



Newsletter
July 2020

COVID-19

International publication



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COVID-19

International publication

In response to this crisis, governments all over the world have enacted legal, fiscal and monetary stimulus measures to counteract the disruption caused by the coronavirus. We have compiled an overview of the different measures that are available to support businesses in some countries in these uncertain times. This overview is ever evolving, we will continue to post tax updates and news as they come through.

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ARGENTINA

Knowledge Economy: solutions or obstacles

The Chamber of Deputies passed the bill that modifies the regime for the promotion of the Knowledge Economy foreseen by Law 27.506, to advance in what constitutes the “brain and heart” of the fourth industrial revolution, due to which the Argentine State establishes a regime that aims to promote the economic activities that create, design, develop, produce, implement or adapt the use of knowledge and the digitization of information supported by the advancement of science and technology for the purposes of obtaining goods, the provision of services and the improvement of processes, among which we can mention software development, computer and digital services, biotechnology, nanotechnology and nanoscience, aerospace and satellite industry, space technologies, artificial intelligence, robotics and industrial internet, internet of things, sensors, additive manufacturing, augmented and virtual reality.

The promotional regime bets on scientific and technological development, focusing on local development. For this reason, it requires high percentages of billing (70%) linked to the activities promoted, a reliable development thereof, the accreditation of concrete progress, the training of employees and recipients, research and development, and, at the same time, excludes self-development for own use or for related companies from the required percentage of billing as a condition of admission, clearly a limitation that is

not good when to add value to the Services that I offer to Clients, “self-development” is necessary.

Emerging benefits are a “combo” that includes a one-time transferable tax credit voucher of 70% of the contributions of employer contributions actually paid, a new voucher with respect to subsequent employment incorporations, a reduction of 60% in the total amount from income tax in each fiscal year, the exemption from Emerging benefits is a “combo” that includes a one-time transferable tax credit bonus of 70% of the contributions of employer contributions actually paid, a new bonus regarding subsequent incorporations labor, the reduction of 60% in the total amount of income tax in each year, the exemption of perceptions and withholdings of VAT for exporters and the deduction of the income tax of analogous taxes paid or withheld abroad. perceptions and withholdings of VAT for exporters and the deduction of the income tax of similar taxes paid or withheld abroad.

A relevant aspect in terms of technology, law and social inclusion is that the percentage of the benefit of contributions from employer contributions increases ten points -from 70% to 80% - when it comes to new job incorporations with respect to people belonging to vulnerable groups or historically subjected to situations of structural inequality. Nevertheless the incorporation of exporters of professional services is restricted, with a series of limitations on the

ARGENTINA

concept “investment versus training” that is a contradiction and limits the benefits granted.

The Bill that now goes to the Chamber of Senators creates a Trust Fund for the Promotion of the Knowledge Economy (FONPEC) with the aim of promoting scientific and technological development by financing the activities of micro, small and medium-sized companies in the sector and the new ventures that are generated within the scope of the knowledge economy. It also incorporates an Advisory Council of experts in science, technology and innovation that will fulfill the function of advising the enforcement authority in cases of complex typification and complex biannual registry revalidation.

On the other hand, through Resolution 327/2020 of the Ministry of Productive Development (published in the Official Gazette of 07/01/2020), the Soluciona Program was established to reactivate the Knowledge Economy, which will provide financial assistance to people to promote economic development through the implementation of innovative solutions, products and services aimed at addressing the health, economic and production problems caused by the coronavirus.

The initiative targets legal entities in computer and digital software and services activities; audiovisual production and postproduction; biotechnology, nanotechnology, aerospace and satellite industry; engineering and industry 4.0, with the possibility of developing and implementing technological and innovative

solutions aimed at reactivating the economy and adapting the production matrix to the new world context. It also seeks to support the sectors most affected by the pandemic, such as tourism, gastronomy, the automotive and textile industries, transport and logistics, among others, that present projects to incorporate new technologies or activities of the knowledge economy that favor economic revival.

The maximum amount to be financed per project, through Non-Refundable Contributions (ANR), may not exceed \$ 15 million, and its destination will be (if the Project submitted by each interested party is approved) investment in assets, patents and licenses, advice received, staff training but may not be used for working capital, payment of taxes, wages, rentals, among others.

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AUSTRIA

Support for COVID-19 impacted businesses and employees – measures of the Austrian Government

The Austrian Government has announced a broad package of measures to help Austrian business through the hard period of time caused by restrictions of social life and the effects on economy.

Austria is providing a total of € 38 billion.

Below we have provided a summary of measures taken so far. These measures are updated regularly, latest update included was announced on June 29th.

LAW TO STRENGTHEN THE ECONOMY

By the begin of Jule a new law shall come into force in order to strengthen the economy. The following measures are planned:

VAT

In order to provide increased support to the catering, cultural and tourism sectors, a reduced VAT rate of 5% is to be introduced temporarily. In catering establishments this reduced rate is to be applied uniformly to the supply of food and beverages. Also accommodation is taxed at that low rate. In the cultural sector, for example, the reduction in VAT will cover visits to museums, cinemas or music events. The new reduced rate of 5% will also apply to the purchase of newspapers and other periodicals and books.

The reduction of the VAT rate is planned to take

effect from 1 July 2020 and is limited until 31 December 2020. The concrete transposition and implementation into national law remains to be seen and is still subject to approval by the EU Commission.

INCOME and CORPORATION TAX

The following measures are planned:

Degressive depreciation:

30 % of the book value may be deducted as depreciation of newly acquired assets. This depreciation shall not be possible for

- incorporeal assets,
- used assets,
- Building and construction expenses of a tenant or other person entitled to use a building,
- Passenger and combination motor vehicles, with the exception of driving school vehicles and motor vehicles used for at least 80% of commercial passenger transport
- Installations which serve the extraction, transport or storage of fossil fuels and installations which use fossil fuels directly

Accelerated depreciation of buildings

For buildings acquired or constructed after

AUSTRIA

30.06.2020 an accelerated depreciation of the triple of the usual depreciation for the first 2 years is possible.

Tax rate

The first income tax rate shall be reduced from 25 % to 20 %.

Loss carryback

Arises a fiscal loss in 2020 this loss may be carried back and offset against a fiscal profit of 2019 or 2018.

Investment premiums

The investment premium amounts to 7 % of new investments. For new investments in the areas of climate protection, digitization, health and life sciences, however, the investment premium is 14 %. Not covered by the premium are

climate-damaging investments, financial assets, capitalized own work, undeveloped property and acquisitions.

Subsidies and support measures for companies and entrepreneurs:

The total framework of all measures of the Corona Aid Fund amounts to 15 billion euros and focuses on companies. The money can be used flexibly by the Fund depending on immediate needs on the one hand for fixed cost grants on the other hand for guarantees. All measures have the goal to ensure the liquidity of companies.

The Fund grants subsidies for fixed costs. Depending on the level of the deficit the subsidies are between 25 - 75% of the fixed costs arisen within 16th March 2020 and 15th September 2020 . To apply for the subsidy the location and business



AUSTRIA

operations must be in Austria and there must be liquidity requirements for the home location. In addition, the company must have been a healthy company prior to the onset of the COVID-19 crisis. The application can be made until August 2021. The grant is normally paid in 3 tranches. Fixed costs include also an employer's salary and a depreciation of perishable and seasonal goods of at least 50%.

The Republic's guarantee covers 90% (100% announced for SMEs – € 800.000 credit limit) of the loan amount of companies. This secures working capital loans. The upper limit for this is a maximum of 3 monthly sales or a maximum of EUR 120 million. This can only be increased in justified exceptional cases. The term is a maximum of 5 years and can be extended by up to 5 years.

The hardship fund focuses on one-person and small entrepreneurs that employ less than 10 persons. These entrepreneurs may apply for subsidies now up to € 12.000 in total for six months. The observation period is now 9 months - within the total of 9 months, any 6 months can be chosen for the application. Additionally a "Come back Bonus" of € 500 for 6 months can be applied for. In total a small entrepreneur can apply for € 15.000 of the hardship funds.

Short-time working:

The aim is to secure jobs, avoid layoffs, maintain company liquidity and the potential of skilled workers by reducing the working time in a company for a limited time in order to bridge

economic disruptions. There is a special short-time working model to deal with the Corona crisis. This will make it possible to reduce working hours by 90% and still remain in an upright employment relationship with 80-90% wage compensation. Wage compensation is largely financed by the government. This is to keep as many people as possible in employment and avoid layoffs.

In the interest of the community of insured persons, from whose contributions the aid is financed, short-time working is only granted to employees of companies with a location in Austria who are insured against unemployment in Austria. Short time working may be agreed upon 3 months and extended for another 3 months at maximum. If possible, short time working can be ended prematurely.

Tax-payments:

Reduction of pre-payments of personal income tax and CIT: Pre-payments of income tax and corporate income tax that have already been assessed can be reduced to zero.

Deferral of payments shall be extended until 15.01.2021: If the taxpayer has been affected by the impacts of COVID 19 the tax authorities are required to accept the deferral of tax payments, or payment by instalments, on application.

Tax returns: The deadline for submitting annual tax returns as well as monthly VAT returns may be extended.

AUSTRIA

Social security contributions

The Austrian Social Security Institution for the Self-Employed (SVS) has introduced simplification measures. To apply for those measures online forms on the website can be used.

- Full or partial relief on late-payment interest
- Deferral of payment of contributions
- Payment of contributions by instalments
- Reduction of preliminary calculation base for contributions

Austrian Health Insurance Fund

Following measure may be applied for at the responsible contact at the ÖGK by telephone or by email.

- Relief from default charges in the case of notification delays.
- Deferral of a maximum of three months due to liquidity shortfalls
- Permission of payment by instalment for a maximum period of 18 months
- Suspension of enforcement measures and insolvency applications

AWS bridge guarantees

Companies are provided with state guarantees amounting to 90 % of the loans taken out to bridge a liquidity shortage.

Subsidies for families

Austrian Government supports families with a fund of 30 million euros.

The prerequisites at a glance: The family has its main residence in Austria and received family allowance for at least one child living in the family association as of 28 February 2020. At least one parent living in the same household who was employed on February 28, 2020 has lost his job due to the Corona crisis or has been reported on short-term work. For self-employed persons it applies that at least one parent living in the same household has got into a financial emergency due to the Corona crisis and belongs to the eligible group of natural persons from the WKÖ hardship fund. In addition, the current income of the family must not exceed a certain limit - staggered according to household size. The upper limit is 1,200 euros per family and month. Since a grant from the Corona Family Hardship Fund is possible for up to three months, a family receives a maximum of 3,600 euros.

For each child there will be a one-off payment of 360 euros in September.

Subsidies for unemployed people

Unemployed people who are looking for employment for at least two months between July and September will receive a one-off payment of 450 euros in September.

Public Life

The COVID-19 Relaxation Directive, which came into force on May 1, 2020, regulates behaviour in public places and in customer areas of business premises. Since May 2, 2020, a lot of companies are allowed to open their business for customers. From May 15th, catering businesses in Austria are

allowed to reopen, accommodation businesses from May 29th.

Since the End of June social Life is possible by keeping a minimum distance of at least 1 meter. A face-mask is necessary at public transfer and in the health sector including pharmacies.

Air traffic in Austria is currently still very limited. However, the Lufthansa subsidiary AUA resumed flight operations on 15 June.

A major relaxation in cross-border traffic with neighbouring countries entered into force on 4 June: From Austria's neighbouring countries all people can enter freely as before the coronavirus pandemic. This means that Austrians do not have to show a test or go into home quarantine when

returning from holiday. However, a travel warning was issued (at the end of June) for 23 countries. A partial travel warning continues to apply to the northern Italian region of Lombardy. There are also restrictions for Sweden, Spain, Portugal and Great Britain.

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Wirtschaftstreuhand



CYPRUS

New Coronavirus disease (COVID-19) updates in Cyprus

Pursuant to the Quarantine (Determination of Measures to Prevent Spread of the COVID-19 Coronavirus) Decree (No. 28) 2020, issued on the 24th of June 2020 Cyprus is in Fourth Phase and gradually easing of Lockdown measures.

As of the 24th of June, the following started operation,

- Children's indoor playgrounds
- Children's playgrounds in indoor areas of catering enterprises.
- Gatherings of persons in houses and public places are permitted provided that they do not exceed 75 persons for indoor spaces or 150 persons for outdoor spaces.

Clarifications concerning gatherings,

For gatherings in houses, the permanent residents of the house are included in the maximum number of persons allowed.

Mass gatherings are not allowed to take place simultaneously in the indoor and outdoor spaces. (weddings, christenings, music concerts, festivals, private assemblies in houses are included in the mass gatherings)

Furthermore, as of the 20th of June 2020, passengers coming from Category A countries are not required to present a laboratory test certificate.

Passengers coming from Category B countries will need to undertake a laboratory test by a recognized laboratory at least during the last 72 hours prior to departure and to possess a Certificate showing negative PCR of COVID19. In case passengers of category B do not that the opportunity to proceed with a test, they will need to undertake the test as soon as they come to Cyprus and they will pay the test themselves.



CYPRUS

Category A – Low risk countries at this stage	Category B - Countries with possibly low risk but greater uncertainty compared to Category A
• Australia	• Belgium
• Austria	• France
• Croatia	• Israel
• Czech Republic	• Italy
• Denmark	• Lebanon
• Estonia	• Jordan
• Finland	• Netherlands
• Germany	• Spain
• Greece	• Poland
• Switzerland	• Romania
• Hungary	• United Arab Emirates
• Iceland	• Belgium
• Latvia	• France
• Lichtenstein	• Ireland
• Lithuania	• Israel
• Luxembourg	• Italy
• Malta	• Lebanon
• Norway	• Bulgaria
• Slovakia	• Ireland
• Slovenia	
• South Korea	



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FINLAND

Support for business costs

The purpose of the new support for business costs is to reduce the number of companies that go bankrupt due to the coronavirus crisis. To be eligible, both the business sector and the individual company must have experienced a market decrease in turnover. The number of sectors covered is 368. The State Treasury will provide further instructions on how to apply for the support.

The President of the Republic approved the Act on Support for Business Costs and the Government issued the related Decree on 26 June 2020. The Act enters into force on 1 July 2020 and companies may apply to the State Treasury for the support as from 7 July 2020.

Decrease in the turnover of both the sector and individual company required

According to the Act and Decree, the terms and conditions for the support for business costs are the following:

- To be eligible for the support for business costs, the sales of the business sector must have decreased by at least 10% compared to the reference period. If the company operates in such a sector, another requirement is that the company's own turnover has decreased by at least 30% compared to the reference period. The turnover decrease is determined based on the value-added tax returns submitted to the Tax Administration.
- The total number of eligible business sectors is 368, listed in the annex to the Government Decree. The classification is based on the Standard Industrial Classification used by the Statistics Finland that is intended for the classification of businesses and other organisations or individual workplaces according to their economic activities. The definitions of the classification are based on the production inputs and processes typical for the activity and goods and services produced. Sectors with only one company have been combined into larger groups of sectors.
- The turnover of the sector in April 2020 is compared to the average turnover in March-June 2019.
- The turnover of the companies in April-May 2020 is compared to their average turnover in March-June 2019. If the company was established after June 2019, the turnover will be compared to the average of the company's sales in January-February 2020.
- Support is granted on the basis of the company's fixed costs and payroll costs. The maximum amount of support payable for two months is EUR 500,000. Support amounting to less than EUR 2,000 is not paid because this would have no effect on preventing bankruptcies. The fixed costs that entitle to the support may account for no more than

FINLAND

half of the company's average turnover during the reference period.

- The State Treasury may also accept applications to be processed even if the company concerned does not operate in a sector covered by the decree where the turnover has decreased by 10%. In such a case the company must present particularly compelling evidence that the decrease in turnover has been due to the coronavirus crisis.
- Foundations and associations that engage in business activities may also be eligible.
- Instead, companies that according to the EU State aid rules were in financial difficulties on 31 December 2019 and have neglected their obligations or are bankrupt are not entitled to the support for business costs.
- A company may apply for this support even if it has already received other direct financial support due to the coronavirus crisis, but such payments are deducted from the support for business costs. Support for the food and beverage service sector and COVID-19 support granted by municipalities for sole entrepreneurs and self-employed people are deducted in full. 70% of the support for business development granted by Business Finland and the ELY Centres is deducted.

Companies apply to the State Treasury for the support as from 7 July.

The application period for the support starts on 7 July 2020 and the last day for the submission of



applications is 31 August 2020. The State Treasury makes the decisions on granting the support based on the applications and information on the companies' sales provided by the Tax Administration. The State Treasury will also carry out ex post controls to make sure that the criteria for granting the support were met, and support granted on the basis of incorrect information may be recovered.

Further information on the application will be available on the State Treasury website.

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GERMANY

Declining disease rates

At present, a strange effect is emerging according to German health insurance companies: the number of incapacities to work is declining sharply.

On the one hand, sick leave due to Covid-19 disease is now clearly decreasing. This is the result of a current analysis of large German health insurance companies. The number has decreased by about 1/3 since March 2020. Sick leave due to respiratory diseases as well as flu and infections such as rhinitis or gastrointestinal diseases are also declining sharply.

However, the reason for this is being discussed: one part is certainly caused by the increased consideration for each other, such as the

obligation to wear masks and increased hygiene measures. However, it is also suspected that the high volume of short-time work means that many employees do not report sick because they are at home anyway.

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GERMANY

Further training during short-time working

It has always been possible in Germany to receive support for further training measures during short-time working. The Federal Government has revised the possibilities offered in the past in the current legislative procedure and has now relaunched the measure WEITER.BILDUNG.

The legal details are briefly summarised below:

Prerequisite for a company to be able to use the advantages of WEITER.BILDUNG! the further training planned for the employees must cover a total of more than 120 hours.

The following applies: The training courses can be carried out at flexible times. The employees can participate in the training courses full-time or part-time.

In general, subsidies for the costs of the training courses are available as follows:

- Up to 10 employees (micro-entrepreneurs) => Up to 100% reimbursement of costs, especially up to 100% from the age of 45 and for severely disabled persons
- Up to 250 employees (small and medium-sized enterprises) => Up to 50% reimbursement of costs and up to 100% from the age of 45 and for severely disabled persons
- From 250 employees (Larger companies) => Up to 25% reimbursement
- From 2500 employees (large companies) => Up to 15% reimbursement of costs, up to 20% on the basis of company agreements

and collective agreements with qualification elements

There are also wage subsidies (during further training), graduated as follows:

- Up to 10 employees (micro-entrepreneurs) => Up to 75% reimbursement of costs, up to 100% in the case of lacking vocational qualification and vocational qualification-related further training
- Up to 250 employees (small and medium-sized enterprises) => Up to 50% reimbursement of costs, up to 100% in case of missing vocational qualification and further training related to vocational qualification
- From 250 employees (larger companies) => Up to 25% reimbursement of costs, up to 100% in the case of missing vocational qualification and vocational qualification-related further training
- From 2500 employees (large companies) => Up to 25% reimbursement of costs, up to 100% in case of missing vocational qualification and vocational qualification-related further training

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GERMANY

Trainee bonus

On the 24th of June, the Federal Cabinet adopted key points for the federal programme “Securing training places”. The following funding options have now been determined:

- A training bonus of €2,000 euros for each training contract concluded for the 2020 training year if the level of training is maintained compared to the three previous years,
- A training bonus of EUR 3,000 euros for each additional training contract concluded for the training year 2020 for each additional training contract above the training level of the last three years and
- A one-off take-over premium of 3,000 euros per trainee taken on who has lost his previous training company due to insolvency as a result of the pandemic.

A volume of 500 million euro is earmarked for the support measures. Eligible to apply are small and medium-sized enterprises with up to 249 employees that have been affected “to a considerable extent” by the COVID 19 crisis. In particular, a “substantial volume” is deemed to exist “if the company has implemented short-time working for at least one month in the first half of 2020 or if sales in the months of April and May 2020 have slumped by an average of at least 60 percent compared to April and May 2019”.

Applications for support in respect of the measures mentioned in this circular are to be submitted to the local employment agency responsible for the respective company.

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INDIA

Measures Implemented by Government of India to Support Businesses and Economy during COVID-19

Hon'ble Prime Minister Shri Narendra Modi on 12th May, 2020 announced a Special economic and comprehensive package of INR 20 lakh crores (approx. USD 265.19 billion) equivalent to 10% of India's GDP. He gave a clarion call for Self-Reliant India Movement. He also outlined five pillars of Aatmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand.

Hon'ble Finance minister detailed these reforms in five tranches starting from 13th May to 17th May, 2020 for relief and credit support related to businesses, especially MSMEs, Poor including migrants and farmers, Agriculture, New horizons of growth, Government reforms and enablers to support Indian Economy's fight against COVID 19.

Measures relating to MSMEs (tranche1) and other measures announced in remaining tranches are already covered in articles published in May, 2020 and June, 2020 respectively.

In view of the challenges faced by taxpayers in meeting the statutory and regulatory compliance

requirements across sectors due to the outbreak of Novel Corona Virus (COVID-19), the Government brought the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 on 31st March, 2020 which, inter alia, extended various time limits.

In order to provide further relief to the taxpayers for making various compliances, the Government has issued a Notification on 24th June, 2020, the salient features of which are as under:

1. The time for filing of original as well as revised income-tax returns for the F.Y 2018-19 (AY 2019-20) has been extended to July 31, 2020.
2. The due date for income tax return for the FY 2019-20 (AY 2020-21) has been extended to November 30, 2020. Hence, the returns of income which are required to be filed by 31st July, 2020 and 31st October, 2020 can be filed upto 30th November, 2020. Consequently, the date for furnishing tax audit report has also been extended to 31st October, 2020.
3. In order to provide relief to small and middle class taxpayers, the date for payment of self- assessment tax in the case of a taxpayer whose self-assessment tax liability is up to Rs. 1 Lakh has also been extended to November 30, 2020.
4. The date for making various investment/ payment for claiming deduction under Chapter-VIA-B of the IT Act which includes section 80C (LIC, PPF, NSC etc.), 80D (Mediclaime), 80G (Donations) etc. has also been further extended from June 30, to July 31, 2020.

INDIA

5. The date for making investment/ construction/ purchase for claiming roll over benefit/ deduction in respect of capital gains under sections 54 to 54GB of the IT Act has also been further extended to September 30, 2020. Therefore, the investment/ construction/ purchase made up to 30th September, 2020 shall be eligible for claiming deduction from capital gains.
6. The date for commencement of operation for the SEZ units for claiming deduction under section 10AA of the Income Tax Act has also been further extended to 30th September, 2020 for the units which received necessary approval by 31st March, 2020.
7. The furnishing of the TDS/ TCS statements and issuance of TDS/ TCS certificates being the prerequisite for enabling the taxpayers to prepare their return of income for FY 2019-20, the date for furnishing of TDS/ TCS statements and issuance of TDS/ TCS certificates pertaining to the FY 2019-20 has been extended to 31st July, 2020 and 15th August, 2020 respectively.
8. The date for passing of order or issuance of notice by the authorities and various compliances under various Direct Taxes & Benami Law which are required to be passed/ issued/ made by 31st December, 2020 has been extended to 31st March, 2021.

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NIGERIA

Federal Government's Fiscal Stimulus in Response to COVID-19

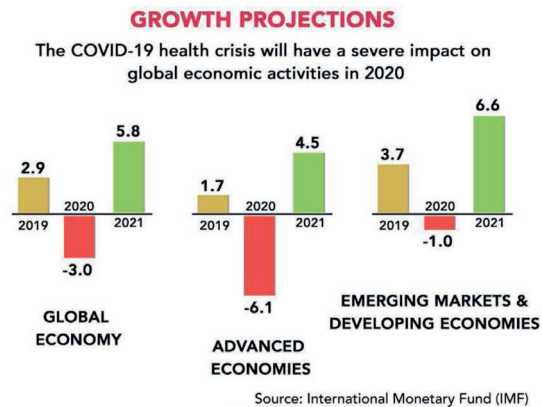
The novel Coronavirus (COVID-19) has continued to spread across the world, leaving a terrible effect on global economies. The latest Situation Report from the World Health Organisation (WHO) as at 06 May 2020 states that the total number of countries, areas and territories that have been affected by COVID-19 is 215¹.

COVID-19 and Its Effects on the Global Economy:

Global Outlook:² The IMF predicts that the global economy will contract by -3% due to COVID-19 pandemic, worse than the 2008-2009 global financial crises which contracted by -0.1%. Is there hope for the future? Yes. The IMF also predicts that the global economy is projected to grow by 5.8% in 2021 if economic activity normalizes, aided by policy support.

Sub-Saharan Africa is predicted to contract by -1.0% while Nigeria's economy is predicted to recede by -3.4%. Like the global economy, there is hope for the future in Nigeria as Nigeria's economy is projected to grow in 2021 by 2.4% with the implementation and enforcement of effective policies.

WORLD ECONOMIC OUTLOOK APRIL 2020



A. Federal Government's Fiscal and Monetary Palliatives to COVID-19

1. **Establishment of a 500 billion COVID-19 Intervention Fund** What will the money be used for?
 - I. Upgrading of healthcare facilities.
 - II. Financing of the Federal Government's Interventions to support States in improving healthcare facilities.
 - III. Financing of the creation of a Special Public Works Programme.
 - IV. Funding of any additional interventions.

NIGERIA

2. The Emergency Economic Stimulus Bill: Nigeria's Emergency Economic Stimulus Bill

On Tuesday, March 24, 2020 the House of Representative passed the Emergency Economic Stimulus Bill, 2020 (the "Bill") which is aimed at cushioning the extreme economic effects of the global pandemic in Nigeria. The bill is styled as

"A Bill for an Act to provide for Relief on Corporate Tax Liability, Suspension of Import Duty on Selected Goods and Deferral of Residential Mortgage Obligations to the Federal Mortgage Bank of Nigeria for affixed term to protect jobs and alleviate financial burden on citizens in response to the economic downturn occasioned by the outbreak of COVID-19 disease".

Three (3) main aims and objectives of the Bill are to:

- I. provide job security to employees and tax relief to companies
- II. provide extension of moratorium (180days) on mortgage payments to the Federal Mortgage Bank of Nigeria (FMBN)
- III. provide import duty waivers on all medical goods

Please read our detailed article on the Economic Stimulus Bill in "Nigeria's Fiscal Response to COVID-19: The Emergency Economic Stimulus Bill, 2020" here.



3. Amendment of the 2020 Appropriation Act

At the peak of the COVID-19 Pandemic; the Budget Office Nigeria was working on a revised 2020 – 2022 Medium-Term Expenditure Framework / Fiscal Strategy Paper ('MTEF/FSP') as well as an Amendment to the 2020 Appropriation Act.

The proposed revised budget would have a downward adjustment to the Non-Oil Revenue projections including various tax and customs receipts, as well as proceeds of privatisation exercises.

On Wednesday, June 10, 2020, the House of Representatives passed the revised 2020 Appropriation Bill of N10.8 trillion, increasing the national budget from the proposed N10.5tn that was sent by President Muhammadu Buhari.

FG Proposed revised budget

Key Highlights	Initial Budget	Proposed Revised Budget
 Crude oil benchmark price	\$57/b	\$30/b
 Oil Production	\$2.18mpbd	\$1.7mpbd

NIGERIA

4. The Government Enterprise and Empowerment Programme (GEEP), one of Federal Government's Social intervention programmes which comprises of TraderMoni, MarketMoni and FarmerMoni, and executed by the Bank of Industry stated that it would distribute a total of N5 billion to 500,000 petty traders nationwide.
5. **President Buhari's Approval of the Disbursement of Relief Materials To 3.6 Million Households**
President Muhammadu Buhari in his address on Sunday, 12 April 2020 to the citizens of Nigeria on the extension of the COVID-19 pandemic lockdown stated that the current social register would be expanded from 2.6 million households to 3.6 million households over two weeks.
6. FGN has provided **N102.5 billion** in resources to be available for direct interventions in the healthcare sector.
7. **Two-month Licence Fee Waiver to Broadcast Stations:** The Federal Government has granted a two-month licence fee waiver for terrestrial broadcast stations as part of efforts to ease the negative effect of the COVID-19 pandemic on the broadcast industry in the country.
8. **Augmentation to the States' FAAC Allocations & Moratorium on States' Debts**
Due to the drastic decline in global oil prices President Muhammadu Buhari has approved that the sum of US\$150 million be withdrawn from the Nigeria Sovereign Investment

Authority ('NSIA') Stabilization Fund to support the June 2020 FAAC disbursement.

B. Tax Palliative Measures to COVID-19

Federal Inland Revenue Service (FIRS) and Several States' Internal Revenue Service (SIRS) Palliative Measures to Cushion the Effects of COVID-19 on Businesses & Taxpayers:

1. The FIRS and several SIRS have stepped in to also cushion the effect of COVID-19 on businesses and taxpayers. Some of the measures set up by the FIRS are:
 - I. Taxpayers can submit their documents online.
 - II. Late Returns Penalty (LRP) has been waived for taxpayers who pay early and file later.
 - III. Value Added Tax (VAT) and Withholding Tax (WHT) has been extended to the last working day of the month as opposed to the 21st day of the month.
- IV. Field Audits, Investigations and Monitoring visits were suspended for 13 weeks from April 6 to June 30, 2020.
- V. Taxpayers facing challenges in sourcing for FOREX to offset their liabilities can pay in Naira at the prevailing Investors & Exporters (I & E) Forex Window rate on payment date.
- VI. Interests and penalties arising as a result of tax arrears from desk review, tax audit and investigation has been waived for all taxpayers but they must pay their debt in full on or before June 30 2020.

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The following are the measures taken by some SIRS:

Extension of deadline for filing Annual Individual Personal Income Tax (PIT) Filing Returns: The Lagos State Internal Revenue Service (LIRS) extended the deadline for filling annual returns for individuals to 31st May 2020. The FCT-IRS has also extended the deadline to 30th June 2020.

C. The Central Bank of Nigeria (CBN) Palliative Measures in Response to COVID-19 Pandemic:

1. Creation of a N50 billion Targeted Credit Facility (TCF):

CBN introduced the N50 billion TCF as a stimulus package to support households and micro, small and medium enterprises (MSMEs) affected by the COVID-19 pandemic.

2. Extension of Moratorium:

The CBN granted a further moratorium of one year on all principal repayments which takes effect from March 01, 2020.

3. Decrease in Interest Rate Interest by 44%:

Interest rates have been reduced from 9% to 5% for a period of year on all CBN intervention facilities which takes effect from March 01, 2020.

4. Regulatory Forbearance:

The Central Bank of Nigeria (CBN) has granted all Deposit Money Banks (DMBs) leave to consider temporary and time-limited

restructuring of the tenor and loan terms for businesses and households most affected by the outbreak of COVID-19 particularly the Oil & Gas, Agriculture, and manufacturing industries.

5. N100billion Credit Support to the Healthcare Industries: 1. Creation of a N50

The CBN as part of its measures to cushion the effect of COVID-19 has provided N100billion credit support intervention to the Healthcare Sector. This is with a view to strengthening the sector's capacity to meet potential increase in demand for healthcare products and services. The scheme is to provide credit to indigenous pharmaceutical companies and other healthcare value chain players intending to build or expand capacity.

6. CBN, Bankers' Committee Suspend Lay-offs in Banks:

To minimize and mitigate the negative impact of COVID-19 pandemic on families and livelihoods, CBN has ordered banks in Nigeria not to retrench or lay-off any staff of any cadre (including full-time and part-time).

7. Extension of Deadlines by One Year for The Revised Minimum Capital Requirements for Microfinance Banks (MFB0):

The CBN extended the deadlines for compliance with the revised minimum capital requirements for all categories of MFBs by one year.

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D. Customs & Ports Palliative Measures to COVID-19

1. The Nigerian Ports Authority has directed all Terminal operators to extend the suspension of all applicable terminal storage fees on consignments (demurrage) for another fourteen days with effect from April 13, 2020.
2. The Nigerian Shippers' Council directed shipping companies to suspend demurrage charges during the period of the COVID-19 lockdown with effect from 30th March 2020.

E. Securities and Exchange Commission and The Nigeria Stock Exchange Palliatives**Securities and Exchange Commission**

Palliatives for Regulated Entities and the Market

SEC has commenced the electronic filing and processing of capital market applications (pending), while fresh applications for the registration of capital market operators had been suspended

Also, in addition to the electronic filing for public companies and capital market operators, SEC has approved a 60-day extension (in the first instance) for filing the 2019 annual reports and first quarter 2020 reports

Nigeria Stock Exchange Palliatives

The NSE has extended the Deadline for Dealing Member Firms to file their 2019 Audited Financial Statements by 60 days which means, the due month for filing would be in May 2020

as oppose March 2020. This is as a response to the Covid-19 outbreak, recognizing that most companies are yet to be audited or even still about to appoint the external auditor

F. External Funds from International Organisations

1. The IMF approved \$3.4bn loan to support Nigeria combat COVID-19.
2. The Nigeria Centre for Disease Control ('NCDC') has access to a Regional Disease Surveillance Systems ('REDISSE') facility from the World Bank in the sum of US\$90 million.

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SPAIN

Minimum payment on account of Corporate Income Tax is not according to Spanish Constitution.

In 2016, a new Royal Decree-Law introduced a new method for calculating payments on account of the Spanish Corporate Income Tax in such a way that Taxpayers must pay a minimum fee.

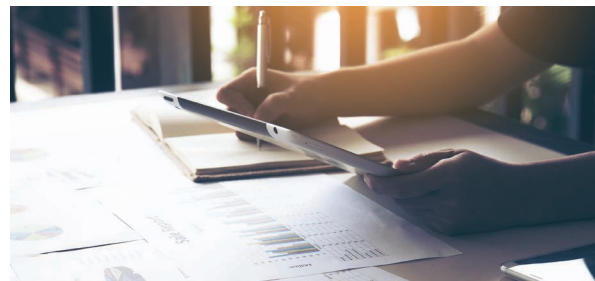
This minimum was applicable to taxpayers with a turnover equal or exceeding 10.000.000.-€, establishing a rate of 23% applicable on the accounting result (different from taxable income) ignoring any tax adjustments.

On 1 July 2020, the Spanish Constitutional Court announced the issuance of a decision declaring that minimum payment as contrary to the Spanish Constitution.

In this decision, the Spanish Constitutional Court confirms that a Royal Decree-Law is not suitable to introduce a relevant amendment to the Spanish Corporate Income Tax exceeding the scope of Royal Decree-Laws. As a result of that, this minimum payment is declared null and void.

Furthermore, the High Court had also concluded that this minimum payment is contrary to the constitutional principle of economic capacity.

That decision implies that taxpayers can claim compensation for the adverse financial impact suffered as a result of payment made in advance on an unfair basis. Nevertheless, it must be pointed out that this decision will not be applicable to those cases which have become



firm due to not being challenged by the respective taxpayers. Specifically, to those relating to fiscal years 2016 and 2017.

Members of our Tax department has been working actively advising our clients in relation to this issue since the entrance in force of that Royal Decree Law. We are very proud and satisfied to help clients to recover that negative financial effect due to rule exceeding limits imposed by the Spanish Constitution.

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THE NETHERLANDS

The second Dutch support package of € 13 billion: what is changing?

Publicatiedatum: 26-5-2020

The second support package intended to help entrepreneurs deal with the coronavirus crisis was announced by the Dutch Government on Wednesday, 20 May. This largely extends the measures for a further three months (from June to August). What changes will the new package introduce?

There will now be more compensation available for fixed costs, the redundancy penalty under the Temporary Emergency Bridging Fund for Employment (NOW scheme) will be removed and seasonal businesses will be offered a helping hand. In addition, a partner test will be introduced under the Temporary Bridging Scheme for Independent Entrepreneurs (Tozo).

1. NOW scheme: redundancy penalty removed

The contribution towards payroll costs that can be obtained under the NOW scheme will continue to apply from June to August for companies that suffer a drop in turnover of at least 20%. One important expansion being introduced via NOW 2.0 is that entrepreneurs will now receive a mark-up of 40% instead of the current 30% on their payroll costs.

Redundancy penalty removed

Under the new scheme it is permitted to make employees redundant for commercial

reasons without incurring a 50% penalty on the contribution received. Compensation for seasonal businesses also forms part of the new scheme.

Please note: To qualify for the new NOW, companies are prohibited from distributing dividends, paying bonuses to their management and board or buying back their own shares this year.

2. Reimbursement of Fixed Costs for SMEs (in Dutch: Tegemoetkoming Vaste Lasten MKB (TVL)): higher compensation for fixed costs

To date, under the Contribution for Entrepreneurs in Sectors Affected by COVID-19 scheme (TOGS) it has been possible for companies to obtain fixed compensation of € 4,000 for fixed costs. Under a new scheme compensation for fixed costs will now be available up to a maximum level of € 20,000 for the period from June to August. This applies if a company has suffered a drop in turnover of at least 30%.

Please note: The amount of compensation that an entrepreneur can receive on balance depends on the size of the company, the level of its fixed costs and the drop in turnover suffered.

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3. Tozo scheme extended: partner test introduced

The Temporary Bridging Scheme for Independent Entrepreneurs (Tozo) is also being extended. Under this scheme independent entrepreneurs who are experiencing financial difficulties can apply for additional assistance to supplement their income up to the level of the minimum social income. The new Tozo will, however, include a partner test. To date, any income of a partner has not been counted when determining the level of the contribution, but this will now be taken into account under the new scheme.

4. Deferment of tax payments: extended until 1 September

The period during which affected entrepreneurs can apply for a deferment of tax payments has been extended until 1 September 2020. Any default penalties for late payment do not have to be paid. The rates of tax interest and late payment interest have been reduced to 0.01% until 1 October 2020 for all types of tax.

In addition, the other tax measures introduced, namely the relaxation of the hour criterion for self-employed persons, the mortgage payment holiday, the VAT



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exemption for medical aids and the VAT exemption for the loaning out of healthcare personnel, are being extended until 1 September 2020.

Entrepreneurs will be immediately granted a three-month deferment of payments on submission of their first application. An application only needs to be submitted once for this three-month period.

Please note: Entrepreneurs who apply for a deferment of more than three months may not pay out any dividends or bonuses or buy back their own shares.

A deferment granted for more than three months will last until the deferment is withdrawn, which will not be before 1 September 2020. Upon expiry of the deferment entrepreneurs will be offered an appropriate payment arrangement. What this payment arrangement will involve is not yet clear.

Guarantee Scheme (KKC) and the increased budget for the SEED Capital scheme.

The Coronavirus Bridging Loan (COL), which helps to improve the liquidity position of innovative companies (start-ups and scale-ups), will be allocated an additional € 150 million over the next three months due to the large number of applications received.

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5. Continued flexibility in the area of lending (BMKB, GO, KKC, COL)

The additional, expanded or more accessible loans and guarantees that were available to small and medium-sized enterprises, start-ups and scale-ups under the first emergency package will continue. This relates to the coronavirus modules of the government-guaranteed scheme for loans to SMEs (BMKB) and Corporate Finance Guarantee Scheme (GO), the new Small Loans Coronavirus



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