

Rödl & Partner

NEWSLETTER LATVIA

SETTING ACCENTS

Issue:
9 April 2020

Covid-19: Updates and a reminder on the most essential

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→ Covid-19: Updates and a reminder on the most essential

- Extension of Emergency situation
- Downtime payment for authors and performers
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→ Covid-19: Updates and a reminder on the most essential

In order to tackle the widespread of Covid-19 and diminish its negative effect to the Latvian economy, the Cabinet of Ministers continues its work on the development of available support measures and providing guidance on how to apply for said measures.

EXTENSION OF EMERGENCY SITUATION

On 7 April 2020 the Cabinet of Ministers decided to prolong Emergency Situation until 12 May 2020. Such decision was based on recommendations of epidemiologists in order to take care of the health and safety of society. While the existing restrictions remain in force, there are also several additions.

Henceforth, all persons returning to Latvia will have to provide complete information on actual place of residence where the person can be reached prior to return. In case the actual place of residence will differ from the place where the person should be during self isolation, person will have to inform the State Police immediately. Persons providing false information will be held administratively and criminally liable.

DOWNTIME PAYMENT FOR AUTHORS AND PERFORMERS

Cabinet of Ministers has expanded the list of persons eligible for downtime compensations, granting the right to downtime compensation to copyright and related right owners receiving royalties on the condition that they do not receive any income from economic activity during the downtime. The fact that the person has received royalties from collective management organisations managing copyrights and related rights does not affect eligibility to receive downtime compensation.

PRACTICAL ISSUES FOR DOWNTIME COMPENSATIONS

Before a company decides to apply for downtime compensation, it is recommended to take into account the following:

- in order to qualify for downtime compensation, first of all, a 30 percent decrease in revenue or a 20 percent decrease in revenue together with

additional conditions, shall be met. Amount of decrease shall be calculated by comparing it with the revenue for the respective month of 2019 or with the average revenue since the commencement of commercial activities for companies established from 1 March 2019 to 31 December 2019.

- at the moment, the possibility to argue the decrease in revenue for separate products or services lines is complicated;
- downtime compensation is calculated for each employee individually;
- if an employee is on annual paid leave or sick leave, for such periods downtime compensation will not be granted;
- during downtime period, neither payments for vacation, nor sick leave compensation can be paid. Such payments may be paid only for periods for which application for downtime compensation has not been submitted;
- amount of downtime compensation is calculated by taking into account the average monthly gross salary during the preceding 6 months, which may be higher than the gross salary for the current month, therefore the calculated amount of downtime compensation may exceed the gross salary for the current month;
- amount of downtime compensation shall not exceed 75 percent of the average monthly gross salary during the preceding 6 months and in any case shall not exceed 700 EUR;
- application for downtime compensation for the month of March shall be submitted by 25 April 2020, for April by 25 May 2020;
- in the application for downtime compensation each employee on downtime shall be identified and argumentation on why the employees listed are on downtime must be provided;
- currently, applications for downtime compensation in Electronical declaration system may be submitted only for particular period (e.g., from 1 April to 30 April), but not for separate days (for example, 14 April, 21 April, 28 April);
- employers may pay to the employee receiving downtime compensation the remaining part of the salary (including all payroll taxes) in order to maintain employee's salary in the amount received up until now, however, this is not a must;
- since the application for downtime compensation in Electronical declaration system may not

be amended, proper due diligence prior to submitting the application is recommended.

SUPPORT TO MEDIA

Government has decided to support commercial media by granting 2 040 928 EUR in order to preserve social safety, public awareness and variety of information during the crisis. The grant will be available to commercial television and radio enterprises, printed media enterprises and also internet news-sites not owned by local government through a tender procedure.

EXEMPTION FROM VAT AND IMPORT DUTIES

On 3 April 2020, the European Commission announced a 6 month exemption period for VAT and import duties applicable to import of medical goods and medical equipment from third countries. Such period shall commence on 31 January 2020 and shall be valid until 31 July 2020. The said exemption is applicable to medical equipment such as masks, gloves, testing sets,

breathing stimulation equipment and other equipment that is vital for overcoming the Covid 19 crisis. Such goods and equipment shall be accessible to persons affected by Covid-19 or persons employed in the fight against Covid-19. Said exemption applies to:

- state organisations (including hospitals);
- welfare organisations which are recognised by the competent authorities of European Union Member States.

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