of minimum 30 percent, can receive financial compensation corresponding to 90 percent of the expected revenue loss.

However, the compensation amounts to a maximum of 23.000 DKK per month. In order to receive compensation, it is a requirement that:

Rödl & Partner

- The self-employed has minimum 25 percent ownership of the company,
- There is a maximum of 25 employees employed in the Company,
- The company is registered in the Danish Business Register (CVR-register)
- The company must have been established by 9 March 2020.

A compensation scheme has also been introduced for self-employed without a CVR-number who, as a result of COVID-19, expects a loss of income of at least 30 percent and who have had a turnover of min. 10.000 DKK a month in a preceding period of minimum 3 months. The self-employed can receive 75 percent of the expected B-income loss, however a maximum of 20.000 DKK per month.

It should be noted that the self-employed person's personal income must not exceed 800.000 DKK in 2020.

Compensation for lost revenue from 9 March 2020 to 8 June or 8 July 2020 must be applied for no later than 31 August 2020. Whereas compensation for lost revenue from 9 July to 8 August must be applied for no later than 30 September 2020.

COMPENSATION FOR FIXED COSTS

The Danish government introduced a fixed cost compensation scheme where companies expecting a revenue decline of minimum 35 percent during the period from 9 March – 8 July 2020 can be reimbursed for documentable fixed expenses, including, for example, rent, contract-related expenses (leasing), etc.

The following fixed costs compensation is planned:

- 80 percent if the revenue decline has been between 80-100 percent
- 50 percent if the revenue decline has been between 60-80 percent
- 25 percent if the revenue decline has been between 35-60 percent

Companies who are required to be fully closed due to a ban will be compensated during this period, corresponding to 100 percent of the fixed costs.

Maximum compensation with regard to the fixed cost compensation scheme is 110 million DKK per company. It should be noted, however, that with the payment of compensation of more than 60 million DKK, no dividends may be paid or share purchases concluded in the financial years 2020 and 2021.

However, no compensation can be applied for if the fixed expenses are less than 12.500 DKK each month during the compensation period. The regulation applies for the period from 9 March 2020 to 8 July 2020.

Compensation is applied for no later than **30 September 2020** via the online portal www.virk.dk.

COMPENSATION FOR FIXED COSTS FOR COMPANIES SUBJECT TO RESTRICTIONS

Companies afflicted by the governmental provisions such as prohibition of opening, assembly bans, closing of borders and the Foreign Ministry's travel guide can in the period between 9 July to 31 August 2020 apply for compensation. Compensation is granted only if the company has suffered a loss of more than 35 percent in turnover. The compensation can constitute up to 80 percent of the fixed costs, but not more than DKK 30 mio. in total.

The deadline for applying is the 30 September 2020 and is done via the online portal www.virk.dk.

COMPENSATION FOR ORGANIZERS

Organizers who have suffered loss of income due to the state ban on events can receive compensation that covers the loss of income from various sources, e.g. ticket sales, fees for artists, sales of food and beverages and merchandise.

The regulation applies to events that should have taken place between 6 March and 31 August 2020 and should have more than 350 participants. However, the compensation must not lead to a profit.

Compensation is applied for no later than 31. December 2020 via the online portal www.virk.dk.

1.2 Contracts, debts and civil law

GOVERNMENT MEASURES TO SUPPORT THE ECONOMY

- Temporary suspension of the wage tax period by 4 months
- Temporary suspension of the VAT payment deadline
- State guarantees for existing or new entrepreneur loans from Danish banks
- Compensation for organizers with events of over 1.000 people that are cancelled
- Extended access to export credits
- Public purchases that support companies
- State guarantee for the travel guarantee fund
- Extended loan options for students

Documentation requirements for the above-mentioned aid packages are extensive and some require, among other things, an independent declaration by an auditor. Various documents and information can be found on the online portal for Danish companies, however, in Danish only.

VAT PAYMENTS

For companies with an annual turnover of over 50 million DKK / 6.71 million euros and who report and pay VAT monthly, the payment deadline is postponed by one month.

The following applies to companies with an annual turnover of less than 50 million DKK / 6.71 million euros:

	Reporting period	Normal payment deadline	New payment deadline
Monthly reports Annual turnover of over DKK 50 Mio.	Monthly	Monthly	Deadline is postponed by one month
Quarterly reports Annual turnover of over DKK 5 Mio.	First quarter of 2020	2 June 2020	1 September 2020
Half-yearly reports Annual turnover of less than DKK 5 Mio.	First half of 2020	1 September 2020	1 March 2021 (together with the deadline for the second half of 2020)

The registration deadlines for VAT is unchanged.

Negative sales tax can be reported after the end of the reporting period and payment is normally made three weeks later.

Rödl & Partner

INCOME TAX AND LABOR MARKET CONTRIBUTION

The payment period for income tax and labour market contribution was postponed by four months each for April, May and June. The reporting deadlines for the electronic income tax system are unchanged.

For employees who report their income tax themselves or are self-employed (so-called B tax), payment deadlines have been postponed as follows the rate of 20 April 2020 has been moved to 22 June 2020. The rate of 20 May 2020 has been postponed to 21 December 2020.

If it is already clear that the income will change significantly, the expected income in the electronic advance tax return can be reduced accordingly, so that the future tax rates will be lower.

POSTPONEMENT OF THE DEADLINE FOR TAX RETURN

The deadline for submitting all tax returns for the 2019 income year has been postponed to 1 September 2020. The postponement applies to all those who are obliged to declare, i.e. for:

- Salaried workers who receive an annual tax return with the normal deadline being 1st of May,
- Self-employed and people with foreign income who normally have to submit a declaration by 1 July, and
- Companies and other legal entities that normally have to submit their declaration for the 2019 financial year on 31 March 2020 or later.

The postponement of the deadline is therefore of importance for companies and other legal entities whose financial year ends in the period from late September 2019 to February 2020.

POSTPONEMENT OF THE DEADLINE FOR ANNUAL REPORTS AND ORDINARY GENERAL MEETING

According to the previous legal situation, annual reports must be submitted no later than the end of the fifth month after the end of the financial year. Failure to meet the deadline can result in administrative fines and ultimately the forced liquidation of the company.

The submission of the annual report was postponed by 3 months for all companies whose financial year ends in the period from 31 October 2019 to 30 April 2020. For the majority of companies, this means that the annual report must be reported to the Danish Business Authority no later than 8 months after the end of the financial year.

The companies are also given the opportunity to derogate from the statutory requirements for holding an ordinary general meeting at a specific time, as well as the possibility of holding a full electronic general meeting, even if the company does not have a specific provision in the articles of association allowing this.

LEAD | Rödl & Partner will be happy to support you - we will advise you to find the right measures for you, prepare the necessary documents and declarations and help you apply for the relevant state compensation.

1.3 Regulatory response

- Traveling
- Business closure

Rödl & Partner

TRAVELING

With effect from 27 June, the Government introduced a new model for opening borders and facilitating travel guides for countries in the EU and Schengen areas as well as the UK. The Danish government therefore, decided to split countries up in either quarantined countries or non-quarantined countries.

The quarantined countries include: **Countries outside the EU and Spain.**

An exception has been made for the following countries: Australia, Canada, Japan, New Zealand, South Korea **Georgia, Tunisia, Uruguay** and Thailand. If you are travelling from a quarantined country, you need an acknowledgeable reason for travelling to Denmark. This reason could be work related, vacation related or family matters. You are required to document your stay in Denmark, e.g. employment contract, booking confirmation or a written declaration stating a relationship. Furthermore, you need a documentation for a negative COVID-19 test that is not older than 72 hours.

When travelling from open countries you still need an acknowledgeable reason to enter, unless you reside in the border areas in Germany and Sweden. There is still a requirement of 6-day accommodations for tourists in Denmark.

BUSINESS CLOSURE

Meetings of more than 100 people are prohibited.

The said measures will continue to apply until 31 August 2020.
Furthermore, larger events, e.g. festivals are prohibited until 31 August 2020.

1.4 Working

- Home office
- Flexible working hours
- Short-time work

REMOTE WORK FOR PUBLIC SECTOR

The government has ordered that public employees can return to work.

REMOTE WORK FOR PRIVATE SECTOR

Most employees are working from the office again.

SHORT-TIME WORK (KURZARBEIT)

Short time work is most often used for employees bound by a collective agreement and can only be established with the consent from both unions and employer organization. Employees not bound by a collective agreement may enter into an agreement with the employer in order to establish short-time work. However, please note that employees not bound by a collective agreement must agree to short-time work. Should only 1 employee not agree hereto, short-time work cannot be established for any employees of the company.

Following short-time work is possible:

- Working hours can be reduced by at least 2 full days per week
- Working hours can be 1 week of full-time work followed by 1 week of unemployment
- Working hours can be 2 weeks of full-time work followed by 1 week of unemployment

Rödl & Partner

- Working hours can be 2 weeks of full-time work followed by 2 weeks of unemployment

In general, short-time workers partially receive unemployment benefits from their unions (A-kasse) on those days they are unemployed.

1.5 Contact in Denmark



Alexandra Huber
LEAD I Rödl & Partner
alexandra.huber@lead-roedl.dk
M +45 4445 5000

2. ESTONIA

Latest news:

- The government has renewed the quarantine requirements until 30 September 2020 applicable to people diagnosed with COVID-19 and people living with them or permanently staying in the same place of residence.
- Since several new COVID-19 outbreaks have occurred in Tartu and Tartu County a restriction on the sale of alcohol in catering and entertainment establishments in Tartu County was introduced as of 7 August. The retail sale of alcohol in catering and entertainment establishments in Tartu County is suspended from 11.00 pm to 6.00 am. The appropriateness of the restriction will be assessed after two weeks and, if not renewed, it will expire on 31 August.
- The Ministry wants to provide additional support to the organisers of large musical events and to support the film industry. The exact terms of the new funding rounds have yet to be worked out.

Country overview:

2.1 Direct business support

GOVERNMENT MEASURES

The government measures established to support the Estonian working people and economy in the emergency situation, in total of two (2) billion euros which accounts for almost 7 percent of GDP, include, in addition to the subsidy of the Unemployment Insurance Fund, the following:

- From the supplementary budget of 2020, the Rural Development Foundation offers loan guarantees and loans to the agricultural and food sector and rural entrepreneurs, which will help alleviate the economic difficulties caused by the spread of the coronavirus. The total amount of measures is 200 million euros.
- The maximum amount of a COVID-loan issued by the Rural Development Foundation without a co-borrower is 1,000,000 euros. When applying for a loan that exceeds 1,000,000 euros, the loan applicant must find a credit or financial institution that, together with the Rural Development Foundation, will lend the amount in excess of 1,000,000 euros. Together with the credit or financial institution, the maximum amount of the loan issued by the Rural Development Foundation is 2,000,000 euros.
- Contributions to the mandatory pension fund of the 2nd pension pillar by the state (4 percent) will be suspended from 1 July 2020 to 31 August 2021. The payment of contributions by the obligated persons/employees (2 percent) shall continue. As an exception, the payment of the pension scheme 2 percent + 4 percent will continue in case of persons born between 1942 and 1960. In October 2020, the obligated persons can submit an application to waive also

the payment of their share of funded pension payments (2 percent) for the period from 1 December 2020 to 31 August 2021.

The deadline for submitting applications was in May 2020 and the grants have now been disbursed. However, on 7 August, the Ministry of Culture announced that in the near future there will be additional funding rounds. One of them will definitely deal with the field of folk culture.

In addition, the Ministry wants to provide additional support to the organizers of large musical events and to support the film industry. The exact terms of the new funding rounds will be worked out and the applicants will be informed.

SUPPORT MEASURES PROVIDED BY STATE-OWNED FINANCIAL INSTITUTION KREDEX

Exceptional loan guarantee to relax the repayment schedules of existing bank loans and to issue new loans: If the bank relaxes the repayment schedule for an existing bank loan not backed by KredEx or is willing to issue a new loan to the undertaking, KredEx will give its guarantee to that loan.

Extraordinary loan: If banks are no longer financing undertakings, KredEx will, if necessary, provide the undertaking with an extraordinary working capital loan to overcome the liquidity problems caused by the coronavirus outbreak or an investment loan to take advantage of the new business opportunities created by the coronavirus outbreak as well as other new business opportunities.

Additional guarantee fund for the provision of loan guarantees: While the maximum guarantee amount for KredEx thus far was 2-5 million euros, depending on the nature of the project, the maximum guarantee amount for all projects will now be raised to 5 million euros.

PRODUCT DEVELOPMENT SUPPORT

Enterprise Estonia also provides companies product development support to encourage entrepreneurs invest more in their development activities in developing new competitive products and services. The maximum share of support provided under the support measure is 75 percent of the cost of a project in case of companies affected negatively by COVID-19.

2.2 Contracts, debts and civil law

SPECIAL MEASURES TO SUPPORT ENTREPRENEURS IN TALLINN

The government of Tallinn approved aid measures for the city's business sector to manage the negative effects of COVID-19. The aid measures are primarily targeted at businesses that have a contractual relationship with the city of Tallinn or have a big impact on the city's activities:

- The bills of services provided, and goods received will be paid within 10 calendar days until 31 December 2020, instead of the usual 21 or 30 calendar days, in order to improve the cash flows of the companies. The city shall also waive contractual sanctions in the event of difficulties that occurred due to the emergency situation when fulfilling the order or delivery, the deadlines shall be extended by a reasonable time. If possible and necessary, payments in long-term contracts can be spread on a wider period of time;
- The government of Tallinn has also decided to reduce advertising tax by 50 percent from 1 April 2020 until 30 September 2020, as the market of outdoor advertising has come to a standstill. Advertisements on the contracts for the use of the building spaces put out for the purpose of advertising and information display are exempted from paying rent;

- The costs of cancelled conferences, cultural and sporting events will be reimbursed to the extent that the company has already paid for them. The decision affects companies that have applied to the city for partial support for the event, have received the support, but have been forced to either cancel or postpone the event due to an emergency situation.

The measures are planned to last for three months or until the end of the year depending on the specific measure. The impact of the business support package on the city budget can reach up to 4 million euros.

GOVERNMENTAL MEASURES WITH REGARD TO THE SUPPLEMENTARY BUDGET FOR 2020

On 15 April, the Riigikogu approved the draft supplementary budget for 2020. This is the largest aid package to the Estonian economy ever, providing support to the people and businesses most affected by the crisis. The measures are aimed at mitigating damage, stimulating the economy and accelerating the way out of the crisis. The aid package includes among other measures the following:

- Support for rural entrepreneurship through the Rural Development Foundation – 200 million euros;
- Capital support for micro and small enterprises through Enterprise Estonia – 10 million euros;
- Support for companies in the tourism sector through Enterprise Estonia – 25 million euros;
- 25 million euros has been allocated to support culture and sport;
- Support for intervention buying of shares in strategic companies or for increasing the capital of state-owned companies – 300 million euros.

On 27 April, the Government approved the regulations necessary for the implementation of the COVID-19 supplementary budget. State support will only be granted if the applicant has no national tax arrears before 12 March 2020 or they have been deferred. Also, the applicant may not have un-submitted tax returns or annual reports which have not been submitted by the due date.

DATE OF SUBMISSION OF ANNUAL REPORT

On 18 May the Parliament of Estonia passed a law extending the submission of annual report 2019 of all legal persons to 31 October this year. The law also extends the possibilities to organize electronic meetings for legal persons and thereby simplifies the decision-making process for companies.

2.3 Regulatory response

- Travelling and movement
- Conducting of business
- Export

RESTRICTIONS ON BORDER CROSSING

The emergency situation came to an end on 17 May, but restrictions on border crossing still apply for foreign nationals and in some cases a 14-day restriction on freedom of movement applies to those entering Estonia. Entry into Estonia is allowed without a quarantine requirement to the following persons who have no symptoms of COVID-19:

- People with Estonian citizenship or Estonian residence permit or right of residence or people whose permanent place of residence according to the population register is in Estonia;

Rödl & Partner

- Foreigners with diplomatic immunity and privileges, persons serving in military units of NATO countries, service personnel and their family members;
- Foreigners who are directly involved in the transport of goods and raw materials, including the loading of goods or raw materials;
- People who provide health care services or other services necessary for resolving an emergency situation;
- Foreigners directly involved in the international carriage of goods or passengers, including crew members, and persons engaged in repair, warranty or maintenance work;
- Foreigners who serve travel groups and are directly involved in the provision of passenger transport services;
- Foreigners whose purpose of arrival in Estonia is related to ensuring the continuity of a vital service;
- Foreigners whose arrival in Estonia is related to the maintenance, repair, warranty work or information and communication technology work of a company operating in Estonia, if this is necessary for the operation of the entity;
- Persons who have a special permit to enter the country.

On 6 July, the government decided to open the Estonian border for foreigners from countries outside the EU with low infectivity rate (list of countries on the website of the Ministry of Foreign Affairs). Foreigners arriving from these countries or who are in transit through EU countries in which there have been less than 16 COVID-19 cases per 100,000 inhabitants are not subject to the 14-day restriction on freedom of movement.

From 1 June, persons arriving from a member state of the European Union or the Schengen Area or the United Kingdom of Great Britain and Northern Ireland may enter Estonia, provided that they have no signs of illness and have stayed in those countries during the previous 14 days. A 14-day restriction on freedom of movement (and not a quarantine as stipulated before June 11) is required upon arrival in Estonia, if a person arrives from a country where the number of COVID-19 cases per 100,000 inhabitants in the last 14 days is more than 15. This restriction is not necessary when arriving from a country with a lower number of cases. The restriction of freedom of movement is applied during the latent period of infection, or 14 days. This means a prohibition on leaving the place of residence or permanent residence, except on the instructions of a healthcare professional or a police officer or in the event of an emergency endangering a person's life or health. People can also leave home to receive healthcare services or if it is not possible to obtain food, basic necessities, or medicine in any other way.

Information about countries and the COVID-19 situation is updated on websites <https://kriis.ee> and <https://vm.ee>.

MEASURES TO BE APPLIED IF DIAGNOSED WITH COVID-19

The government has renewed the quarantine requirements applicable to people diagnosed with COVID-19 and people living with them or permanently staying in the same place of residence, with a new term of 30 September 2020.

A person infected with coronavirus must remain at home from the moment he or she is diagnosed until recovery. The infected person may leave home or place of stay only on the order of a health care professional or the police or in an emergency that endangers the life or health of the person.

A family member of a person diagnosed with COVID-19 who does not have any symptoms of coronavirus may leave his or her place of residence or stay, carrying an identification document, only in the following cases:

- For performance of their duties, in the case of health professionals or other person providing public services or other emergency services;

Rödl & Partner

- For the purchase of essential supplies for daily living, provided that they are procured in the vicinity of the place of residence or stay, and if not otherwise possible;
- Leaving the place of residence or place of stay is permitted for a person who has no contact whatsoever with the person infected with COVID-19;
- For staying outdoors.

In the event of non-compliance with the movement restrictions, the police shall issue a precept and if that measure proves to be unsuccessful, a penalty of up to 2.000 euros shall be applied.

RESTRICTIONS IN BUSINESS AND ENTERTAINMENT

In shopping centres all shops and services, including catering facilities, may be open if they guarantee the availability of disinfectants for both employees and clients and follow the dispersion requirement (effective from 19 June instead of the 2+2 rule).

- As of 1 June, the service provider has to ensure that the following rules are observed:
 - dispersion of people,
 - the requirement for 50 percent capacity, and
 - the requirement for disinfection

This applies to entertainment establishments (bowling, billiards, playrooms for children) saunas, spas, swimming pools and water centers as well as to meetings, casinos, and arcades.

From 15 July, in case of public events such as cinemas, theatres, concerts, conferences, fairs and festivals, the organiser of an event must ensure the compliance with the following requirements:

- dispersion of people;
- disinfectants;
- indoors: a capacity rate of 50 percent, but not more than 1500 people;
- outdoors: not more than 2000 people.

As of 1 August, nightclubs, hookah cafes and adult clubs **have to ensure the following:**

- the dispersion of those present,
- a capacity rate of 50 percent,
- compliance with disinfection requirements.

Since several new COVID-19 outbreaks have occurred in Tartu and Tartu County a restriction on the sale of alcohol in catering and entertainment establishments in Tartu County was introduced as of 7 August. The retail sale of alcohol in catering and entertainment establishments in Tartu County is suspended from 11.00 pm to 6.00 am. The appropriateness of the restriction will be assessed after two weeks and, if not renewed, it will expire late on 31 August.

PEOPLE-TO-PEOPLE DISTANCE

From 19 June, the 2+2 rule was replaced by a dispersion requirement: a safe distance from others must be maintained, both indoors and outdoors. However, it is recommended to follow the 2+2 rule which means that it is advisable to continue to move in groups of 2 people or in families in public places and to keep a distance of two meters with other people where this can be done reasonably.

EASE OF RESTRICTIONS IN THE FIELDS OF CULTURE, EDUCATION AND SPORTS

All cases of easing the restrictions may only be implemented if the risk of infection is managed with special conditions.

Rödl & Partner

- Culture: From 11 May, museums and exhibition halls could reopen their indoor premises and exhibitions in open-air museums and outside premises for visitors, provided that compliance with the special requirements such as dispersion of people, use of disinfectants and rules regarding hygiene is guaranteed.
- Education: Similar to public events, certain requirements also apply to basic schools, upper secondary schools, vocational schools and colleges, advanced training institutions, open youth centres, with the exception of the organization of research and development activities of universities and research institutes.

As of 1 August, the following requirements apply for activities in the educational and hobby education institutions:

1. the dispersion requirement **and the disinfection requirement** must be observed;
2. indoors 50 per cent capacity requirement, but no more than 1500 people.

- Sport. Outdoors: It is allowed to engage in sports, train, organize sporting and training events, if
 1. the dispersion requirement is followed;
 2. **the compliance with the disinfection requirement is ensured.**

As of 1 August, sports competitions with spectators are allowed, if the organizer ensures that

1. the dispersion requirement is observed by spectators;
2. disinfectants are provided.

- Sport. Indoors: As of 15 July, it is allowed to hold indoor sports competitions with spectators, if the organizer ensures that:
 1. the dispersion requirement is observed;
 2. disinfectants are provided;
 3. indoors 50 per cent capacity requirement, but no more than 1500 people (competitors and spectators altogether), even if the room capacity is greater.

2.4 Working

- Home office
- Flexible working hours
- Short-time work

Workplaces must provide a safe work environment, by using disinfectants, by ventilating and cleaning up the working rooms, by reducing the physical contact of employees (e.g. working in shifts) etc. The suggested solution is to enable the employee to work remotely from home. If this is not possible, both sides must reach an alternative agreement.

If the employee is unable to work because the employer does not arrange work, the employer is required to pay the employees average salary.

Both parties must reach a mutual agreement in regard to unpaid leave. If the employee does not agree to unpaid leave, while the employer does not permit the employee to enter the premises, the employer is required to pay the employees average salary. In addition, it is possible to agree to use mandated annual leave.

Employer and employee can agree on a change of the conditions of the work contract. For example, they can agree that while the employee is at home and doesn't work, he will be paid a lower salary than agreed in the original work contract. However, the employer can't do it unilaterally, but only in agreement with the employee.

Rödl & Partner

The spread of Coronavirus is one of the circumstances that allow the employer to reduce the workload and salary costs of the employee for three months unilaterally according to § 37 of the Employment Act, if paying the agreed salary is an unreasonably heavy burden for the employer. As determined by the Government of Estonia it is permitted to reduce the salary to the minimum wage (584 euros per month or 3.48 euros per hour).

RESTRICTIONS ON FOREIGN WORKERS

On 4 May, the President of Estonia promulgated the law amending 33 laws which was passed by the Riigikogu on 20 April.

As a part of the law, the Aliens Act was amended. According to the amendment, foreigners' visas may now be revoked and their stay in the country terminated prematurely if the employment contract or activity for which proprietary benefits can be expected is terminated or has expired.

As an exception, foreign workers who have been legally staying in Estonia as of 17 March and whose short-term work permit has expired or is about to expire will be able to continue working in agriculture until 31 July. After 31 July, foreign workers will have until 31 August to organize their departure from Estonia.

The amendment does not apply to those foreigners who have a long-term resident's residence permit or permanent right of residence.

On 1 July, several changes to the Aliens Act came into force. Among others, the state issues visas for teleworking. This visa can be applied for by a digital nomad, i.e. a foreigner who is in Estonia temporarily in order to carry out his work as an employee regardless of his location.

2.5 Contact in Estonia



Alice Salumets
Rödl & Partner Advokaadibüroo OÜ
alice.salumets@roedl.com
T + 372 6068 650

3. FINLAND

Latest news:

- Passengers, arriving to Finland from so called risk countries, are subject to more safety measures, e.g. official quarantine order and obligation to take a corona virus test.
- The Finnish government has divided countries into three groups depending on the situation in each country:
 - Normal border traffic: 14-day cumulative number of cases per 100.000 is max 8 (regarding all states) or 10 (regarding Schengen states);
 - Restriction group 1;
 - Restriction group 2: all third countries not in restriction group 1.
- As of 10 August 2020, it is possible to travel between Finland and 13 Schengen area countries; Norway, Denmark, Iceland, Estonia, Latvia, Lithuania, Italy, Hungary, Greece, Lichtenstein, Malta, Germany and Slovakia.
- Finland has also eased travel restrictions to South Korea, Georgia, Japan, Rwanda, Thailand, Tunisia, Uruguay and New Zealand.
- Foreigners entering Finland need to make sure that they fulfil the preconditions for entering into Finland.
- The government considers reviewing the restrictions regarding Sweden since the situation has become better.
- As of 1 August 2020 events with more than 500 persons may be organised in both indoor and outdoor spaces if the organizer complies with the authorities recommendation on prevention of the spreading of the virus. Events with less than 500 persons may be organized.
- Government's recommendations regarding remote working has ended on 1 August.
- Contact teaching in early childhood education and care as well as primary and lower secondary education will start normally in August.
- Most unions have negotiated temporary changes to the collective bargaining agreements. The details for the changes shall be reviewed in respective agreement. The period of validity varies in each contract.

Country overview:

3.1 Direct business support

TAX-SUPPORT

New financial support for business costs is proposed, amounting to 300 million euros, to be introduced in the business sector. Decline in the turnover of the sector of industry and of the individual company are preconditions for eligibility to receive support. Business Finland's authorisation to provide grants will be increased by 180 million euros. Further capital funding of 250 million euros is proposed for Tesi (Finnish Industry Investment Ltd), to increase equity financing for companies.

Companies can request the VAT they have paid at the beginning of 2020 to be returned to them. In practice, the company requests a payment arrangement and will pay the returned VAT back to the Tax Administration later as part of the payment arrangement. If the VAT tax period is one year, 25 percent of the 2019 VAT can be claimed for a refund.

The Parliament has approved a support package for the food and beverage service sector. The approved law includes support for re-employment and compensation for restrictions on activities. The compensation is to be paid in such a way that, as a general rule, the application procedure would not be necessary. The aid package may not be put into effect until it has been approved by the European Commission.

The maximum amount of support is based on the number of full-time workers who worked for the company before the start of the crisis. The support may be granted to an enterprise with a staff of a maximum of 800 persons. Under the State aid rules, no enterprise may receive more than 0.8 million euros in support for employment.

An appropriation of 123 million euros is proposed for supporting food and beverage service businesses, to be used for compensating these businesses for the restrictions imposed on their activities, and to support the re-employment of their staff.

The Parliament of Finland has enacted a temporary law under which companies can, under certain conditions, postpone the meeting where the financial statements are approved until the end of September 2020.

The Tax Administration is granting corporate taxpayers one month of extra time for filing tax returns. This extra month does not need to be separately requested, and no late-filing penalties are imposed for tax returns filed during the month.

This decision applies to corporate entities and benefits under joint administration whose accounting period ended between December 2019 and February 2020. These corporate taxpayers are now allowed to file their tax return within five months from the end of their accounting period, as opposed to the normal time limit of four months. The new filing deadline will be displayed in MyTax in April.

In the current situation, the Trade Register gives an additional time of one month to submit financial statements. For example, a company may submit its financial statements from 1 January to 31 December 2019 to the Trade Register until 30 September 2020 without sanction.

If the company has difficulties paying taxes due to the coronavirus situation, it can request a payment arrangement with eased terms in MyTax starting 25 March 2020. As of 25 March 2020, taxes that are included in a payment arrangement request are not recovered by enforcement authorities and the company's tax debt is not published in the tax debt register or the protest list. The eased terms for payment arrangements also apply to the extensions for payment granted for car tax and excise duties.

The changes in the grounds and terms for payment arrangements will enter into force along with the legislative amendment. These changes will apply to payment arrangements that have been requested between 25 March 2020 and 31 August 2020.

- According to the new terms, the first instalment of the payment arrangement will fall due in three months after the arrangement has become active, as opposed to just one month.
- The Tax Administration will automatically include in the arrangement any new tax debts that form after the payment arrangement has been taken into use until 31 May 2020.
- According to the legislative amendment, the rate of late-payment interest on taxes included in a payment arrangement would be lowered from 7 percent to 4 percent. The lowered interest rate would only apply to taxes that are included in a payment arrangement and that fall due after 1 March 2020.

The employer's earnings-related pension contributions will be temporarily reduced by 2,6 percent in 2020. The contribution reduction is valid from 1 May to 31 December 2020.

The government supports businesses by introducing and expanding various forms of support for businesses in response to the coronavirus situation.

OTHER GOVERNMENTAL MEASURES

The measures include:

- The guarantee mandate of the state-owned special financing company Finnvera will be increased by 10 billion euros to a total of 12 billion euros. The increase in the mandate will allow additional financing of 10 billion euros for businesses;
- An increase of 150 million euros in Business Finland's assistance mandate to be used for rapid business support activities. An increase of 50 million euros is proposed to support business development projects;
- An amount of 200 million euros is proposed for non-specific expenditure relating to exceptional circumstances.

3.2 Contracts, debts and civil law

Annual general meetings of companies and cooperatives, meetings of associations, and other similar meetings specified in the law can be postponed and held by the end of September. However, the boards of directors of these corporations should prepare the financial statements by the end of June at the latest.

The Ministry of Justice has begun to prepare a government proposal to limit the creditor's right to file for bankruptcy. This will help companies overcome the financial difficulties caused by the coronavirus situation. Bankruptcy requires insolvency. Bankruptcy law assumes a company is insolvent if it has not paid its debt within one week of receiving the call for payment. The law will temporarily remove this assumption. The insolvency must be of longer duration in order for the creditor to file for bankruptcy.

3.3 Regulatory response

- Travelling and movement
- Conducting of business
- Export

Rödl & Partner

TRAVELING AND MOVEMENT

Passengers, arriving to Finland from so called risk countries, are subject to more safety measures, e.g. official quarantine order and obligation to take a corona virus test.

The Finnish government has divided countries into three groups depending on the situation in each country:

- Normal border traffic: 14-day cumulative number of cases per 100.000 is max 8 (regarding all states) or 10 (regarding Schengen states);
- Restriction group 1;
- Restriction group 2: all third countries not in restriction group 1.
- As of 10 August 2020, it is possible to travel between Finland and 13 Schengen area countries; Norway, Denmark, Iceland, Estonia, Latvia, Lithuania, Italy, Hungary, Greece, Lichtenstein, Malta, Germany and Slovakia.
- In addition, travel restrictions have been lifted between Finland and the non-Schengen area countries of Cyprus, Republic of Ireland, San Marino and the Vatican.
- Finland has also eased travel restrictions to South Korea, Georgia, Japan, Rwanda, Thailand, Tunisia, Uruguay and New Zealand.
- People can now travel to these countries from Finland without the need to self-quarantine on their return.
- Foreigners entering Finland need to make sure that they fulfil the preconditions for entering into Finland.
- Restriction group 1:
 - Internal border control: Netherlands, Belgium, Spain, Austria, Luxembourg, Portugal, Poland, France, Sweden, Slovenia, Switzerland, and the Czech Republic
 - External border control: Andorra, Bulgaria, Croatia, Romania, United Kingdom, Monaco.
 - Voluntary two-week quarantine recommended for people entering Finland.
- Restrictions on restaurant opening hours, serving times and the number of customers that can be permitted to enter at any one time have been lifted.
- Recommendations on hand hygiene and the maintaining of safe physical distances remain in place.
- All airports will be opened for passenger traffic, taking into account travel restrictions for internal and external border traffic.
- The Finnish border authorities allow the following on internal borders where internal border control has been reinstated (**restriction group 1**), i.e. traffic between Finland and another Schengen state:
 - Return to Finland;
 - Return traffic to other EU and Schengen countries or via them;
 - Travel for work and other essential traffic
 - Commuting based on employment or assignment;
 - Diplomats, staff of international organisations, military personnel and humanitarian aid workers in the exercise of their duties;
 - Persons studying in Finland;
 - Persons with a Finnish residence permit and EU/Schengen citizens who have registered their right of residence;
 - Persons travelling for family matters (e.g. meeting a close relative, relationship, funerals, weddings, illness);
 - Persons in need of international protection or who are travelling for other humanitarian reasons;

Rödl & Partner

- Other essential and justified traffic (e.g. pressing personal reasons, representatives of foreign media, property, residence or secondary residence in Finland).
- **Restriction group 2: Russia, Canada, USA, Australia, Turkey.**
- The following are permitted at external borders (**restriction group 2**):
 - Return to Finland;
 - Return traffic to other EU and Schengen countries or via them;
 - Removal of a third-country national from the country;
 - Other essential traffic.
- **The government considers reviewing the restrictions regarding Sweden since the situation has become better.**
- **As of 1 August 2020 events with more than 500 persons may be organised in both indoor and outdoor spaces if the organizer complies with the authorities recommendation on prevention of the spreading of the virus. Events with less than 500 persons may be organized.**
- As a final dismantling measure, if the development of the epidemic continues without any significant setbacks, the restrictions on gatherings may be lifted altogether as of 1 October 2020, in which case all indoor and outdoor events would be permitted without restrictions on the number of attendees.
- Entry into Finland as foreign seasonal workers is permitted to citizens of the Schengen area, other EU countries and the United Kingdom under the same conditions as travel for contractual or assignment-based employment.
- Seasonal workers who are citizens of third countries (e.g. Ukraine, Belarus, Thailand) are allowed to enter the country if they have the necessary permits for entry into the country and for working, and their employer has filled in the form proving the necessity of their entry into the country.
- Ticket sales for maritime passenger traffic will be reopened. Tickets may be sold to anyone who has the right of entry. The conditions for entry will be verified at the port.
- Outdoor recreational facilities will be opened as of 14 May, subject to the restrictions on gatherings.
- Sports competitions and series can be resumed with special arrangements on 1 June.
- The borrowing of books and other material from libraries will be immediately permitted.

WORKER MOBILITY

- At the moment, Finnish missions do not accept visa and residence permit applications.
- Passports related to visa applications currently under consideration will be returned and the applications will not be processed.
- Applications for residence permits that have already been submitted will be forwarded to the Finnish Immigration Service for processing. Interviews related to residence permit applications have been suspended for the time being.
- Priority in permit processing conducted by the Finnish Immigration Service, TE Offices and ELY Centres will be given to work considered necessary for the security of supply, health care and the functioning of the labour market.

3.4 Working

- Home office
- Flexible working hours
- Short-time work

Rödl & Partner

REMOTE WORK

Government's recommendations regarding remote working ended on 1 August.

On 15 June, the Government issued a decree repealing the decree on the continued use and application of the powers provided for in sections 86, 88, 93 and 94 of the Emergency Powers Act and repealed the decree on the continuation of the use of powers under section 87 of the Act. **The decrees were repealed on 16 June.**

A foreign employee can apply for a tax number without visiting the tax office in person. Tax number can be applied by calling the tax administration's telephone service. In this case, the person receives an artificial identity number, which is only valid for obtaining a tax number, not for any other transaction with the Finnish authorities.

In its negotiations on 29 April, the Government decided to lift the restrictions on early childhood education and care and those on primary and lower secondary education on the basis of an assessment by the health authorities. **Contact teaching in early childhood education and care as well as primary and lower secondary education will start normally in August.**

The government has proposed changes in labour law and unemployment protection. The amendments entered into force on 1 April and remain in force until **31 December 2020**. The changes are as follows:

- In case of lay-offs, the minimum negotiation periods under the Act on Cooperation within Undertakings are shortened from the present 14 days and six weeks to five days.
- The notification period concerning lay-offs will be shortened to five days from the present 14 days.
- The right to lay off employees is extended to apply not only to indefinite-term employment contracts but also to fixed-term contracts.
- Probation periods may also be cancelled because of production and financial reasons.
- The personal liability period in unemployment security will be abolished. The duration of lay-offs will not be included in the maximum unemployment security period. Unemployment security legislation will be amended by a provision that the employee is entitled to unemployment allowance even when the lay-off is based on an agreement.
- Persons engaged in a secondary business activity are entitled to unemployment benefits. Entrepreneurs with full-time employment are not required to wind down their business activities in order to be eligible for unemployment benefits.

Most unions have negotiated temporary changes to the collective bargaining agreements. The details for the changes shall be reviewed in respective agreement. The period of validity varies in each contract.

Workers' union PAM has negotiated temporary changes to collective agreements together with the employers' federations. The changes have come into force on 19 and 20 March 2020.

The changes affect these agreement sectors:

- Commercial sector,
- Hotel, restaurant and leisure services,
- Facility services sector,
- Amusement, theme and adventure parks collective agreement,
- Avekra train service staff collective agreement,
- Ski resorts and adventure services sector collective agreements.

The agreed changes vary a little between the sectors, but include the following:

- Shortening of layoff notice period,
- Extension of self-notification for sick leave,
- Right to absence by self-notification if a child under the age of 10 falls ill,
- Shortening of deadlines for co-operation negotiations.

The government has proposed a temporary amendment to the Aliens Act and the Seasonal Workers Act that would allow all third-country nationals residing legally in Finland to work in sectors and tasks that are essential for the security of supply and the functioning of the labour market (e.g. horticultural, agricultural, natural products industries, construction, shipbuilding, energy, technology, logistics and transport sectors).

3.5 Contact in Finland



Timo Huhtala
Rödl & Partner Attorneys Ltd
timo.huhtala@roedl.com
T +358 4 0503 5312

4. LATVIA

Latest news:

- On 11 August 2020, the Cabinet of Ministers announced that additional support (direct grant for covering administrative expenses) will be granted to forest co-operative societies, who have been affected by the COVID-19 crisis.
- As of 24 July 2020, the Office of Citizenship and Migration Affairs is entitled to annul the residence permit issued to a person, which is not following the prescribed self-isolation or quarantine rules.
- As of 16 July 2020, the reception of applications for long-term visas in countries with high COVID-19 morbidity rate has been suspended.
- As of 1 August 2020, all persons from countries with high COVID-19 morbidity rate, entering the territory of Latvia for purpose of work, shall be subject to mandatory COVID-19 tests. While awaiting for the negative test result, the person shall remain in self-isolation.
- Although some State agencies and institutions have resumed servicing clients in-person, some of them have not opened their doors to the public.
- As of June 2020, Luminor bank had resumed servicing its clients in-person without prior reservation.

Country overview:

4.1 Direct business support

On 11 August 2020, the Cabinet of Ministers announced that additional support (direct grant for covering administrative expenses) will be granted to forest co-operative societies, who have been affected by the COVID-19 crisis.

On 14 July 2020 several new support mechanisms were introduced in order to support the companies affected by the spread of COVID-19:

- New State guarantee program for large and medium export enterprises will be administered by ALTUM and will cover up to 90 percent of the principal amount of new and existing unpaid finance services. The maximum term of the guarantee is 8 years, but the amount covered by the guarantee cannot exceed 25 percent of the enterprise's turnover for 2019.
- A program allowing export or tourism companies to receive a one-time grant intended to cover employee salary expenses (the amount will depend on the amount of taxes

Rödl & Partner

paid by the respective enterprise). In order to apply - an application must be submitted to LIAA (Investment and Development Agency of Latvia) until 30 September 2020.

- An alternative investment fund for support of large enterprises affected by the spread of COVID-19 has been established and will be administered by ALTUM. The fund will allow large and effectively managed enterprises to attract additional investments.

On 20 June 2020, Cabinet of Ministers regulations No. 400 "Regulations on special support mechanisms (grants) for covering of the repatriation costs of tour operators" have entered force. These regulations allow tour operators to apply for compensation with regard to repatriation flights where:

- 1) The flight was organized and covered by a licensed travel operator;
- 2) The repatriation flights were organized as a result of the State of Emergency issued in Latvia and in order to allow the passengers to return to Latvia prior to 17 March 2020;
- 3) No additional costs for the repatriation flight were requested from the passengers;
- 4) The repatriation took place after 12 March 2020;
- 5) The repatriation costs include a flight ticket.

The maximum grant amount for one flight operator is 200 000,00 euros and covers 100 percent of repatriation expenses. Application deadline is 1 October 2020.

In addition to the above, the Cabinet of Ministers also introduced Regulations No. 383 "Regulations for guarantees for the performers of the economic activity in order to improve their competitiveness". These regulations offer various support measures to existing enterprises and start-ups and the funds themselves are being distributed by ALTUM. This support cannot be granted to those, who already receive COVID-19 related support from ALTUM.

On 16 June 2020, the Cabinet of Ministers adopted amendments to Cabinet of Ministers regulations No. 75 "Regulations Regarding the Procedures for Organizing and Financing of Active Employment Measures and Preventative Measures for Unemployment Reduction and Principles for Selection of Implementers of Measures", which will allow employers to receive financial support for hiring an unemployed person in an amount of 50 percent of the employee's month's salary, which in any case shall not exceed 430 euros per employee. Said support will be available for 3 months. In order to ensure the long-term effect of such support, the employer will have to employ the said person for additional 3 months after the initial 3-month term (during which the subsidy is paid) will expire. The employer will be able to apply for this support until 31 December 2021.

Due to the effects of Covid-19, as a result of which several amendments were introduced to the Regulations of the European Commission, it has been decided that until the end of 2020 guarantees for working capital loans will be issued without having to prove the growth, development or expansion of the business activities of the company applying for the guarantee.

On 5 June 2020, the Latvian parliament adopted the "Law on Overcoming the Consequences due to the Spread of COVID-19 Infection", hereinafter – the Law, which became effective on 10 June 2020 after the end of State of Emergency.

The Law preserves many of the support measures initially introduced with the law "On measures for the Prevention and Suppression of Threat to the State and its Consequences Due to the Spread of COVID-19", which has expired as of 10 June 2020 due to the entry into force of the Law.

The Law preserves the right to submit an application to the State Revenue Service for division of tax payments in instalments or extension of tax payment deadlines up until 30 December 2020, the right of State and municipal institutions as well as derived public persons and state owned enterprises to release tenants severely affected by COVID-19 from lease payments, as well as the right of State Revenue Service not to take an unfavourable decision with regard to

Rödl & Partner

the participants of SRS In-depth Cooperation Program for years 2020 to 2023. The criteria applicable to receive the above-mentioned support measures will be set out by the Cabinet of Ministers, which have also been authorized by the Law to introduce additional measures and/or criteria if necessary.

The Law also preserves the duty of SRS to continue making timely VAT refund payments to enterprises up until the end of the year 2020, as well as the rights of municipalities to extend deadlines for payment of Immovable Property Tax, by transferring them to a later date during 2020 and several other rights and measures that were first introduced with the law "On measures for the Prevention and Suppression of Threat to the State and its Consequences Due to the Spread of COVID-19". However, the eligibility for several of the support measures still remains unclear as the Cabinet of Ministers has yet to implement criteria applicable after the end of State of Emergency.

BUSINESS SUPPORT

One of the main aspects included in the law "On measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19" are as follows:

- Deadline for tax payments: Taxpayers affected by the COVID-19 crisis are entitled to submit a motivated request to the SRS asking to either postpone the deadline for tax payments (for up to three years), or to split (divide) tax payments due in several instalments;
- VAT refund: Effective as of 1 April 2020 enterprises may not wait until end of the year for VAT refund. The SRS shall refund the approved overpaid amount indicated in the VAT return within 30 days from deadline for submitting of the VAT return, or the date of submission of the VAT return (if it was submitted after the deadline) or date of submission of amended VAT return. Before refunding the overpaid VAT, the SRS will cover the unpaid taxes.
- Immovable Property Tax: In 2020, municipalities have the right to extend deadlines for payment of Immovable Property Tax, by transferring them to a later date during 2020. Riga municipality decided to push the deadline for first Immovable Property Tax payment from 31 March 2020 to 15 May 2020, but on 8 May 2020 decided to extend the deadline to 1 July 2020, while the payment with initial deadline of 15 May 2020 – to 17 August 2020;
- Project of DD Corporation Program: During 2020-2023 members of project of State Revenue Service In-depth Cooperation Program may submit to the SRS evidence proving how COVID-19 crisis has affected their tax discipline, financials, solvency and compliance discipline in order to maintain the member status. The SRS is authorized not to exclude members from the program, and also not to issue other unfavourable decisions;
- As of 9 May 2020, and until 31 December 2020, all members of SRS In-depth Cooperation Program, affected by the Covid-19 crisis, will be able to:
 - 1) Cut the amount of downtime compensation for their employees from current 100 percent of the salary amount to 70 percent. In any case, the employee shall retain the minimum mandatory salary (430.00 euros) and minimum benefits for each child under his/her care;
 - 2) To order employees to exercise unused annual paid leave (disregarding the employee's wishes).
- Credit guarantee: The applicable conditions for credit guarantee to be provided by ALTUM: guarantee will not exceed 5 million euros, maximum term – 2 years (previously planned – 10), may cover no more than 50 percent of obligations;

Rödl & Partner

- Loans provided by ALTUM: ALTUM loan conditions are as follows: maximum amount – 1 million euros, maximum term – up to 3 years, possibility to postpone payment of principal amount for up to 12 (twelve) months. Loans will be issued with reduced collateral requirements and with a reduced interest rate;
- Credit guarantees and loans: Credit guarantees, and loans will be available to companies that did not have financial difficulties prior to the crisis. Additionally, companies will have to prove that their financial difficulties result from COVID-19, that they are economically viable, and that credit guarantee/loan will help them to recover and successfully continue commercial activities;
- Lease: State and municipal institutions as well as derived public persons and state-owned enterprises will be able to release their tenants – companies (as of 30 April 2020, also including: businesses, societies and foundations acknowledged by the local municipality) most severely affected by COVID-19 – from lease payments entirely, or alternatively – to decide on reduction of lease payments (this does not refer to companies that have concluded lease agreements for extracting valuable resources). General requirements to qualify for this support are:
 - 1) due to spread of COVID-19, company's income in March, April, May and June 2020 diminished for at least 30 percent in comparison to average monthly income during 2019);
 - 2) the company's total tax debts do not exceed 1000 euros;
 - 3) the company's total tax debt exceeds 1000 euros, but the company has reached an agreement with SRS;
 - 4) the company is not insolvent;
 - 5) during the previous year the company did not have 3 (three) or more unpaid lease payments or other cases of not fulfilling obligations. If the afore-mentioned cases of non-fulfilment were present, they must have been settled until 29 February 2020.
- Electronic shareholder/member meeting: Until 31 December 2020 associations and cooperative societies will be able to convene a shareholder/member meeting remotely through electronic means.
- Annual reports deadline: The deadline for submitting 2019 annual reports is prolonged for three months.

New regulation regarding issue of state guarantees for small and medium sized enterprises now also applies for working assets and credit lines until 31 December 2020.

Producers and remanufacturers of agricultural products, who are affected by the COVID-19 crisis, are entitled for of State support from 100 000 euros up to 800 000 euros, depending of the entrepreneur's activity.

On 25 April 2020 the Cabinet of Ministers adopted regulations for establishment of an alternative investment fund, managed by ALTUM, in order to attract funding from private sources and to support persons affected by the COVID-19 crisis.

4.2 Contracts, debts and civil law

Many of the measures with regard to delayed fulfilment of civil law obligations initially implemented with the law "On measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19" have been transposed to the Law.

The Law preserves, among others, the prohibition for creditors to submit applications for the insolvency of a legal entity on the basis of criteria set out in Article 57, Points 1 to 4 of

Rödl & Partner

Insolvency Law up until 1 September 2020, the extension of term for exercising commercial pledge rights from 30 to 60 days and the duty to observe a 60 day term from the date the debtor's payment obligation is due prior to turning to a sworn notary for the purpose of obtaining a notarial deed for debt recovery. Hence, the recently-imposed changes with regard to the order of civil law matters due to COVID-19 remain effective.

Starting from 1 April 2020 until 1 September 2020, the default interest for the delay of performance of civil law obligations shall not exceed the statutory interest as prescribed by law

During the entirety of the emergency period and for 6 (six) months after its expiration, the court may – within the framework of the procedure for extinguishing obligations and upon receiving a motivated request from the debtor – to decide on deferring the payments to creditors as stipulated in the procedure for extinguishing obligations, at the same time also extending the total term of the procedure;

It is currently possible to extend the duration of the legal protection proceedings for a period of one year if, due to the spread and consequences of Covid-19, the debtor has been prevented from fulfilling the plan of legal protection proceedings.

4.3 Regulatory response

- Travelling and movement
- Conducting of business
- Export

As of 24 July 2020, the Office of Citizenship and Migration Affairs is entitled to annul the residence permit issued to a person, which is not following the prescribed self-isolation or quarantine rules.

As of 16 July 2020, the reception of applications for long-term visas in countries with high COVID-19 morbidity rate has been suspended.

In order to counter the spread of COVID-19, as of 16 July 2020 all individuals arriving in Latvia will be subject to mandatory registration. The received data will then be forwarded to respective State authorities.

As a result of an increased count of COVID-19 cases during the first 10 days of July, there are ongoing discussions on whether or not new restrictions should be imposed in order to counter the possible spread. As a counter measure on 11 July 2020, a limitation regarding the maximum amount of people occupying a single restaurant table was re-introduced as follows (does not apply to members of a single household):

- No more than 4 persons at a single table (indoors);
- No more than 8 persons at a single table (outdoors).

Due to low count of COVID-19 cases registered in the first days of July, the Cabinet of Ministers has decided to further soften the limitations imposed to limit the COVID-19 spread.

As of 1 July 2020:

- the use of face covers in public transport is no longer mandatory (although recommended);
- Until 31 July 2020, no more than 100 individuals are allowed in premises of 1000 m². In larger premises – up to 500 individuals are allowed;
- During outside social gatherings and events no more than 1000 participants are allowed (if the epidemiological situation will not get worse, this limit will increase to 3000 participants);

Rödl & Partner

- All limitations for outside sporting activities are being lifted, however the limitations for opening hours of fitness facilities (from 6.00 till 24.00) remain in place;
- Public catering facilities are required to maintain 3m² for each client.

While borders are being gradually opened and restrictions - eased, national and EU-level authorities are constantly reminding that before going on any travels outside the territory of the Baltics (where there are currently no restrictions imposed with regard to travelling), the necessity of the travel must be carefully evaluated and reconsidered. Moreover, considering that various countries have implemented different restrictions and safety measures, it is important to review and assess the restrictions imposed not only in the destination country, but also in the transit countries. In order to help with decision-making when deciding on travels, the Ministry of Foreign Affairs has published and regularly updates information with regard to travel restrictions and limitations imposed by various countries.

As of 10 June 2020, the State of Emergency in Latvia has been lifted. Due to the above, several COVID-19 related restrictions have also been eased.

RESTRICTIONS ON TRAVELING/MOVEMENT

- As of 10 June 2020, a permit issue by the Ministry of Transportation will no longer be required for international passenger travels as international passenger travelling from 10 June 2020 is regulated by the Regulations of Cabinet of Ministers No.360 "Epidemiological measures to limit the spread of COVID-19 infection";
- Persons returning from certain foreign countries where 14-day cumulative count of COVID-19 cases (per 100 000 residents) does not exceed 15 are no longer subject to 14-day self-isolation requirement. The list of countries is published by the Centre for Disease Prevention and Control (CDPC) once a week every Friday. Persons returning from other countries are still subject to 14-day self-isolation;
- As of 10 June 2020, the 14-day self-isolation requirement when returning to Latvia still applies to people arriving from countries that are not members of the EU, the EEA or Switzerland. The list of high-risk countries is kept and will be updated once a week by the Centre for Disease Prevention and Control (CDPC);
- Travel through the EU's external borders to the countries indicated on CDPC webpage that are showing signs of Covid-19 spread is forbidden;
- There is no restriction on the movement of goods (import and export);
- Foreign diplomats accredited to work in Latvia, foreign consulate representatives, members of international organizations, foreign officials and their delegations arriving in Latvia according to invitation from certain state officials, Latvian and foreign state diplomatic couriers are no longer subject to any traveling restrictions and self-isolation requirements.

All nationals and residents of the European Union are allowed to enter and leave the territory of Latvia.

Military personnel and civil contractors from NATO and EU countries, residing in Latvia according to international cooperation programs, may enter and leave Latvian territory through specially designated crossing points. Epidemiological restrictions regarding such foreign personnel shall be determined by the Minister of Defense and the Minister of Health.

In order to limit the COVID-19 spread several additional measures have been adopted:

- Ministry of Transport shall adopt measures in order to ensure 2m social distancing in public transport while simultaneously ensuring proper function of public transport;
- Cultural institutions may organize their opening hours from 06:30 till 24:00;

- Social distancing of 2 meters is mandatory inside public facilities and outside (except for juveniles and their parents, people living in one household as well as cases when there are only two people in the premises);

In order to ensure that people observe the self-isolation requirement (when applicable) as well as all other limitations and restrictions on gathering restrictions, several amendments effective as of 10 June 2020 have been introduced to the Latvian Administrative Violations Code. As a result of the amendments, persons breaching the COVID-19 related restrictions will still be subject to administrative fines even after the end of State of Emergency.

4.4 Working

- Home office
- Flexible working hours
- Short-time work

As of 1 August 2020, all persons from countries with high COVID-19 morbidity rate, entering the territory of Latvia for purpose of work, shall be subject to mandatory COVID-19 tests. While waiting for the negative test result, the person shall remain in self-isolation.

Although some State agencies and institutions have resumed servicing clients in-person, some of them have not opened their doors to the public.

All institutions are advising to carefully evaluate the necessity of in-person consultations. Other institutions provide in-person consultations only based on a prior reservation. State police still does not accept any visitors, except for situations when an in-person visit was ordered. The Register of Enterprises does not accept visitors and all services are being rendered remotely or electronically.

PUBLIC SECTOR

State and municipal institutions, e.g. State Revenue Service, The Register of Enterprises and Land register. are working remotely. The courts of the Republic of Latvia have resumed hearings of court cases in person, while of course ensuring that the applicable restrictions and safety measures are observed.

PRIVATE SECTOR

Although there are no special requirements to organize work from home, but companies that are able to do so, are recommended to organize work remotely from home to the extent is possible.

The majority of Latvian largest banks (SEB bank, Swedbank, Citadele, Rietumu Bank) are servicing their clients in-person only based on the prior booking. **As of June 2020, Luminor bank had resumed servicing its clients in-person without prior reservation.**

SICK-LEAVE CERTIFICATE

In case an employee has been infected with the virus or must stay in quarantine due to being in close contact with another family member with the Covid-19 or a contact person, the doctor will issue a sick-leave certificate B, which will be paid for by the state in accordance with the applicable regulations.

Persons who must comply with 14 days of self-isolation but are not eligible for sick-leave certificate B, shall negotiate with their employer possibility of working remotely or taking a vacation.

Rödl & Partner

Based on employer's request employees will have to provide information about their personal health in case their health is essential in fulfilling their duties.

As of 2 April 2020, the Investment and Development Agency of Latvia is tasked with supporting following categories of entrepreneurs:

- whose employees are required to return to Latvia;
- who are required to send their employees abroad in order to fulfil active contracts;
- who require foreign employees to travel to Latvia.

4.5 Contact in Latvia



Kristīne Zvejniece
Rödl & Partner Latvia
kristine.zvejniece@roedl.com
T +371 6733 8125

5. LITHUANIA

Latest news:

- As of 1 August, protective face masks are mandatory to wear on public transport and in enclosed shopping and service provision locations. The provision of services, trade in public trading outlets, leisure and entertainment activities, operation of catering facilities, restaurants, cafes, bars, nightclubs and other entertainment venues shall be organized and conducted in accordance to the requirements for the management of the flows of visitors, safe physical distance, and other key requirements for public health safety, hygiene, and the use of personal protective equipment.
- Persons returning / arriving from countries that are on the list of countries affected by COVID-19 or persons travelling through the affected countries, except for travelling by air when not leaving the airport transit area, when travelling by air or sea, are required to submit, at the airport or seaport, a completed paper questionnaire to the staff of the National Public Health Centre under the Ministry of Health performing medical-quarantine control.
- Foreigners who hold a national visa of the Republic of Lithuania, or in whose respect the Migration Department under the Ministry of the Interior of the Republic of Lithuania has adopted a decision to issue a national visa.

Country overview:

5.1 Direct business support

MICRO-COMPANIES UP TO 9 EMPLOYEES ENTITLED TO A STATE SUBSIDY

On 11 May 2020 the Lithuanian Government has agreed to introduce the measure “Subsidies to micro-companies” in order to help small businesses to reduce the negative impact of COVID-19 economic crisis. According to this measure, micro-companies having 9 employees or less will be eligible to get the state subsidies that may be used for its activities.

34,000 micro-companies should soon receive an invitation to apply for the state subsidy on Mano VMI gateway, provided that the following requirements established by the Lithuanian Government are met:

- 1 May 2020 the company had 9 employees or less;
- the company is included in the list of taxpayers that are expected to have a negative impact in relation to the COVID-19 restrictions;
- the company has duly paid personal income tax (PIT) to the state and municipality budgets;
- the company is not subject to insolvency, reorganization or liquidation.

Provided that the company is not in the list of taxpayers that are expected to have a negative impact in relation to the COVID-19 restrictions, but experienced a negative impact, it can apply to the tax authorities in order to be included in such list and thus be entitled to the state subsidy.

Rödl & Partner

Calculation of the subsidy

The amount of the subsidy is calculated individually by the tax authorities according to the amount of PIT paid by the Company in 2019:

- if PIT paid in 2019 is up to 1.000 euros, the minimal subsidy of 500 euros may be granted;
- if PIT paid in 2019 is from 1.000 euros to 2.000 euros, the subsidy of 1.000 euros may be granted;
- if PIT paid in 2019 is above 2.000 euros, the subsidy of half of the pit paid in 2019 may be granted.

According to the information provided by the State Tax Authorities, the number of subsidies (including all the state subsidies that are available) in the last 3 years (from 2018) should not exceed:

- 100.000 euros for transportation companies;
- 20.000 euros for agriculture companies;
- 30.000 euros for fishing industry companies;
- 200.000 euros for the rest of the companies.

When to apply?

We recommend applying for the subsidy once the invitation is received on Mano VMI account of the Company.

TAX INCENTIVES FOR BUSINESSES – TAX DEFERMENTS

Although quarantine regime was revoked on the 17 June 2020, the tax deferment measures below are still applicable. The application of tax deferment will be valid until the state of emergency is cancelled.

The State Tax Inspectorate (STI) has announced several measures to ease the tax burden for businesses in light of COVID-19 crisis:

- The STI has published and updated the list of taxpayers that have a negative impact in relation to the COVID-19 pandemic. The list can be found [here](#). Such companies are by default entitled to the following tax reliefs:
 1. STI does not initiate the execution of declared taxes in case on non-payment of tax;
 2. Unpaid taxes are not subject to late payment interest.
- Moreover, all affected businesses will be eligible to defer the tax payments by concluding an interest free simplified tax loan agreement with the STI and make the tax payments according to the agreed schedule. The application form for the tax loan agreement is available [here](#).
- Entities that have outstanding tax liabilities may apply for tax loan agreement and can expect the same conditions: no late payment interest calculated from 16 March 2020 and the tax deferment will be available.

IMPORTANT: the above listed rules will be applicable two months after the state of emergency is cancelled.

After the termination of the quarantine in Lithuania on 16 June 2020, it became clear that by 17 August (i.e. within two months from the end of the quarantine) social insurance contributions (hereinafter – SIC) that were available for deferment during the quarantine period must be paid or the payment must be spread over 4 years. In order to do so, the

Rödl & Partner

application has to be submitted through the personal online account of the State Social Insurance Fund Board (hereinafter – Sodra) and must indicate the amount of the debt and for what period it is desired to defer contributions.

It is specified that SIC debt may be deferred for one year (without paying contributions for the whole year), after which the contributions may be spread evenly each month for a maximum period of 4 years. Payments are deferred in a simplified manner – no interest is charged, and credibility justification is requested.

Unlike in the case of SIC payments to Sodra, the measures of the STI, e.g. tax deferral, are applicable until the end of the state of emergency and 2 months after. Taking this into account, there is no clear deadline when the other deferred taxes may be due.

TAX NEWS FOR ENTREPRENEURS

The State Tax Inspectorate (STI) has announced a list of activities of entrepreneurs, that will be by default entitled to the following tax deferral reliefs:

- STI will not initiate the execution of declared taxes in case on non-payment of tax;
- Unpaid taxes will not be subject to late payment interest.

IMPORTANT: the taxes that are not paid by the individual will have to be paid two months after the state of emergency is cancelled.

FORMS TO APPLY FOR STATE SUPPORT VIA TAX DEFERMENTS ARE AVAILABLE FROM 20 MARCH 2020

THE FORM CONSISTS OF 3 PARTS:

- ✓ Request to conclude tax loan agreement for taxes payable to STI and contributions payable to SODRA
- ✓ Request not to calculate late payment interest
- ✓ Request not to charge the outstanding tax amounts.

RÖDL & PARTNER WILL GLADLY SUPPORT YOU IN THE FOLLOWING WAY:

- Assistance in the application for the tax deferral:
 - Preparation of application form;
 - Review or preparation of the free form explanatory letter to the tax authorities;
 - Representation of the client.
- Input VAT deduction assistance in light of *force majeure*.

DONATIONS ARE FREE FROM VAT

In general, supply of goods or services free of charge is considered as supply for private use and shall be subject to VAT. However, when the goods or services are supplied as donations, they are now not subject to VAT irrespective of the value of the goods or services. Therefore, companies are encouraged to donate acquired goods or provide services and deduct the input VAT incurred. Previously there were thresholds for the value of goods / services that are now not applicable in light of national emergency.

These provisions are valid from 26 March 2020, so if your company has donated goods / services back in February, you may be entitled to get some VAT back.

Rödl & Partner

VAT DEDUCTION OF UNUSED ITEMS

State Tax Authorities issued the guidance that the VAT deduction of goods lost / expired because of the quarantine shall not be limited. In order to have the right to VAT deduction entities are not required to apply for approval from the tax authorities, however they should keep substantiate prove of the amount and why it was utilized.

EUROPEAN COMMISSION GRANTS EXEMPTION OF IMPORT DUTIES AND VAT ON THE IMPORT OF GOODS

On 3 April 2020 the European Union published Decision (EU) 2020/491, granting relief from import duties and VAT exemption on importation granted for goods needed to combat the effects of COVID-19. This Decision resulted from the requests sent by the member states since on January 30 the outbreak was declared a public health emergency.

A NEW MODEL FOR STATE AID DURING DOWNTIME APPROVED BY THE LITHUANIAN PARLIAMENT

The Lithuanian parliament decided to approve a slightly different mechanism to compensate wage costs of companies that announced downtime due to the nationwide quarantine **and (or) state of emergency**.

WHO CAN APPLY?

EMPLOYERS, WHICH:

- Announced downtime during a declared state of emergency **or** nationwide quarantine, and cannot provide their employees with work, in cases where
 - work cannot be carried out remotely, or
 - the employee does not agree to carry out other work functions.
-
- Are not budgetary institutions;
 - Are not in liquidation or insolvency proceedings;
 - Have a clean offence record.

WHERE TO APPLY?

Applications may be submitted either by e-mail or by post to the responsible Employment Services Office, in the territory of which the company's office is registered.

WHAT DOCUMENTS TO SUBMIT?

FOR THE FIRST APPLICATION:

- Proposal to implement employment measures;
- Request for payment of subsidies;
- Documents proving that downtime was announced.

FOR SUBSEQUENT MONTHLY APPLICATIONS:

- Request for payment of subsidies;

Rödl & Partner

- Documents proving that downtime was announced;
- Payment slips and bank records proving that salaries were paid.

WHEN WILL THE SUBSIDIES BE PAID OUT?

The state authorities will check the application documents within 5 working days. State subsidies will be paid out for the previous month until the end of the current month.

END OF PAYMENT

State subsidies will be paid until the state of emergency or quarantine regime is revoked by the Lithuanian Government or in cases of violation of the rules for the granting of subsidies.

WHAT WILL BE THE AMOUNTS?

THE FOLLOWING AMOUNTS WERE APPROVED BY THE LITHUANIAN PARLIAMENT:

- 70 percent of the salary costs, but not more than EUR 910,50 gross; or
- 90 percent of the salary costs, but not more than EUR 607,00 gross.

The employer is obliged to keep at least 50 percent of the employees employed for at least 3 months after the last subsidy amount is paid.

Therefore, if the employer pays a higher salary during downtime than the statutory minimum salary, the state obliges to grant a higher subsidy amount – the ceiling of such state aid will be raised to 1,5 factor of the minimum monthly wage amount (910,50 euros).

Employers will have to notify the National Labour Inspectorate about announced downtime. If it turns out that the employee is working during downtime, the employer will have to repay granted subsidy amounts.

The Lithuanian government doubled the initially planned financial support to maintain business liquidity from 500 million euros to more than 1 billion euros.

The state enterprise aimed at promoting business growth “INVEGA” approved 3 key instruments:

- Loan holidays: if after the 16 March 2020 loan or leasing payments were postponed by banks up to 6 months, the state will compensate all interest during that period. 23 million euros will be made available from state funds. The application for this instrument started on 3 April 2020.
- Soft loans for businesses: INVEGA is planning to provide loans to cover the necessary costs of businesses, which were affected the most by quarantine (complete or at least 30 percent drop of turnover). The applications can be submitted from the 16 April. The state fund limit has been recently increased to 200 million euros.
- Guarantees for financial institutions: the state will guarantee a sum of up to 826 million euros to financial institutions for business loans. This instrument is planned to be implemented on 10 April 2020.

Rödl & Partner

The Lithuanian parliament approved a post-quarantine package which offers state subsidies for employees returning to work from downtime. The following state subsidy amounts were approved:

- 100 percent of the salary costs during the first 2 months after the quarantine;
- 50 percent of the salary costs during the 3-4 months after the quarantine;
- 30 percent of the salary costs during the 5-6 months after the quarantine;

In all cases, state subsidies will be limited to 607,00 euros (gross).

On 4 May a new state support instrument was approved in order to compensate rent costs for businesses that had to shut down their activities due to COVID-19.

Tenants will have the possibility to apply for state subsidies, compensating a maximum of 50 percent of the rent costs, if their main business activity was or still is prohibited due to the quarantine regime, their landlord has offered a discount on the rent payments of at least 30 percent and if other preconditions are met.

State subsidies will be paid during the quarantine period and for another 60 days after the quarantine regime is recalled. The applications will be administered by INVEGA. 100 million euros will be made available from state funds. Since the state funds are limited, it is recommended to submit the application as soon as all conditions for state aid are met.

Starting from 15 July, businesses providing accommodation and catering services may submit applications for state supported soft loans.

Businesses operating cafes, restaurants, hotels, guest houses, camping sites etc. will be allowed to apply for soft loans administered by INVEGA to cover necessary costs (rent, salary costs, maintenance etc.) up to 3 million euros with an interest rate of 0,1-1,69 percent, depending on the size of the company and the duration of the loan. Up to 30 million euros will be made available from state funds.

5.2 Regulatory response

- Travelling and movement
- Conducting of business
- Export

TRAVELLING AND MOVEMENT RESTRICTIONS

The entry of foreigners into the Republic of Lithuania is prohibited except for:

- Citizens of the countries of the European Economic Area, the Swiss Confederation and of the United Kingdom of Great Britain and Northern Ireland, and persons lawfully residing in these countries, provided the incidence of COVID-19 (coronavirus infection) in the country where they lawfully reside has not exceeded 25 cases / 100 000 population in the last 14 calendar days. The list of such countries shall be approved and made public every Monday by the State Commander of National Emergency Operations. The revised list of **7 August** can be accessed [here](#).
- Foreigners who hold documents confirming their right to reside in the Republic of Lithuania, **or in whose respect the Migration Department under the Ministry of the Interior of the Republic of Lithuania has adopted a decision to issue a document confirming the right to reside in the Republic of Lithuania**, and foreigners who are family members (parents (adoptive parents), children (adopted children), spouses and

Rödl & Partner

- carers) of the citizens of the Republic of Lithuania and of foreigners who hold documents confirming their right to reside in the Republic of Lithuania;
- **Foreigners who hold a national visa of the Republic of Lithuania, or in whose respect the Migration Department under the Ministry of the Interior of the Republic of Lithuania has adopted a decision to issue a national visa;**
 - Persons enjoying immunities and privileges under the Vienna Convention on Diplomatic Relations (1961), the Vienna Convention on Consular Relations (1963) and under other international agreements and legislation of the Republic of Lithuania, their family members and their service personnel, also members of official delegations;
 - Persons serving in the military units of NATO and of NATO countries and their service personnel, also their family members;
 - Crew members, who are employed in Lithuanian companies engaged in international commercial transportation, or who carry out international commercial transportation by all the means of transport;
 - Health professionals arriving into the Republic of Lithuania for the provision of transplant services;
 - High-performance athletes and their service personnel coming to the Republic of Lithuania at the permission of the Minister for Education, Science and Sports of the Republic of Lithuania for the preparation and participation in high-performance athletic competitions;
 - Artists coming to the Republic of Lithuania at the permission of the Minister for Culture of the Republic of Lithuania for the participation in professional artistic events, and their service personnel;
 - Journalists coming to the Republic of Lithuania at the permission of the Minister for Foreign Affairs of the Republic of Lithuania;
 - And in other exceptional cases, where foreigners are allowed entry to the Republic of Lithuania on the basis of an individual permission by a minister holding the jurisdiction in the respective realm, and whose entry has been approved by the Government;
 - Persons transiting through the territory of the Republic of Lithuania:
 - On their return to their country of residence;
 - In whose respect a reasoned request has been made by a foreign country;
 - Seafarers;
 - Using facilitated transit of persons from the territory of the Russian Federation to Kaliningrad region of the Russian Federation and backwards. This transit of persons shall be carried out only through Kena railway border checkpoint and Kybartai railway border checkpoint under the conditions laid down by the Minister for Foreign affairs of the Republic of Lithuania.

As of 4 May 2020, citizens of Lithuania are no longer restricted from leaving the country.

As of 10 May, flights are allowed to resume to destinations approved by the government.

There are no restrictions on arrivals of foreigners from 14 countries. However self-isolation will be recommended and in some cases mandatory for arrivals from some of the countries. The current list of **7 August** can be accessed [here](#).

On 31 July, Lithuania has published a [list](#) of **88** affected countries (with a coronavirus infection (COVID-19) incidence rate of more than **16** cases per 100,000 population over the last 14 days). The list includes countries mostly outside the European Union and the European Economic Area (EEA). The entry of foreigners into the Republic of Lithuania from those countries shall be limited to exceptional cases and those entering Lithuania will be subject to mandatory

testing and self-isolation. The list of the affected countries will be updated and made public every week.

Persons returning / arriving from countries that are on the list of countries affected by COVID-19 or persons travelling through the affected countries, except for travelling by air when not leaving the airport transit area, when travelling by air or sea, are required to submit, at the airport or seaport, a completed paper questionnaire to the staff of the National Public Health Centre under the Ministry of Health performing medical-quarantine control.

There is no restriction on the movement of goods, including purchasing, selling, transporting inside the country, importing and exporting.

There is no restriction of movement inside the country.

Foreigners staying in Lithuania and wishing to return to their country of residence may do so by means coordinated with the competent authorities of their country.

As of 1 August, protective face masks are mandatory to wear on public transport and in enclosed shopping and service provision locations. The provision of services, trade in public trading outlets, leisure and entertainment activities, operation of catering facilities, restaurants, cafes, bars, nightclubs and other entertainment venues shall be organized and conducted in accordance to the requirements for the management of the flows of visitors, safe physical distance, and other key requirements for public health safety, hygiene, and the use of personal protective equipment.

5.3 Working

- Home office
- Flexible working hours
- Short-time work

ADOPTED AMENDMENTS OF THE LITHUANIAN LABOUR CODE GUARANTEE MINIMUM WAGE DURING DOWNTIME AND ALLOW ADDITIONAL SAFETY MEASURES

According to the new amendments, employers may declare downtime for an employee or a group of employees if a state of emergency and (or) quarantine is declared by the Lithuanian Government, and the employer cannot provide the employees with work according to the employment agreement, because due to the peculiarities of work organization it is not possible to work remotely or the employee does not agree to carry out other work functions offered by the employer.

Employers are obliged to inform the National Labour Inspectorate about announced downtime within 1 working day after the announcement.

Whenever downtime is announced during a declared state of emergency and (or) quarantine:

- Employers are obliged to inform the National Labour Inspectorate about announced downtime within 1 working day after the announcement;
- The employee cannot be required to come to the workplace;
- The employee is entitled to receive a salary that is not lower than the minimum monthly wage approved by the Lithuanian Government (currently 607 euros gross), if full working time is established in the employment agreement. Furthermore, the employer is entitled to receive a compensation for a part of payroll costs incurred during the announced downtime.
- The employer may declare a partial downtime, reducing the number of weekly number days (reducing at least two working days) or the number of daily working hours (reducing at least three working hours). In case of partial downtime, normal salary is

Rödl & Partner

paid during working time and a reduced rate is paid proportionally during downtime, according to the procedure described above.

The newly introduced partial downtime regime allows a more flexible work organization.

If the workload is significantly reduced during the declared state of emergency or lock-down, employees who don't have the possibility to work remotely, may be instructed to work for less days per week or for less hours per day. A regular salary is paid during normal working time whereas a salary, that is not lower than the statutory minimum is paid during the remaining downtime.

Another amendment of the Labour Code allows in case of a declared state of emergency and (or) quarantine to suspend an employee from work without having to pay a salary. This is only allowed if the health condition of such employee endangers the health of others and if this employee refuses to work from home. The decision of the employer to dismiss the employee has to meet strict form requirements.

REMOTE WORK FOR PUBLIC SECTOR

State and municipal institutions, offices, state and municipal enterprises are returning to normal working regime.

REMOTE WORK FOR PRIVATE SECTOR

It is not obligatory for private sector companies to organise remote work.

The quarantine regime has been revoked as of 16 June 24:00.

5.4 Contact in Lithuania



Tobias Kohler
Rödl & Partner Lithuania
tobias.kohler@roedl.com
T +370 6 8733 288

6. SWEDEN

Latest news:

- Anyone (with some local exceptions) can get tested for free, both tests for ongoing virus but also tests for antibodies.
- Employers who have the opportunity to let employees work from home should consider recommending this. This recommendation is prolonged until 31 December.
- As of 16 March, until 31 December employers (who can show a decrease in business due to Corona-effects) can apply for short-time work. Employees' working hours are reduced and salary compensation is paid by the government (the compensation levels differs mainly depending on different levels of reduced working hours and the employee's salary level). The employer can apply for compensation for six months with a possibility to prolong with three further months.

Country overview:

6.1 Direct business support

TAX

Temporary deferral with payment of tax, which entered into force on 7 April 2020. This deferral option concerns the payment of employer contributions, deducted tax and value added tax, which are reported monthly or quarterly. The opportunity is valid for 3 months for each tax during January 2020 - September 2020, and the deferral period may be set out for a maximum of 1 year.

The presented temporary deferral with payment of tax that are reported monthly or quarterly, is now expanded to include VAT that is reported annually from 27 December 2019 to 17 January 2021 (applicable for some smaller businesses).

The interest rate for the deferral is lowered from 6.6 percent to 1.25 percent for the first six months, after which a monthly fee is charged which gives a total fee of 3.1 percent.

The rules on the so-called periodization funds (a profit equalization fund, Sw: periodiseringsfond) are temporarily changed so that self-employed persons receive reduced tax. The new rules mean that 100 percent of the taxable profit for 2019 may be set aside for such funds, up to a ceiling of 1 million SEK, which can then be offset against possible future losses. This concerns individual traders and natural persons who are partners in trading partnership.

RENT

In order to reduce the costs for companies in sectors such as durables, hotels, restaurants and fairs as well as consumer services such as dentists, physiotherapy activities, hair and body care etc., the government has allocated 5 billion SEK for support of reduced fixed rents. The support is to be applied for by the landlord who has lowered the fixed rent for tenants during the period 1 April to 30 June. The compensation is given with a maximum of 50 percent of the reduced fixed rent, i.e. the discount itself, but a maximum of 25 percent of the original

Rödl & Partner

fixed rent. The rent reduction agreement between the landlord and the tenant must be concluded before 30 June. The application must be sent no later than 31 August 2020 online through the county administrative boards (Sw: länsstyrelserna).

ADAPTATION SUPPORT

The government has decided to implement support for companies to speed up the process of changing and adapting their business. The amount of compensation depends on how large the loss of sales are but varies between 22.5 and 75 percent of the company's fixed costs (excluding salary costs) during March and April 2020. In order to receive the support, the company must have had a turnover of at least 250,000 SEK during the last financial year and a loss of turnover of at least 30 percent. The turnover loss is to be calculated during March and April 2020 compared to the same months last year. The support is to be granted to companies and organizations that have F-tax. The application period for the support is 22 June to 31 August.

DORMANT SOLE PROPRIETORSHIPS

Sole proprietorships that are dormant due to unemployment are exempted in 2020 from the rule that they may only be dormant once for five years.

6.2 Contracts, debts and civil law

EXTENDED OPPORTUNITIES FOR LOANS:

- Almi Företagspartner, a state-owned venture capital firm, will receive a capital injection of 3 billion SEK to increase their capacity to lend to small and medium-sized companies.
- The Swedish Export Credit Agency's debt limit is extended from 125 billion SEK to 200 billion SEK for loans to export companies.
- The Swedish Export Credit Agency ceiling for credit guarantees is increased from 450 billion SEK to 500 billion SEK.
- A government loan guarantee, where the state guarantees 70 percent of new loans from the banks to companies that have encountered financial difficulties. The guarantee is issued to the banks, which in turn issue guaranteed loans to the companies. The loan guarantee is primarily aimed at small and medium-sized companies, but there is no formal limit on the size of the company. Each company may be granted a loan at a maximum amount of 75 million SEK, but exceptions can be made.

SHAREHOLDERS' MEETINGS

The parliament has passed a new temporary law to facilitate holding of shareholders meetings under the current circumstances, which comes into force on 15 April and applies until 31 December 2020. The law makes it easier for companies to conduct the meetings in such a way that the risk of spreading the virus is minimized. Collection of proxies, postal voting and participation through representatives at general meetings will be possible to a greater extent. The number of in person can be kept down, while the possibility for shareholders and members to exercise their right to vote is facilitated.

DIVIDENDS

Tillväxtverket, the authority in charge for support for short-time work, has announced that they will not pay out financial support to companies that pay out dividends. In addition, companies that have paid out dividends and received the support will be liable for any support

Rödl & Partner

paid out. These rules apply to all companies, e.g. both listed companies and smaller companies.

6.3 Regulatory response

CITIZENS

The Public Health Authority urges people with symptoms, even mild ones, to avoid social contacts to avoid infecting others. This applies both in working life and in private life.

In particular, people over the age of 70 years are encouraged to limit the contact with other people for the time being. Moreover, they shall avoid traveling by public transport, shopping in stores, visit other places where people gather in numbers.

Prohibition of public gatherings and public events with more than 50 people. This does not apply to private events but should be seen as recommendations for these events as well, according to authorities.

A visitor ban on nursing homes is in effect since 1 April.

EDUCATION

All Sweden's upper secondary schools, colleges and universities are urged to keep closed and switch to distance education. However, the government has announced that upper secondary schools, colleges and universities, during the fall, will be able to return to normal teaching.

On 19 March 2020 the Parliament passed a new regulation that gives the government the possibility to close elementary schools and preschools and that secures care for children of guardians working in socially important activities. However, as of yet the government has not yet decided to close elementary and preschools.

FOREIGN TRAVEL

The Ministry of Foreign Affairs still advises Swedish citizens against unnecessary travel to all countries within the EU, the EEA and the Schengen area as well as the United Kingdom. The recommendation is valid until 29 July 2020. However, **as of 13 August**, the Ministry of Foreign Affairs has lifted the travel ban to the following countries in Europe: Andorra, **Austria**, Belgium, **Czech Republic**, Croatia, **Denmark**, France, Germany, Greece, Hungary, Iceland, Italy (including San Marino and the Vatican), **Liechtenstein**, Luxembourg, **Norway**, Portugal, Spain, **Switzerland**, Monaco, Poland.

The government stops travel to Sweden from countries outside the EU, Norway, Liechtenstein, Iceland, Switzerland and UK **until 31 August**. Swedish citizens and other persons permanently residing in Sweden are however able to return home from abroad. The entry ban does also not apply to people who have particularly important reasons for traveling to Sweden, e.g. diplomats and persons in need of international protection.

DOMESTIC TRAVEL

People that are ill shall avoid all forms of travel.

Symptom-free people can travel within Sweden.

Those who belongs to a risk group should especially consider if they should travel.

Rödl & Partner

RESTAURANTS, STORES, TRANSPORT

The Public Health Authority prohibits everything except table service/take away at restaurants, cafes, bars and nightclubs. Hence, service at the bar or in other areas of a pub or restaurant is prohibited.

The Public Health Authority have released guidelines regarding how to reduce the number of customers staying in such areas as grocery stores, department stores and shopping centres at the same time, including e.g. to develop alternative solutions to avoid queues, or to specify the distance between the customers.

In terms of public transport, the Public Health Authority, have announced that the responsible actors shall review and limit the total number of passengers per vehicle to avoid near distances between passengers.

MEDICAL

The capacity to test for COVID-19 will be further expanded to other selected groups, such as medical staff and the Public Health Authority shall develop a national strategy and coordinate this work with other actors. **Anyone (with some local exceptions) can get tested for free, both tests for ongoing virus but also tests for antibodies.**

6.4 Working

- Home office
- Flexible working hours
- Short-time work

HOME OFFICE/ REGULAR OFFICE

Employers who have the opportunity to let employees work from home should consider recommending this. **This recommendation is prolonged until 31 December.**

For employees that does not work from home, the employer shall ensure that there is a distance between colleagues in the workplace, that working hours are adjusted so that employees do not have to travel to or from the workplace in rush hour traffic and that good hand hygiene is maintained.

SHORT-TIME WORK

As of 16 March, until 31 December employers (who can show a drop in business due to Corona-effects) can apply for short-time work. Employees' working hours are reduced and salary compensation is paid by the government (the compensation levels differs mainly depending on different levels of reduced working hours and the employee's salary level). The employer can apply for compensation for six months with a possibility to prolong with three further months.

SICKNESS AND SICK-PAY

As from 16 March 2020 and for at least until July, sick pay (paid for day 2-14 of absence due to sickness) is not to be paid by the employer. This is instead to be paid by the government.

The qualifying day for sick pay will be discontinued between 11 March 2020 and 30 September. Instead, the employee will receive compensation if applied for at the Swedish Social Insurance Agency. The requirement for medical certificate from the eight day of the sick period shall be repealed. Hence, the employee can stay away from work without a medical certificate issued by a doctor.

6.5 Contact in Sweden



Klas Erviken
Rödl & Partner
klas.erviken@roedl.com
T +46 8 5793 0909

7.

RÖDL & PARTNER IN THE NORDIC-BALTIC REGION

As an integrated professional services firm, Rödl & Partner is active at 109 wholly-owned locations in 49 countries. We owe our dynamic success in the service lines audit, legal, management and IT consulting, tax consulting as well as tax declaration and BPO to our approx. 5.120 entrepreneurial minded partners and colleagues.

Rödl & Partner is not a collection of accountants, auditors, lawyers, management and tax consultants working in parallel. We work together, closely interlinked across all service lines. We think from a market perspective, from a client's perspective, where a project team possesses all the capabilities to be successful and to realize the client's goals.

Our interdisciplinary approach is not unique, nor is our global reach or particularly strong presence among family businesses. What truly distinguishes us is devotion to comprehensively supporting German businesses, wherever in the world they might be.

Rödl & Partner has been present in the Baltic States for more than 27 years. As the leading consulting company of German origin, Rödl & Partner supports via its offices in Riga, Tallinn and Vilnius some of the most important investment and major transaction projects by foreign companies in the region.

More than 135 employees in the Baltics offer legal, tax and economic advice from a single source and thus provide local know-how, worldwide experience in international matters.



Jens-Christian Pastille
Managing Partner for the Nordic and Baltic States
Rödl & Partner
jens.pastille@roedl.com
T +371 6733 8125

Imprint

Publisher:
Rödl & Partner Lithuania
Tilto g. 1, LT-01101 Vilnius
Lithuania
T +370 5212 3590
vilnius@roedl.com
www.roedl.com/lt

This Newsletter offers non-binding information and is intended for general information purposes only. It is not intended as legal, tax or business administration advice and cannot be relied upon as individual advice. When compiling this Newsletter and the information included herein, Rödl & Partner used every endeavour to observe due diligence as best as possible, nevertheless Rödl & Partner cannot be held liable for the correctness, up-to-date content or completeness of the presented information.

The information included herein does not relate to any specific case of an individual or a legal entity, therefore, it is advised that professional advice on individual cases is always sought. Rödl & Partner assumes no responsibility for decisions made by the reader based on this Newsletter. Should you have further questions please contact Rödl & Partner contact persons.