

Rödl & Partner

NEWSLETTER LATVIA

SETTING ACCENTS

Issue:
27 March 2020

Covid-19: Sectors affected by the crisis and
criteria for other sectors

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Content of this issue:

→ Sectors affected by the Covid-19

- Sectors affected by the crisis
- Criteria applicable to companies of other sectors in order to receive state-aid measures

→ Sectors affected by COVID-19

In order to mitigate the negative impact of measures introduced to limit the spread of Covid-19 has caused to the Latvian economy and to provide the support to employers of sectors affected by the crisis and their employees, the Cabinet of Ministers (hereinafter – CoM) approved the list of sectors affected by the crisis, as well as the criteria applicable to companies from other sectors in order to apply for the downtime compensation and for the extension of tax payment term.

SECTORS AFFECTED BY THE CRISIS

The support mechanism as approved by the CoM will be provided to companies of 40 sectors, whose financial situation has significantly deteriorated due to Covid-19. The companies working in one of the 40 sectors determined by the CoM will be able to apply for previously-mentioned state-aid mechanisms (downtime compensation and/or extension of tax payment term) due to the effects caused by the spread of Covid-19 and will not be subject to any additional criteria.

In the view of CoM and as evidenced by the list provided below, direct negative effect of Covid-19 initially has been felt the most by the transport, tourism and hospitality sectors, entertainment, accommodation and catering sectors, and also the education sector.

Below you will find a list of sectors determined by the CoM in accordance with the Statistical classification of economic activities in the European Community (NACE Rev. 2) as the sectors affected the most. Companies from the following sectors will be able to apply for support mechanisms implemented by the CoM without having to meet any additional criteria:

- passenger rail transport, interurban (49.10);
- other passenger land transport not elsewhere classified, hereinafter - n.e.c. (49.39);
- passenger air transport (51.10);
- hotels and similar accommodation (55.10);
- holiday and other short stay accommodation (55.20);
- camping grounds, recreational vehicle parks and trailer parks (55.30);
- other accommodation (55.90);
- restaurants and mobile food service activities (56.10);
- other food service activities (56.29);
- beverage serving activities (56.30);
- motion picture, video and television programme production activities (59.11);

- motion picture, video and television programme post-production activities (59.12);
- motion picture, video and television programme distribution activities (59.13);
- motion picture projection activities (59.14);
- sound recording and music publishing activities (59.20);
- other professional, scientific and technical activities n.e.c. (74.90);
- renting and leasing of cars and light motor vehicles (77.11);
- renting and leasing of recreational and sports goods (77.21);
- renting and leasing of other machinery, equipment and tangible goods n.e.c. (77.39);
- travel agency activities (79.11);
- tour operator activities (79.12);
- other reservation service and related activities (79.90)
- organisation of conventions and trade shows (82.30);
- pre-primary education (85.10);
- sports and recreation education (85.51);
- cultural education (85.52);
- educational support activities (85.60);
- child day-care activities (88.91);
- performing arts (90.01);
- support activities to performing arts (90.02);
- artistic creation (90.03);
- operation of arts facilities (90.04);
- museums activities (91.02);
- operation of historical sites and buildings and similar visitor attractions (91.03);
- operation of sports facilities (93.11);
- activities of sport clubs (93.12);
- fitness facilities (93.13);
- other sports activities (93.19);
- activities of amusement parks and theme parks (93.12);
- other amusement and recreation activities (93.29).

It is planned that in the forthcoming meetings of the CoM, the list provided above will be extended in order to include additional sectors that currently have not been listed, but have been significantly affected by Covid-19 nevertheless.

CRITERIA APPLICABLE TO COMPANIES FROM OTHER SECTORS TO APPLY FOR STATE-AID

Considering that there are many other companies that have been severely and negatively affected by the rapid spread of Covid-19 that do not qualify for

the previously mentioned state-aid measures because they do not operate in the sectors determined by CoM, the CoM has also announced additional criteria for other companies.

It has been decided that other companies that have also been affected by the crisis, but do not operate in one of the 40 sectors determined by the CoM, will also be able to apply for state-aid in the form of downtime compensation and/or extension of tax payment term for a time period of up to 3 (three) years, if the company applying for state-aid will meet the following criteria:

- the revenue (income) from the commercial activity performed by the company has decreased by at least 30 percent in the months of March and/or April of 2020 when compared to the same period (relevant month) in 2019 and the decrease has been caused by the spread of Covid-19; or
- the revenue (income) from the commercial activity performed by the company has decreased by at least percent in the months of March and/or April of 2020 when compared to the same period

(relevant month) in 2019, the decrease has been caused by the spread of Covid-19, and at least one of the following 3 criteria is met:

- the company's export volume in 2019 represents 10 percent of its total turnover or it is no less than EUR 500'000;
- the average monthly gross salary paid by the company in 2019 was no less than EUR 800;
- the company's long-term investment in fixed assets as at 31 December 2019 was no less than EUR 500'000.

CONTACT FOR FURTHER INFORMATION



Elīna Putniņa
Certified tax consultant
T +371 2951 9339
elina.putnina@roedl.com

Imprint

Publisher:
Rödl & Partner Latvia
Kronvalda bulv. 3-1
LV-1010 Rīga
Latvia
T +371 6733 8125
E riga@roedl.com

Responsible for the content:
Elīna Putniņa
elina.putnina@roedl.com

Layout:
Jūlija Getmane
julija.getmane@roedl.com

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