

**THE SOUTH EAST EUROPE ENERGY HANDBOOK**

**SPECIAL EDITION**

**OVERVIEW OF THE CORONAVIRUS SUPPORT INITIATIVE &  
IMPACT ON THE ENERGY AND INFRASTRUCTURE SECTORS  
IN SOUTHEAST EUROPE**

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## **ALBANIA**

### **A. Covid-19 Response Investment and Support Initiative – General**

The Albanian Government and other public authorities have introduced various measures to support businesses affected by the government restrictions imposed in response to the Covid-19 pandemic in Albania. Below is a list of the key measures introduced until 10 April 2020:

- 1) Financial subsidy to salaries of certain categories of employees and taxpayers (Council of Ministers' Decision no. 254, dated 27 March 2020);
- 2) Sovereign guarantee to second-tier banks for loans covering salaries of employees of certain companies the activity of which has been shut down or impaired due to Covid-19 outbreak (Council of Ministers' Decision no. 277, dated 6 April 2020);
- 3) Loan instalments deferral for borrowers suffering financial difficulties during the Covid-19 pandemic (Joint Order of the Prime Minister and the Governor of the Bank of Albania of 17 March 2020);
- 4) Income tax filings and payment postponements for 2020 (Council of Ministers' Normative Act no. 10, dated 26 March 2020);
- 5) Postponement of prepayment of simple profit tax instalments (Council of Ministers' Normative Act no. 11, dated 27 March 2020);
- 6) Postponement of filing applications related to energy and gas licensing (Energy Regulatory Entity's Decision no. 51, dated 26 March 2020).

Except for the measures taken by the Energy Regulatory Entity (energy and gas sector), the initiatives have not been introduced on the basis of sectors, rather on the basis of business categories (self-employed, SMEs, larger businesses) adversely affected by governmental decisions.

The initiatives offer a variety of support including financial support, credit support, postponement of filings or tax prepayment deadlines, etc.

The financial subsidy to the salaries of certain categories of employees and taxpayers applies to:

- a) Employees of legal persons or sole entrepreneurs registered for CIT or as small businesses with an annual turnover not exceeding ALL 14 million during 2019. Employees shall be paid the minimum salary of ALL 26,000 per month. Double employed individuals may benefit only one payment.
- b) Self-employed individuals with an annual turnover not exceeding ALL 14 million and their family members working against no payment for them are entitled to benefit the minimum salary of ALL 26,000 per each person.

The sovereign guarantee to second-tier banks for loans related to salaries of employees of certain merchants and companies applies to companies larger than those covered by the first initiative, though the qualifying criteria remain to some extent unclear.

The loan instalments deferral applies to borrowers having encountered financial difficulties during the situation caused by the Covid-19 pandemic and as such being unable to serve their loans. However, no further eligibility criteria have been set out and the credit institutions are granted discretion for assessing applications.

Income tax filings and payment postponements apply to certain businesses subject to income tax. Specifically, a four-month postponement is made available for the filing of financial statements and related documentation of all categories of businesses namely by 31 July 2020, instead of 31 March 2020. For taxpayers with a yearly turnover of up to ALL 14 million, the payment date of the income tax calculated on the basis of the yearly statement is postponed to the second half of 2020. For the same category of taxpayers, the payment of income tax instalments for the first and second quarter of 2020 is postponed until 31 December 2020. Payment deadlines for taxpayers with a yearly turnover exceeding ALL 14 million together with a deadline for the submission of yearly personal income statements remain unchanged.

Postponement of prepayment of simple profit tax instalments applies to businesses subject to simple profit tax.

Postponement of filing applications related to energy and gas licensing (new licence, renewal, compliance, etc.) applies to companies operating in the energy and gas sectors.

### **Access**

- 1) With respect to the financial subsidy to the salaries of certain categories of employees and taxpayers, application should be made in the Albanian governmental electronic portal [www.e-albania.al](http://www.e-albania.al).



- 2) With respect to the sovereign guarantee to second-tier banks for salary loans, application should be made following a cover agreement to be concluded between the Albanian Government and the various second-tier banks identified in the same Decision.
- 3) With respect to the loan instalments deferral, beneficiaries should address a reasoned request to their credit institutions in order to benefit the right of postponement of the term.
- 4) With respect to income tax filings, application should be made through the tax authority website.
- 5) With respect to postponement of prepayment of simple profit tax instalments, application should be made through the tax authority website.
- 6) With respect to postponement of filing applications related to energy and gas licensing, application should be made through the Energy Regulatory Entity.

#### **Ease/speed of access**

- 1) With respect to the financial subsidy to the salaries of certain categories of employees and taxpayers, upon application, the tax authorities will verify the data within the first 10 days of the following month.
- 2) With respect to the sovereign guarantee to second-tier banks for salary loans, credit institutions should process the requests of beneficiaries within three days upon receipt of the request.
- 3) No details are provided in relation to the loan instalments deferral.

#### **Period of support**

- 1) The financial subsidy to the salaries of certain categories of employees and taxpayers shall be effective as of 1 April 2020 and last no longer than three months.
- 2) The sovereign guarantee to second-tier banks for salary loans shall be available to companies for a period of no longer than 30 days from the conclusion of a cover agreement between the Albanian Government and the various second-tier banks identified in the same Decision.
- 3) Loan instalments deferral shall be made until 31 May 2020.
- 4) Filing of financial statements and related documentation on all categories of businesses is postponed by four months i.e. by 31 July 2020 instead of 31 March 2020. For taxpayers with a yearly turnover of up to ALL 14 million, payment date of income tax calculated on the basis of a yearly statement is postponed to

the second half of 2020. For the same category of taxpayers, the payment of income tax instalments for the first and second quarter of 2020 is postponed until 31 December 2020.

5) Postponement of prepayment of simple profit tax is offered until October 2020 for prepayments due in the first and second quarter of 2020 and until December 2020 for the prepayments due in the third and fourth quarter of 2020.

6) Filing applications for energy and gas licenses are postponed by one month after the end of the pandemic.

The initiatives taken have not addressed the interaction with existing insurance covers.

Some useful links include:

[www.qbz.gov.al](http://www.qbz.gov.al) (Official Gazette Website, Albanian only)

<https://shendetesia.gov.al/masat-e-reja-per-te-parandaluar-perhapjen-e-covid-19/> (Ministry of Health and Social Protection Website, Albanian only)

## **B. Impact on the Energy and Infrastructure Sectors**

The energy sector is not covered by the Order of Minister of Health and Social Protection no. 193, dated 20 March 2020 which specifies the sectors/industries whose activities are shut down for the duration of the Covid-19 pandemic. Thus, legally the sector is not affected by any prohibition of activity order. However, the movement restrictions imposed by the Government (including the prohibition of public transportation, time limitations of free movement of people, etc.) have impaired the normal functioning of such businesses.

For the supportive measures, see above.

Furthermore, the Ministry of Infrastructure and Energy has postponed bidding deadlines for certain projects.

The infrastructure sector is not covered by the relevant Order of Minister of Health and Social Protection no. 193, dated 20 March 2020. Yet, the Public Procurement Agency has notified all public authorities asking to suspend for a specified term (initially two weeks) all contracts except for those that "are indispensable". This notification, while legally questionable, has also created confusion among the respective companies. Moreover, the movement restrictions imposed by the Government (including the prohibition of public transportation, time limitations of free movement of people, etc.) have impaired the normal functioning of such businesses.

Furthermore, the Ministry of Infrastructure and Energy has postponed bidding deadlines for certain projects.

As a general note, the measures taken by the Albanian Government relating to the limitation of free movement and the support of individuals/businesses have raised legal questions about their lawfulness (particularly constitutionality). Most importantly, the Government declared the State of Natural Disaster only on 24 March 2020 (Council of Ministers' Decision no. 243), which could have been a plausible legal basis justifying all restrictive measures taken by the Government earlier, i.e. as of 11 March 2020.

Apart from this, such measures, including the supporting ones, remain to a considerable extent unclear (especially in relation to eligibility criteria, etc.), therefore leaving room to public authorities for considerable discretion in implementing them. This, in turn, seems to have already affected negatively businesses.

## BULGARIA

### A. Covid-19 Response Investment and Support Initiative – General

#### EU Funding

In the context of the CRII Bulgaria is allowed to retain as immediate liquidity for Covid-19 response measures EUR 122 million of unspent pre-financing from the EU's cohesion funds and could benefit from EUR 690 million of co-financing from the EU budget if such unspent amounts are effectively used – i.e. a total of EUR 812 million as fresh money from the EU budget. In addition, Bulgaria would be allowed to reprioritise and use for Covid-19 response measures EUR 546 million of cohesion funds that have not been contracted for the budgeting period 2014-2020.

A state of emergency was introduced in Bulgaria by a decision of the Parliament of 13 March 2020 (originally with a duration until 13 April 2020, subsequently extended until 13 May 2020) and a special Act on the Measures and Actions during the State of Emergency was adopted on 23 March 2020, effective as of 13 March 2020 (the “**State of Emergency Act**”). The State of Emergency Act introduced certain general rules and amendments to national legislation on EU funds’ spending which will be applicable during the duration of the state of emergency and which provide for flexibility and simplified rules for allocation of funds for Covid-19 response measures. In particular, grants can be awarded for eligible Covid-19 response measures without a prior invitation for collecting offers and/or under reduced time periods, with a simplified process for approval.

There is, however, no public information so far on particular measures and programs made available by the government to the business in the CRII context. Funds have been so far allocated mostly to public entities for spending on health systems related measures (such as protective equipment and medical supplies, supplemental payments to health workers involved in Covid-19 response activities, etc.).

#### Covering of salary expenses

A general economic support measure to be made available in Bulgaria includes partial covering of salary expenses for employees of enterprises affected by the pandemic. Under that measure, for a period of up to three months, the National Social Security Institute will cover to eligible employers upon their request 60% of the amount of the

individual social insurance income for January 2020 and the social security contributions due by the employer for certain of its employees, based on criteria adopted by the Bulgarian government.

According to a relevant Decree of the Council of Ministers, the possibility for companies to claim the above support is available for:

- (i) employees whose work was suspended on the basis of government authority in relation to the state of emergency;
- (ii) employees whose work was suspended on the basis of an order of the employer in relation to the state of emergency;
- (iii) employees whose working hours have been reduced on the basis of an order of the employer in relation to the state of emergency.

The availability of aid is subject to a number of exceptions and conditions. The aid under item (i) above is available only to employers of certain sectors directly affected by governmental measures such as retail outlets, air and road transport, hotels and restaurants, cultural, sports and educational institutions, etc. The other types of aid are available generally to all economic sectors except for agriculture, forestry and fishery, financial sector, educational sector, health sector. The effective implementation of the measure will start upon state aid approval by the European Commission which is still pending.

#### Intermediated SME Loan Guarantee Program

The government injected BGN 500 million (EUR 255 million) as a capital increase of the state-owned Bulgarian Development Bank AD (the “**BDB**”). The BDB will use these funds to provide public guarantees on investment loans and working capital loans by private banks to micro, small and medium-sized companies affected by the Covid-19 outbreak in Bulgaria. The scheme aims at limiting the risk associated with issuing loans to those companies that are most severely affected by the economic impact of the current crisis.

The measure has been cleared by the European Commission under EU State aid rules on 8 April 2020 and the BDB is to publish shortly the particular terms and conditions for the implementation of the measure.

#### Financing repayment moratorium

Under recent amendments to State of Emergency Act (effective as of 9 April 2020), the effects of a default on payments of private debtors under loan agreements or agreements for other forms of financings (factoring, forfeiting, etc.) provided by banks and financial institutions (including when the financing receivables have been

transferred to other entities), as well as under lease agreements are suspended for the period of the state of emergency. This includes the accrual of interest and penalties for delay, acceleration, and the right to rescind a contract and repossess assets.

At the same time, in compliance with the Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis adopted by the European Banking Authority, the Bulgarian National Bank has approved general terms for a non-legislative (voluntary) bank loans repayment rescheduling schemes. Pursuant to the approved terms, banks that have declared to the BNB that they would join the scheme can agree with borrowers affected by the Covid-19 outbreak on the rescheduling of loan repayments (choosing from three types of rescheduling plans) for up to six months on loans contracted before 31 March 2020. So, rescheduled debts will not be considered as non-performing loans for banks' solvency purposes.

#### Tax measures

Under the State of Emergency Act, the deadlines for submission of returns and payment of certain alternative and one-off corporate taxes and local municipal taxes have been postponed to June 2020. The rules for advance corporate income tax instalments in 2020 have been revised to provide more flexibility to companies to account for the effects of the economic slowdown as a result of the Covid-19 outbreak. No new enforcement proceedings for tax and other public debts are to be initiated until the end of the state of emergency, subject to limited exceptions. All existing enforcement procedures are suspended, subject to limited exceptions.

### **B. Impact on the Energy and Infrastructure Sectors**

No major regulatory changes have been introduced in the energy sector as a result of the Covid-19 outbreak in Bulgaria. The economic slowdown and the closure of many industrial and service provision facilities caused by the Covid-19 restrictions naturally affected the energy markets with electricity prices at the Bulgarian exchange dropping by about 30% in the last two weeks of March compared to the same period of 2019. However, the volumes of electricity consumption were only slightly affected and there were no major dropdowns in consumption like those recorded in some other European countries.

In view of the expected economic slowdown and for the purposes of public expenditures control and reprioritization, proposals on postponing certain large energy infrastructure projects such as the Belene Nuclear Power Plant project and the Balkan Stream gas pipeline project have been made public but for the time being no official position of the

government has been made. In the meantime, the terms under the procedure for the selection of a strategic investor for the Belene NPP project have been suspended for the period of the state of emergency.

It could be expected that the redirecting of grants from EU funds to Covid-19 related measures would affect the financing and implementation of large roads and other public infrastructure projects but no official data is available at this stage.

In accordance with the State of Emergency Act, all electricity grid operators should discontinue all planned maintenance involving interruption of electricity transmission, with the exception of emergency repairs.

The periods for payment of electricity bills by household customers, as established in the approved general terms of the relevant suppliers, are extended from 10 days to 20 days and may be extended further by an order of the Minister of Energy upon recommendation of the national emergency committee after considering the impact on the financial status of electricity suppliers and the security of supplies.

All utility companies must operate their customer service centres in strict compliance with the relevant requirements of the national emergency committee. Employees of all utility companies traveling on business are exempted from travelling restrictions which are otherwise applicable under the relevant pandemic measures.

All healthcare establishments, state institutions and companies in the telecommunications sector are required to make urgent preventive checks of their reserve electricity supply systems and capacities aimed at assuring uninterrupted electricity supplies for their operations and must inform the Ministry of Energy of the results, without delay.



## CROATIA

### A. Covid-19 Response Investment and Support Initiative – General

The Government of the Republic of Croatia („RoC”) issued two sets of measures in March and April 2020 intended to stimulate the economy during the Covid-19 pandemic. The first package, which consists of 63 measures to be implemented through 19 legislative acts, was introduced on 17 March 2020 and accepted by the Croatian Parliament on 19 March 2020, with the majority of measures relating to the preservation of liquidity and jobs. The measures were summarized and described by the Government of RoC as three horizontal measures intended to aid the economy through interest-free deferral of public contributions for entrepreneurs affected by the crisis, meaning - no personal income tax, no corporate profit tax and no health and pension insurance contributions. In addition, the next package of measures intended to stimulate the economy was announced on 2 April 2020 and adopted by the Croatian Parliament on 7 April 2020. The second package introduced two new financial instruments - the “Covid-19 Loan” and “Micro Loan for Rural Development”, as well as some significant tax measures, while it also expanded the previously accepted measure intended for preservation of jobs. The measures are being implemented by several ministries and national authorities, including the Croatian Employment Service, Ministry of Finance – Tax Administration, Croatian Bank for Reconstruction and Development – “HBOR”, and Croatian Agency for SMEs, Innovations and Investments – “HAMAG BICRO”.

Depending on the specific measure, a range of sectors is covered by the newly introduced initiatives, including agriculture (livestock production and processing; dairy farming and processing; crop production, storage and processing; growing of fruit and vegetables, as well as storage and processing into semi-durable goods; fisheries and aquaculture), textiles, clothing, footwear, leather and wood manufacturing, forestry, postal services, road and maritime transportation and storage, culture and creative industries, accommodation and food services, tourism, as well as health tourism.

Organisations covered by the Government’s initiative vary, depending on the measure in question. For example, with regard to the measures intended for the preservation of jobs implemented by the Croatian Employment Service, the primary subjects are employers – entrepreneurs, which includes companies regardless of their size, as well as natural persons as crafts and self-employed persons. Furthermore, the new financial instrument the Micro



Loan for Rural Development is provided only for the micro- and small-sized enterprises, whereas the Covid-19 Loan is provided for the micro-, small- and medium-sized enterprises.

Types of support available under the initiative differ depending on the measure, ranging from financing through subventions to deferral of payment, or even complete write-off of taxes and contributions for the following months.

### **Job retention measures**

Subventions are available for support of job retention in industries affected by Covid-19, whereby employers affected by the coronavirus, i.e. those who are either not performing their activities due to the decision of the Civil Protection Headquarters or experiencing difficulties in doing business due to special circumstances, may request subventions in the amount of HRK 3,250 (approximately EUR 430) per full-time employee (or a proportional amount for a part-time employee) per month for March, increasing to HRK 4,000 (approximately EUR 530) for April and May. These measures are available from 1 March 2020 and are currently intended to last up to three months. Furthermore, all beneficiaries of self-employment support, as well as employers who have registered and made application to the Croatian Pension Insurance Institute by the end of February 2020, may request assistance via payment of contributions (the so-called second pillar pension). Moreover, taxpayers eligible to receive support for job retention as salary subvention are also exempt from paying public contributions to the amount of co-financed net salary.

Companies not eligible for measures regarding the support of job retention are those founded by the RoC or regional and local municipalities, as well as companies in which the RoC or municipalities hold 25% of shares or more (with the exception of employers from the manufacturing industry and accommodation and food services). Also, employers already benefiting from other measures regarding justified expenses as salary expenses (Croatian Employment Service's measures or EU measures) cannot simultaneously use the new measures but may request a standstill period for the previously used measures. Employers that experienced a decline in staff from 1 March to 20 March 2020 may be granted support. However, the support will be lost if, in the period from 20 March until the payment of subvention, the employer experiences a loss of 40% of employees (if there are less than 10 employees), or 20% for small businesses, 15% for medium-sized enterprises and 10% for large companies (excluding expiration of fixed-term work contracts, retirement, and termination of contract due to employee misconduct). There are three defined deadlines with regard to subventions for salary expenses – requests received by 7 April 2020 will be

approved for salaries for March, April and May 2020, requests received from 8 April until 7 May will be approved for salaries for April and May 2020, while requests received from 8 May until 7 June will be approved for salaries for May 2020. It has been reported that the subventions for the salary expenses for March were paid by the Croatian Employment Service in a timely manner.

### **Tax and financial measures**

With regard to the several measures intended to be implemented by the Tax Authority, according to the Croatian Chamber of Economy, one of the most welcomed is the deferral of payment of corporate income tax, personal income tax and social security contributions. It is announced to be available to companies having a 20% - 50% decline in revenue, with the possibility to make interest-free instalment payments up to 24 months. Also, a complete write-off of taxes and contributions in the next three months will be available to small and medium-sized companies with annual revenues of up to HRK 7.5 million (approximately EUR 1 million) with a decline in revenues of more than 50%. For large companies (with annual revenues above HRK 7.5 million) with a decline in revenues of more than 50%, tax exemption will be available - in proportion to the decline in revenue over the next three months. All companies regardless of annual revenue are allowed to pay VAT after collection of the invoice, as opposed to after issuing the invoice. Finally, the deadline for submission of the annual financial statements for 2019 is postponed to 30 June 2020.

As mentioned above, new financial instruments are available for the purpose of financing current business operations and for the settlement of short-term liabilities towards the state and other short-term liabilities for entrepreneurs experiencing Covid-19 consequences. For example, a loan in the minimal amount of HRK 100,000 may be available with an interest rate of 2.00% per annum, fixed for HBOR part of the loan in the risk-sharing model and with the possibility to reduce the interest rate.

The business might also benefit from the moratorium on credit obligations offered by HBOR and commercial banks for the period of at least the next three months, subject to conditions of each bank.

Forms are available online on the websites of the relevant national authorities, with instructions regarding all additional documentation which is necessary for duly submission. Official weblinks to information on the abovementioned initiatives are available in Croatian:

- <https://koronavirus.hr/vladine-mjere/101>;

- <https://hamagbicro.hr/financijski-instrumenti/kako-do-zajma/>;
- [https://www.porezna-uprava.hr/Stranice/COVID\\_19\\_informacije.aspx](https://www.porezna-uprava.hr/Stranice/COVID_19_informacije.aspx);
- <https://mjera-orm.hzz.hr/potpورا-ocuvanje-radnih-mjesta/>.

## **B. Impact on the Energy and Infrastructure Sectors**

Although the energy and infrastructure sectors have not yet been as severely affected by the Covid-19 pandemic as other industries, and therefore have not been included in the Government's March and April responses in a sector-specific manner, both sectors did register some market changes.

Following the global trend of oil price reduction due to high supply and relatively low demand as one of the Covid-19 pandemic consequences, the prices of oil in the RoC have also been falling in the past six-week period, reportedly reaching a ten-year low at the beginning of April 2020. In addition, following the global wholesale gas price reduction in 2020, the prices of gas have also decreased in RoC, however, up to this moment, the reductions have only applied to households. Furthermore, the HEP group companies, which is the national power company, reportedly temporarily ceased to enforce buyers' due obligations due to Covid-19 pandemic economic consequences, until further notice. It has been speculated that the next set of measures to be announced by the Government of RoC might include an electric energy price reduction for both households and businesses.

Anticipating major consequences on the infrastructure industry following the impact of the Covid-19 pandemic, five professional chambers - including architects' and engineers', suggested that the Government adopts 10 emergency measures intended to help the construction sector. Among those, it is suggested to continue the works on construction sites in accordance with the recommendations of the Civil Protection Headquarters, to establish an emergency import line of supply for important materials (e.g. concrete reinforcing bars and glass) and to encourage the continuation of all planned public procurement procedures.

## GREECE

### A. Covid-19 Response Investment and Support Initiative – General

The ongoing crisis of the Covid-19 pandemic has triggered an immediate response from the Greek state, which proceeded to the adoption of a wide array of measures from the early stages of the outbreak. The initiatives, besides of course targeting to limit the spread of the disease among the country's population, directly aim to support the national economy, which has recently entered into a recovery trajectory following many years of recession, on a business as well as on an employee level.

The emergency provisions mainly cover issues of tax; social security and administrative nature as well tend to the facilitation of businesses through financial incentives or other interventions.

With regards to taxation, the Government's initiative introduces several emergency tax reliefs, mainly focusing on the suspension of various deadlines, the granting of a refundable cash advance/payment and the reduction of the VAT rate for specific products.

The state has further undertaken to aid the settlement of social security obligations while in the administrative field, the initiative concentrates on measures related to public procurement procedures.

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

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

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

- suspension of several tax reporting and payment deadlines;
- reduction of 25% in assessed tax liabilities for April 2020;
- reduced VAT rate for products essential for protection against the pandemic;
- a refundable cash advance/prepayment financed by the state's budget for the financially affected businesses; such financial aid shall be tax-exempt; it may not be seized nor set-off against any liabilities.

Social security arrangements comprise of:

- payment by the state of social security contributions of private sector employees, during the suspension of employment thereof;
- postponement of deadlines for payment of social security contributions by employees and employers.

Administrative measures may consist of:

- deferrals of planned public tenders;
- extensions of the applications' submission and other public procurement deadlines; and
- extensions of contractual time-limits.

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

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

A list of Activity Code Numbers (hereinafter "**ACN**") published by the Ministry of Finance on 26 March 2020 sets the exact activities to which the social security, as well as tax emergency regulations, shall apply. Companies that

have suspended employment agreements, shall be required not to proceed to any dismissals and retain their personnel over the suspension period.

Undertakings qualifying for tax reliefs further include:

- (a) enterprises which have suspended their operation by virtue of explicit governmental decisions;
- (b) enterprises (not originally affected) holding securities, whose payment may be suspended; and
- (c) small and medium enterprises from all economic sectors employing at least one and up to a maximum of 500 employees as regards the refundable prepayment.

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

Therefore, the emergency measures are implemented automatically. Likewise, access to the platform established for the refundable cash prepayment is rather effortless. Nevertheless, the precise timeframe for the actual remittance has not been determined.

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

In detail, the below tax support measures are designed to relieve businesses in view of the financial impact of the ongoing crisis:

*Extension of deadlines:*

- 1) extension of the deadlines for the payment of VAT obligations, assessed tax liabilities and instalments of assessed liabilities towards the Greek state until 31 August 2020;
- 2) extension for the publication of the annual financial reports of companies listed at the Athens Stock Exchange, for the prior fiscal year; as well as for reporting of tax documents for cross-checking purposes of information (MYF) until 30 June 2020;

- 3) two months' extension of the deadlines for the submission of capital duty and stamp duty returns whose deadline expires within March and April 2020;
- 4) extension until 29 May 2020 of the deadline for the submission of inheritance and gambling profits tax returns, as well as for donations tax returns;
- 5) extension of currently pending tax proceedings until 31 July 2020; and
- 6) extension of specific deadlines included in the Tax Procedure's Code (regarding the procedures for challenging any assessment act issued by the tax authorities).

*Reductions and other measures:*

- 1) 25% reduction of specifically assessed tax liabilities due between 30 March 2020 and 30 April 2020;
- 2) VAT rate reduction from 24% to 6% (until the end of the year) for products necessary for protection against Covid-19; and
- 3) acceleration of refunds of income tax and VAT, for amounts below EUR 30,000 per type of tax and per taxpayer, as on 20 March 2020.

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

Government's websites with relevant information are:

- <https://covid19.gov.gr/>

The website offers comprehensive information for all issues on the state's response and actions amidst the Covid-19 situation. However, for the time being content is only available in Greek;

- <https://www.aade.gr/>

The website of the Independent Authority of Public Revenues of the Ministry of Finance, where all the Decisions about tax measures are uploaded; and

- <https://www.aade.gr/mybusinesssupport>

The online platform where the eligible businesses can apply for the refundable cash prepayment.



## **B. Impact on the Energy and Infrastructure Sectors**

Initiatives directly applicable to the Energy sector were introduced in late March among the several packages of emergency measures adopted by the Greek state.

Measures focusing on RES projects, target to ensure the viability of the investments in the field, include extensions of:

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

Apart from the above, special provisions allow energy companies to procure the necessary supplies in derogation of the applicable Covid-19 restrictive or lockdown measures in order to ensure the undisrupted supply of materials and spare parts.

Furthermore, in order to ensure protection against the spread of the virus, energy companies are required to facilitate and perform transactions with their clients through various long distance means of communication.

2020 was set to be the year marking important developments in the privatisation of infrastructure including significant energy state-controlled companies. These include the Trading and Infrastructure divisions of the Public Gas Supply Company (DEPA Trading SA and DEPA Infrastructure SA), the Public Power Corporation (PPC SA), the Hellenic Petroleum SA (HELPE), the South Kavala Natural Gas Storage, the Athens International Airport, the further privatisation of the Independent Power Transmission Operator (IPTO SA) and others. The unraveling emergency situation, however, has halted the relevant developments. Although no specific announcements have been made to date, besides the extension of the conclusion of the first phase of the DEPA Trading SA process, delays are expected in the majority of the tenders. The Covid-19 measures provide the Hellenic Republic Asset Development Fund, as with other public authorities, the right to postpone, extend or even suspend the tender processes.

Besides, the recent developments indicate that the implementation of the restructuring of the domestic electricity market in conformity with the Target Model will also be delayed. The commencement of operation of the new electricity markets by the Energy Exchange, the go-live date of which according to the applicable framework was

set for 30 June 2020 will inevitably be pushed back since the provided date for the necessary simulation tests are already missed.

Overall, the Greek state's early reactions indicate an effort to support the economy in this unprecedented global crisis. The timely implementation of the wide spectrum of measures, however, includes an array of provisions (such as the imposition of a curfew, restriction of movement within the country, closing of borders and limitation of air travel, shutdown of numerous businesses, schools), the combined results of which in the market remains to be revealed in the upcoming period.

## MONTENEGRO

Montenegro enacted a number of measures with the aim of containing the spread of Covid-19. These measures include the closure of borders, ban on public transportation, police curfew, ban on public gatherings. The measures of the Montenegrin government, as well as the measures of other governments enacted in response to Covid-19, will have a dramatic effect on the tourism-dependent Montenegrin economy.

### **A. Covid-19 Response Investment and Support Initiative – General**

#### **I. Stimulus package**

Montenegrin PM announced the details of the stimulus package on 10 April 2020 – the package has not yet been formally adopted. Below is a summary of the proposed set of support measures:

- subsidies in the amount equal to 70% of the minimum wage and 100% of taxes and contributions to the minimum wage for each registered employee in sectors that had to be closed due to measures taken to fight the epidemic, for April and May;
- subsidies for the affected businesses for April and May in the amount equal to 50% of the gross minimum wage for each registered employee in those business sectors who are at risk as a result of the measures to fight the epidemic;
- subsidy for wages of employees on paid leave for April and May in the amount equal to 70% of gross minimum wage for each employee who had to stay home to care for a child under 11;
- subsidies for wages of quarantined or isolated employees for April and May 2020 in the amount of 70% of the gross minimum wage;
- subsidies for new employment in the amount of 70% of the gross minimum wage for at least six months for entrepreneurs, micro, small and medium-sized companies, who register new employees in April and who were previously registered as unemployed with the Montenegrin Employment Agency;
- subsidies that the Government grants in this way, through support to the economy and citizens are exempt from forced collection;
- Investment and Development Fund will set-up new credit lines in a manner that complements these Government measures.

- State, state administration, and other entities exercising public authority, founded by the state, as well as companies with majority state-owned capital will postpone enforcement, for a period of 60 days, against the entities whose operations were prohibited by the Ministry of Health, in order to combat the epidemic;
- Each VAT refund requested will be realised within a maximum of 45 days and the Customs Administration will extend the limit of exposure of the customs guarantee for deferred payment of customs debt from 30 to 60 days for the months of April and May, for companies whose operations were prohibited by the Ministry of Health.

The stimulus package will also include support for the agriculture and fisheries sector: one-time assistance to commercial fishermen; payment of contributions to insured persons on the basis of agriculture; one-time support for beneficiaries of the nursing allowances; support for the purchase of local products; support for payment of products to domestic producers within 15 days; favourable loans for the purchase of working capital and payment of interest to the beneficiaries of these loans in the grace period; prepayment of 80% of individual premiums.

Finally, the Government will provide one-time assistance in the amount of EUR 50 to all unemployed persons registered as unemployed with the Montenegrin Employment Agency, otherwise not receiving an incentive.

## **II. Other financial measures and relief**

Most importantly, the borrowers (both businesses and natural persons) are entitled to a 90-day moratorium on loan/financial leasing repayments.

Montenegrin Central Bank enacted prohibition to the banks to pay dividends to its shareholders, except in the form of treasury shares. The measure applies until revoked. Additionally, banks are allowed to increase exposures to a single entity or a group of related entities beyond the statutory limits of 25% of the bank's own funds, with the Central Bank's prior approval.

The Investment-Development Fund offers working capital loans to companies in the sector of medical supplies, tourism and hospitality, and food processing, up to EUR 3 million per borrower.

The Government also introduced a moratorium on rent payments to the state as a lessor.

The state will make advance payments on capital investment projects against bank guarantee.

The deadline for submission of financial statements and tax returns has been extended until 15 April 2020 and the deadline for submission of income tax returns for natural persons has been extended until 15 May 2020.

## **B. Impact on the Energy and Infrastructure Sectors**

There are no major developments in the energy sector as a result of Covid-19, although certain measures do affect the energy companies. Most importantly, energy entities will exempt the companies whose operations were prohibited by the Ministry of Health from paying a fixed part of the electricity bill for the months of April, May and June. In parallel, EPCG, the Montenegrin incumbent power utility will double the amount of subsidies for electricity bills, for the duration of the measures to socially disadvantaged households.

In the transport sector, transport of goods is not banned, but special health and sanitary measures are taken at the borders. International airports in Podgorica and Tivat are closed for commercial traffic and any exception has to be cleared by the National Coordination Authority.

In the construction sector construction sites remain open, however, a set of measures have been imposed on employers to keep the safety of the employees and minimise the risks of spreading the disease.

The ban on the public procurement procedures (except the urgent ones and the ones in the health sector) will obviously have a negative impact on public sector infrastructure investments in this period.

## REPUBLIC OF NORTH MACEDONIA

### A. Covid-19 Response Investment and Support Initiative – General

Following the declaration of a national state of emergency on 18 March 2020 by the President of the Republic of North Macedonia, which is initially set to last 30 days but can be extended, the Government has been focused on instituting measures in order to prevent the spread of Covid-19 disease since its outbreak. Such measures included closing down border crossings and airports, restricting the movement of the population and prohibiting social gathering and public events, and have caused a significant slowdown in economic activities and growth. Therefore, the Government also instituted a number of economic measures which are primarily aimed at easing payment obligations, providing tax breaks and financial support to businesses and preserving jobs.

The set of economic measures aimed at easing payment obligations include the following:

- reducing the statutory default interest rate for payment obligations of legal entities and individuals, as well as the penalty interest rate for public duties and taxes by 50%, for the duration of the state of emergency;
- disallowing any new preliminary procedures for opening a bankruptcy procedure or new bankruptcy procedures, and postponing all such procedures that have already been initiated for the duration of the state of emergency;
- suspending all procedures and actions for enforcement of claims, until 30 June 2020 (certain exemptions apply, including to claims for child support);
- Allowing banks and savings houses to offer their clients (individuals and nonfinancial legal entities), in a simplified procedure, by posting such offer on their website, without prior request from the client and without the need to conclude amending documentation, more favourable changes to the terms and conditions governing their banking products (corporate loans, consumer loans, credit card overdrafts, etc.), including an extension of loan repayment and lower interest rates. Unless individuals expressly decline such offer, it is deemed to be accepted, unless otherwise stated in the offer; while legal entities must expressly inform the banks and savings houses of their acceptance of the offer within 10 days as of its posting.

The Government instituted a separate set of economic measures aimed at helping companies, as well as sole proprietors, which are active in the sectors whose operations were most affected by implementing the preventive

measures against the spread of Covid-19, namely, restaurants and other food businesses, hotels and other accommodation businesses, tourist agencies, and freight transport businesses. Such set of measures include:

- making available interest-free loans, through the Development Bank of North Macedonia, for micro, small and medium companies, and sole proprietors, active in the most affected sectors (mainly, in restaurants, hotels, tourist agencies, freight transport companies) in amounts: up to EUR 5,000 for enterprises with up to 10 employees, up to EUR 15,000 for enterprises with 11 to 50 employees and up to EUR 30,000 for those having 51 to 250 employees;
- giving such businesses a tax exemption from paying the amount of monthly advance payments for corporate income tax (for companies) and from personal income tax (for sole proprietors) for the months of March, April and May 2020, provided such businesses do not reduce the number of employees for a period of three months as of the end of application of the decrees by which such tax exemptions are instituted, except in case of death, retirement or termination by employees.

The tax exemptions described above can also be used by businesses in other sectors, provided they meet at least one of the following additional conditions: (i) the taxpayer's total revenues are reduced by at least 40% in the current month compared to February 2020, or the reduction in total revenue for 2020 exceeds 40% compared to the same period in 2019; or (ii) the number of employees who do not work or do not contribute to the economic activity of the taxpayer is at least 25% of the total number of employees compared to February 2020; or (iii) the taxpayer has closed at least 50% of the points of sale through which it performs its business activity.

The Government has also made available to practically all businesses in the private sector (except for, notably, private employment agencies for employees they have seconded to public sector entities) two alternative forms of direct state aid, but the use of one such form of assistance excludes the possibility to use the other. Such aid may consist of: (i) payment of the salaries of employees of the private sector employer for the months of April and May 2020 in the amount of up to MKD 14,500 (approximately EUR 235) per employee per month (the "**Aid for Salaries**"); or (ii) payment of 50% of the calculated contributions for mandatory social insurance of employees of the private sector employer for the months of April, May and June 2020, in the amount of 50% of such calculated contributions, but not more than 50% of the contributions for mandatory social insurance calculated on the average gross salary per employee in the country, according to the data of the State Statistical Offices from the month of January 2020 (the "**Aid for Contributions**"). However, employers that use the Aid for Salaries or the Aid for



Contributions and generate profit at the end of 2020 must repay such financial support in 2021, in the amount of up to 50% of profit before taxation plus taxable expenses.

To be awarded the Aid for Salaries, the employer must fulfil the following requirements: (i) not to pay out dividends and bonuses until payment of salary for May 2020; (ii) to have at least a 30% reduction in revenue for April or May 2020, compared to last year's average (or season average for season employers); and (iii) the average salary of the 10% of the highest net salaries of the employees not to exceed approximately EUR 1,950 per month per employee, for the month for which the financial support is requested. The employer must also maintain the same number of employees (except in case of death or retirement of employees) for the duration of the Aid for Salaries, as well as two months after its termination. The Aid for Salaries cannot be awarded for employees who received a net salary higher than approximately EUR 650 for December 2019, January and February 2020.

To be awarded the Aid for Contributions, the employer must fulfil the following requirements: (i) not to reduce the number of employees in April, May and June 2020 compared to the number of employees as of 31 March 2020 (except in case of death or retirement of employees); (ii) no dividends and bonuses shall be paid until the submission of the annual account/financial statements for 2020; and (iii) the decrease in revenue in April, May or June 2020 must be higher than 30% compared to the average monthly revenue in 2019.

The Government has also set up a specialized website as an official source of information on Covid-19 and the measures it is taking regarding this public health and economic crisis (available in English on the following link: <https://koronavirus.gov.mk/en>).

## **B. Impact on the Energy and Infrastructure Sectors**

While the Government still has not instituted any economic measures that are aimed specifically at the energy and infrastructure sectors, local companies active in these sectors can benefit from the general economic measures described above.

The Government has, nevertheless, taken some steps aimed at facilitating the operations of construction companies. The Government has extended the validity of the licences and authorisations of various types of participants in urban planning (planners, auditors of urban plans, both individuals and companies, where applicable) and in construction projects (certified engineers, auditors of architectural plans, contractors, construction



supervisors, construction managers, facility managers, both individuals and companies, where applicable), which have expired, for the duration of the national state of emergency, as well as for 60 days as of the end of such state of emergency.

Also, energy and construction companies can benefit from some exemptions from the nationwide curfew the Government has introduced to reduce the spread of Covid-19. Namely, from Monday through Friday, the curfew is in effect from 4:00 p.m. until 5:00 a.m. the following day, while on weekends, a full curfew is in effect from Friday at 4:00 p.m. until Monday at 5:00 a.m. Special curfews apply for youths and the elderly, while people in need of emergency medical assistance are exempted from the restriction, as are some essential workers, such as police, armed forces and health workers. Exemption from the curfews is also provided to workers that work in shifts or that work at night, based on a permit issued by their employer. Movement in public places and public areas is allowed for at most two persons, but this does not apply to construction workers.

## ROMANIA

Following the declaration of the state of emergency in Romania as of 16 March 2020, recently extended until 16 May 2020, certain support measures meant to diminish the negative impact on the economy of the implemented solutions for the prevention and limitation of the disease have been adopted.

### **A. Covid-19 Response Investment and Support Initiative – General**

Support measures applicable irrespective of the industry:

#### **I. General measures:**

I.1 Employment measures applicable to all employers acting in Romania during the state of emergency:

- Unemployment support for employers whose activities are totally or partially reduced or interrupted, following the effects of the Covid-19 pandemic. The level of the unemployment support is established at 75% of the base salary corresponding to the position held by each affected employee, but no more than 75% of the average gross salary, and is borne from the unemployment insurance state budget.
- Days off to be paid from the state budget for parents of children (subject to age/health condition criteria) who are enrolled in educational institutions closed pursuant to the authority's decision where the workplace is not compatible with work from home or telework; for certain workplaces, the possibility of a days-off arrangement is subject to the employer's agreement. The daily allowance paid to such employees is of 75% of their daily regular salary, but no more than the corresponding value for a day of 75% of the average gross wage;

I.2 Tax (fiscal):

- No late payment interest/penalties will be imposed for non-payment of tax obligations during the emergency situation and 30 days after the end thereof;
- No forced execution of tax debts;
- Swift reimbursement of VAT starting the month of April;
- Suspension of tax inspections which cannot be performed remotely;
- Deferral of terms for payment taxes on buildings and land from 31 March to 30 June;
- Taxpayers applying the annual computation for corporate tax are allowed to calculate their quarterly tax based on the actual profit for the quarter instead of using last year's profit as a reference;

- Bonus awarded for taxpayers that pay the corporate income tax related to the first quarter of 2020 until 25 April 2020 ranging from 5% to 10%;

During the entire state of emergency and 30 days after its termination, VAT is not required to be paid in customs on imports of medicines, protective equipment and other medical devices and equipment and sanitary materials used in the Covid-19 control, but accounted for as reverse charge.

## **II. Moratorium measures**

Currently, there is only one enactment that provides a payment moratorium – an emergency ordinance intended to ensure the deferred payment of instalments, for both natural and legal persons (without distinction between the latter), that fulfill certain conditions.

This mechanism in force consists of the possibility of debtors to obtain, upon request, a suspension of their obligation to pay the bank loans or leasing agreements (principal amounts, interest, fees) instalments for a period of one to nine months, but no later than 31 December 2020. However, the Government ordinance has to be approved by the Parliament by law, the Parliament being entitled to propose amendments. The Romanian Senate has already made certain amendments to the Government ordinance (for example, with respect to the debtors and creditors that fall under the scope of the moratorium and the conditions that must be fulfilled in order for the moratorium to be granted).

It is important to note that there is a competing enactment, not yet in effect, whose provisions seem at times contrary to those of the Government ordinance in force. However, this law is still to be promulgated by the Romanian President and its constitutionality has also been challenged, primarily due to the fact that it creates a legislative parallelism.

## **III. Measures applicable only for small and medium-sized enterprises (SMEs) which are mainly divided into two categories:**

- II.1 Measures conditioned upon the prior obtaining of the state of emergency certificate ("**SEC**")
- SEC are to be issued to SMEs whose activity has been totally or partially interrupted as a result of the measures taken by public authorities during the state of emergency or who registered a decrease of at least 25% in revenues or payment receipts in March compared to the average registered in January and February 2020.

Based on SEC, SMEs may benefit of:

- postponing the payment of utilities and of the rent for headquarters and secondary offices;
- possibility to benefit from the adaptation of ongoing agreements under which force majeure is called by the other party;
- exemption from the obligation to pay penalties for the failure to perform certain obligations from the contracts concluded with public authorities.

II.2 State aid scheme for SMEs which are in distress due to the Coronavirus outbreak which consists in guarantees issued by the State for certain financing and subsidies for the interest. The applicability of this state aid scheme is not conditioned upon the prior obtaining of the certificate, but the beneficiary will have to undertake not to lay off employees until 31 December 2020.

## **B. Impact on the Energy and Infrastructure Sectors**

### **I. Energy Sector**

The legislation related to the state of emergency provides the obligation to ensure the continuity of energy supply and several measures in this respect have been adopted (such as the obligation to ensure the isolation at the workplace in case of employees who are essential for ensuring the proper functioning of the energy transmission system, prohibition to start collective labour conflicts, etc).

Even though the companies from the energy sector will continue their activity, their business is mainly impacted by:

- the overall consequences of the Covid-19 pandemic on the entire Romanian market, such as decrease of the energy consumption due to the closure of certain businesses, exemption from payment of the utilities' invoices mentioned above, etc;
- capping of the prices for electricity, heat, natural gas and fuel prices at the level applicable on 29 March 2020 throughout the entire duration of the state of emergency;

This measure raises several practical issues considering the lack of details and further legislation is expected to be adopted on this topic.

- freeze of the sale of majority packages of shares in the companies from the Energetic National System, both state owned and private. We note however that there is no clear definition of the "Energetic National System".

## **II. Infrastructure sector**

- II.1 Water supply and sanitation – please see the comments made under the Energy sector.
- II.2 Air transport: all commercial/passenger flights to Italy, Spain, France, Germany, Austria, Belgium, Switzerland, the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Kingdom of the Netherlands, Turkey and Iran have been suspended. Recently, an exemption for charter flights for the transport of seasonal workers (other than those operating in the health and social insurances field) to other states has been adopted, provided an endorsement from the destination state is obtained.

- II.3 Naval transport: access of vessels coming from a red or yellow zone in Danube ports is conditioned upon 14 days quarantine period. Inland and maritime transportation is not restricted, however, certain measures for the prevention of the Covid-19 infections have to be observed.

*Note:* the list of red and yellow zone countries is prepared and updated by the Romanian Public Health Institute. Countries listed in II.2 are marked as red.

Access of pilots on vessels coming from yellow or red zones before the 14 days quarantine period is prohibited unless they have the protection equipment determined by the Ministry of Health.

- II.4 Road transport: organised passengers transport to Italy, Spain, France, Germany, Austria, Belgium, Switzerland, the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Kingdom of the Netherlands, Turkey is suspended through the state of emergency.

While certain borders have been temporary closed, goods transport can still be performed and the truck drivers are not subject to isolation/quarantine when crossing the borders, even if such drove through a red or yellow zone, however certain minimum protection measures are set.

## **III. Any Other Regulatory or Policy Issues**

### **III.1 Medical and pharma**

- The medical drugs and devices regulator issues the marketing authorization for special needs medical drugs only for the medical drugs listed in the treatment protocol for SARS-Cov-2. The authorisation is valid until stock depletion of the medical drug for which it was issued but not longer than the expiry date of the authorisation (12 months). Such medical drugs are exempted from the packing and labelling requirements.

- The registration of medical devices (such as class I, in vitro and custom-made medical devices) in the national database is no longer required to the extent the medical devices are related to the prevention and treatment of conditions appeared in the context of the state of emergency. Such medical devices shall be introduced on the market by the manufacturer/authorised representative based on a statement of conformity.
- No notification regarding the commissioning of medical devices related to the prevention and treatment of conditions appeared in the context of the state of emergency shall apply.
- The medical drugs and devices regulator issues temporary functioning authorisations (valid for six months) covering: import, distribution and commissioning and or maintenance of medical devices;
- Transportation of medical devices or sanitary materials which ensure the prevention and treatment of the medical conditions associated with Covid-19, as well as the medicine provided in the Romanian National Catalogue of medicine prices authorised for market purposes in Romania (i.e., CaNaMed), for the purpose of being distributed outside Romania, is prohibited. Exemptions to such interdictions are rather limited – among such are case of ensembles and spare parts of medical equipment produced in Romania for external beneficiaries. Other such exemptions may be granted by order of the Health Minister.
- Distribution outside the Romanian territory of raw materials used in the manufacturing of biocidal products is prohibited with few express exemptions.

### III.2 Food industry

Starting 10 April 2020, the export of certain food products (including grains, soy, sugar, bakery products) is prohibited during the state of emergency situation and ongoing procedures will be suspended.

## **SERBIA**

Serbia declared a state of emergency on 15 March 2020 for a period of up to 90 days with a possibility of further extension. A number of measures have been imposed on citizens and businesses with the aim of curbing further spread of Covid-19. In parallel, the Government of Serbia started with the preparation of a set of incentive measures to counter the negative impact on the economy. Below is the overview of the announced support measures – note, however, that the support measures described in section "Stimulus Package" have still not been formally enacted.

### **A. Covid-19 Response Investment and Support Initiative – General**

#### **I. Stimulus package**

The stimulus package is supposed to apply to the companies which have not reduced their work force for more than 10% during the state of emergency. Below is a summary of the intended measures:

##### **I.1 Tax (fiscal):**

- moratorium on payroll tax and social security contributions during the state of emergency, repayment in 24 instalments starting in 2021;
- deferral of advances for corporate income tax payment due in the second quarter;
- VAT relief on donations during Covid-19 crisis.

##### **I.2 Direct aid measures**

- three net minimal wages per employee to entrepreneurs and SMEs (first payment expected in mid-May);
- 50% of the net minimal wage to large companies during the state of emergency for each employee sent on forced paid leave during the state of emergency.

##### **I.3 Measures for maintenance of liquidity**

- subsidized working capital loans to entrepreneurs, SMEs, registered agricultural households and registered cooperatives, through the Development Fund of the Republic of Serbia;
- guarantees for banking loans to entrepreneurs, SMEs and agricultural households.

##### **I.4 Other measures**

- EUR 100 to each adult citizen.

## **II. Other financial measures and relief**

### **II.1 Moratorium on loan and financial leasing repayment:**

The National Bank of Serbia imposed a moratorium on payment obligations of corporate and retail borrowers and payment obligations of corporate and retail debtors under financial leasing contracts. The moratorium will last for the duration of the state of emergency but not less than 90 days starting from expiration of 10 days from publishing the notification on the website.

During the moratorium, the borrowers/financial lessees will be excused from their payment obligations and the banks/financial lessors will not be allowed to calculate default interest on due amounts or initiate judicial proceedings with the aim of collecting their claims. The relevant wording does not restrict moratorium to payments that fall due during the moratorium, so it seems the moratorium extends to amounts that became due and payable prior to its introduction.

The moratorium is for the benefit of the borrowers/financial lessees. Those who wish to continue to settle their repayment obligations during the moratorium will be naturally allowed to do so. Banks/ financial leasing providers are obliged to publish a moratorium offer on their respective websites until 21 March 2020, and such publication will be deemed notice to all affected borrowers/lessees. The borrowers/lessees who reject the offer within ten days from its publication will be obliged to continue to settle their debts notwithstanding the moratorium, while those who remain silent will be deemed to have accepted the offer to benefit from the moratorium.

### **II.2 Other measures:**

- National Bank of Serbia reduced the reference interest rate to 1.75%.
- one-off aid in the amount of RSD 4,000 (approximately EUR 34) to retirees;
- interest-free three-month moratorium on payment of utility bills for retirees;
- 10% salary increase for the healthcare sector starting from 1 April 2020;
- moratorium on enforcement and interest calculation on tax debt under re-programme;
- interest on tax debt reduced to an annual reference interest rate of the National Bank of Serbia (normally, the interest rate is equal to the NBS reference rate plus 10 percentage points);



- During the state of emergency, the Deposit Insurance Agency may invest foreign exchange assets it manages into securities issued by the Republic of Serbia without limitation (normally, it cannot invest more than 1/4 of its assets into the state paper).

## **B. Impact on the Energy and Infrastructure Sectors**

The major development in the Serbian energy sector arising from the Covid-19 outbreak is the suspension of all renewable energy PPAs by the off-taker, state-owned utility EPS. In its force majeure letter sent to all renewable energy producers included in the feed-in tariff system, EPS alleges that the pandemic and the state of emergency declared in response to the pandemic amount to a force majeure event that prevents it from fulfilment of its obligations under the PPAs, i.e. from payment of the feed-in tariff. As a replacement, EPS offered a short-term offtake agreement with purchase price amounting to approximately one-third of a price under the feed-in tariff regime, and that would apply during the state of emergency. The FM notices do not provide any substantiating evidence of EPS being objectively prevented from fulfilling its obligations, so we may expect that the renewable energy producers will challenge the EPS's actions and seek compensation.

The economic downturn will have obvious and severe consequences on the energy sector. The price on the Serbian power exchange SEEPEX fell for around 50% compared to March 2019 with the trading volumes remaining roughly the same.

As a result of the need to finance the stimulus package, it seems that the Government will have to look into the viability of certain infrastructure projects, primarily road infrastructure financed from the budget, although there is still no official information in that respect. It is possible that the need to reallocate budgetary resources to other purposes will incentivise the Government to try to develop these projects through concession or PPP arrangements or even monetize on the recently developed road infrastructure.

The development of ongoing infrastructure projects is affected by the closure of borders and restrictions on the movement of people. Contractors are raising force majeure notices with their employers but the actual scope of inability to perform and potential delays are still hard to determine.

International airports in Belgrade and Niš are closed for commercial traffic. The airports will still be open for cargo and mail transport, search and rescue, humanitarian flights, emergency medical transport, technical landing and positioning of Serbian aircrafts, emergency landing of aircrafts, state aircrafts and special purpose flights.

## **SLOVENIA**

### **A. Covid-19 Response Investment and Support Initiative – General**

In response to the Covid-19 pandemic, several initiatives to support the economy have been implemented in Slovenia. The government has passed several intervention laws which include measures for undertakings as well as individuals. Slovenian Export and Development Bank ("**SID Banka**") and Slovene Enterprise Fund ("**SEF**") have introduced additional support schemes to ensure the liquidity of the economy. Special support for Slovenian tourism is available through the Slovenian Tourist Organization.

Among others, the measures implemented by the intervention laws include measures for the protection of jobs, tax measures, measures related to bank loans moratoriums, payments under public sector contracts, public procurement procedures, insolvency procedures, enforcement procedures, KYC processes, submissions of annual reports, and administrative and judicial proceedings.

Both, SID Banka and SEF have already implemented several measures to secure sufficient liquidity of the economy and have announced that further measures will be adopted in the future.

Particularly in respect of the energy sector, the Slovenian Government issued an Ordinance on temporary non-payment of contributions and network charges to provide support for electricity generated from renewable energy sources and from high-efficiency cogeneration for small business users of electricity for the period from 1 March 2020 to 31 May 2020. The adopted measure is expected to reduce the electricity bills for small business users by an average of 20% during this period.

In general, most of the measures apply to all private economic sectors; however, with certain exceptions. Financial institutions and insurance companies are exempted from taking advantage of certain measures under the intervention laws. Further, some measures of SID Banka and SEF are intended only for companies of a certain size, i.e. micro, SME or large companies. Finally, certain support available from SID Banka and the Slovenian Tourist Organization is intended only for the Slovenian tourism sector.

One of the main objectives of the intervention laws was to provide support to all companies and individuals who have been negatively affected by the Covid-19 pandemic. Therefore, the measures cover all types of companies, including self-employed and other forms of entities through which a business activity may be performed.

In order to achieve their objective, the measures cover a wide spectrum of support.

Measures implemented by the intervention laws which are intended to protect jobs include salary reimbursements, release from payment of social security contributions, additional payments to exposed workers, financing of sick leave compensation, income compensation for self-employed, solidarity payments, and seasonal work in agriculture.

Intervention laws also include moratoriums on bank loan payments, shorter payment deadlines under public sector contracts, and an increase of thresholds for organisation of public procurement procedures.

SID Banka will offer financial products to SMEs and large companies in the total amount of EUR 800 million. The funds are intended to address liquidity problems, problems due to fall in demand, production fall-out, supply chain difficulties, and investment difficulties. Measures that are already available include direct and indirect financing, guarantees, and credit insurance. Other measures such as export insurance and other forms of guarantees and financing have been announced for the future.

SEF is planning to introduce a package of measures intended for micro-companies and SMEs in the total amount of EUR 115 million. Currently, SEF is offering different types of guarantees for micro-companies and SMEs in the total amount of approximately EUR 80 million. The fund is expected to introduce additional support measures which will include loans and amendments of repayment conditions under the existing loans granted by the fund.

In general, all support measures are available to any undertaking, with certain exceptions for financial institutions and insurance companies which are not able to take advantage of salary reimbursements and release from payment of social security contributions under intervention laws. In any case, the majority of measures require that the requesting undertaking has duly settled their tax and social contribution obligations.

Moreover, salary reimbursements will be available only to the employers (i) whose revenues in the first half of 2020 will decrease by more than 20% compared to the first half of 2019, and (ii) whose revenues in the second half of 2020 will not increase by more than 50% compared to the second half of 2019.

Another objective of the support measures is that they are also readily and easily available. Therefore, many support measures under the intervention laws will be accessible only by the requesting undertaking issuing a statement on eligibility and applying for the support. The statement will have to state that the undertaking is requesting support due to negative consequences of the coronavirus and that it fulfils potential additional requirements for a certain type of support. The truthfulness of the statements and eligibility for the support will in many cases be reviewed in

retrospect after the termination of the epidemic and the undertakings which would receive unjustified support will have to return the funds with interest.

Regardless of the theoretically easy and quick access described above, most of the measures have barely been implemented. Therefore, it is difficult to estimate how easily accessible the support measures will be in practice. Also, the state has not yet made any actual payments under the intervention laws, therefore any possible difficulties could so far not have been detected.

Most of the measures introduced under the intervention laws shall apply until 31 May 2020 or for additional 30 days, if the epidemic announcement is not revoked by 15 May 2020. However, some measures shall apply longer, e.g., application for a moratorium on loan payments may be filed within six months after the epidemic announcement is revoked and salary reimbursements may be requested until 30 September 2020.

Intervention laws also foresee tax measures which extend the deadlines for filing certain tax returns from 31 March 2020 to 31 May 2020. Companies that will not be able to generate income because of the Covid-19 outbreak will also have the possibility to apply for deferred payment of taxes or tax payments in instalments for up to 24 months. However, the tax payment deferral regime will not apply to payments of social security contributions. Another tax measure is the exemption from payment of advance corporate income tax under which advance payments otherwise due until the end of May 2020 are exempted.

So far, the implemented support measures do not cover any existing insurance coverage. However, the government has already announced that additional measures will be introduced, therefore those could also include actions in respect of existing insurance coverage.

Selih & partnerji's web info hub dedicated to providing updates on the Covid-19 related measures applicable in Slovenia is available through the following link: <https://selih.si/covid-19-info-hub/>.

## **B. Impact on the Energy and Infrastructure Sectors**

So far, the Covid-19 pandemic has not severely affected the Slovenian energy sector. Some suppliers have recorded a climb in domestic demand for electricity after the declaration of epidemic in Slovenia, which is likely due to many people working from home. However, the supply of electricity has never been endangered.

Consequently, the support measures adopted by the Slovenian government did not include many specific measures related to the energy sector. In fact, the only specific measure which has been introduced is the abovementioned

Ordinance on temporary non-payment of contributions and network charges to provide support for electricity generated from renewable energy sources and from high-efficiency cogeneration for small business users of electricity for the period from 1 March 2020 to 31 May 2020.

Also, the Slovenian infrastructure sector has until now not been severely affected by the Covid-19 pandemic. Therefore, support measures adopted by the Slovenian government did not include specific measures that would be related to the infrastructure sector specifically. One measure which could be considered as partially related to infrastructure is the loosening of thresholds for organisation of public tenders in the general field. In respect of public tenders for public work contracts, the threshold for a public procurement procedure in the general field has been doubled from EUR 40,000 to EUR 80,000.

Another measure which is partially related to energy and infrastructure sectors is the extension of certain reporting deadlines as set by the Environmental Protection Act, the Water Act, and their implementing regulations. Deadlines shall run out on the 60<sup>th</sup> day after the Covid-19 epidemic will have been revoked.

## TURKEY

### A. Covid-19 Response Investment and Support Initiative – General

To mitigate the impacts of the Covid-19 pandemic, President Erdoğan declared the Economic Stability Shield (“**ESS**”) on 18 March 2020. The ESS mainly introduced financial measures, which ultimately aim to allow businesses to postpone their short-term debts, e.g., tax and social security payments, loan repayments, etc. without any penalty or late payment interest and to expand their financing options.

The ESS covers all sectors with a specific focus on companies operating in the most affected segments. The Ministry of Treasury and Finance (“**Ministry**”) identified the most affected businesses as retail/shopping malls, iron & steel industry, automotive industry, logistics/transportation, entertainment, accommodation, textiles and event planning.

While the measures adopted under the ESS are not sector-specific, there are certain benefits granted exclusively to SMEs and merchants/craftsmen. For example, loan repayments of merchants and craftsmen to Halkbank (a state-owned bank) in April, May and June are postponed for three months without interest. Repayment of loans that are due in April, May and June, by SMEs benefiting from the SMEs Development and Support Administration’s (KOSGEB) support system are also postponed for three months. Extended insurance coverage in favour of SMEs is also an aspect of the support system introduced under the ESS.

**Under the ESS, financial support is provided to businesses in multiple ways.** Loan repayment obligations of companies, cashflows of which have been deteriorated due to the Covid-19 spread, are deferred for at least three months and additional financial support will be provided to these enterprises if need be. The scope of this additional support scheme has not been clarified yet and secondary legislation is likely to be introduced on this matter. Furthermore, companies that fall in default during April, May and June on repayment of their loans due to the financial effects of Covid-19 are assured to have a “*force-majeure*” remark on their credit records. This remark will procure that these companies’ credit scores will not be affected adversely due to their payment defaults. In the meantime, SMEs and companies that (i) need liquidity due to negative impacts of the recent developments and (ii) have security deficit will be prioritised in obtaining loans. Stock financing support will also be available to export companies. An additional credit limit will be allocated by public banks and some private banks for certain payments, e.g., commercial checks, salaries, loans. The criteria to grant such additional credit limit will vary for each bank. Finally, the Credit Guarantee Fund limit is also increased from TRY 25,000,000,000 to TRY 50,000,000,000.

The preliminary criteria for companies to benefit from the said support mechanisms is that their businesses must have been affected negatively due to the Covid-19 pandemic. Certain support mechanisms such as the "Business Continuance Credit Support" require fulfilment of specific eligibility benchmarks, such as not terminating any employment contracts during the pandemic period.

Finally, as mentioned above, the ESS provides certain sector-specific benefits for the most-affected industries and accordingly companies must be operating in one of these sectors to enjoy these sector-specific benefits.

The greater part of these support mechanisms will be enforced by governmental authorities, so they are easy to access. Enterprises will be able to benefit from the support systems by applying to the relevant governmental authorities/banks.

It is worth emphasizing that the **ESS is quite new and as of today the measures/support mechanisms that it has introduced have not been tested**. It is yet difficult if not impossible to predict the ease or speed of access to the benefits provided under this program.

While the applicability period of each support mechanism differs, the ESS focuses on short term measures, i.e. April, May and June 2020.

Tax is one of the areas covered under the ESS. For example, the deadline for VAT declarations (i.e., 26 March 2020) and the payment periods of the taxes accrued based on these declarations have been extended to 24 April 2020. The deadline for filing BA (purchases of services and goods)/ BS (sales of services and goods) forms on the 2020/February period, which were due by 31 March 2020, have been extended to 30 April 2020. All applications/submissions to be made to tax offices must be made via the Interactive Tax Office's website or via post until 10 April 2020. In addition, the Ministry has also declared the presence of a force majeure situation for some sectors (e.g., retail/shopping malls, food and beverage sector, health services, mining, car rental, press, logistics) until 30 June 2020. For these sectors, deductions for withholding tax and VAT have been deferred until the end of October 2020.

In terms of insurance, the scope of the "State-Backed Commercial Receivable Insurance" which was available to institutions with an annual turnover of TRY 25,000,000 or less has been extended to cover SMEs with an annual turnover of up to TRY 125,000,000. SMEs opting to benefit from this support will be able to have insurance coverage for their commercial receivables up to a limit of TRY 750,000. This figure can be increased subject to further valuation under risk assessment criteria.



Under Turkish law, employers who have suspended activities in their workplaces due to an extraordinary event (i.e., force majeure) may apply to the Turkish Employment Agency for temporary short-term working pay support. With the recent legislative amendments, the eligibility criteria (e.g., required premium payment terms) for short-term working pay is now more flexible and the application process with the Turkish Employment Agency is expedited. Implementation of flexible and remote working models existing under the Labour Law is increasing gradually both in public and private sectors. President Erdoğan has also declared that payment of social security premiums by employers operating in the heavily-affected sectors for April, May and June have been deferred for six months.

Some useful links include:

- <https://tobb.org.tr/Sayfalar/20200323-covid-destegi.php>
- [https://kpmgvergi.com/Content//FinancialBulletins/%E2%80%9CEconomicStabilityShield%E2%80%9DanouncedtoeliminateanypotentialdamageofCOVID-19breakouttoTurkisheconomy\\_20032020\\_0557555365151.pdf](https://kpmgvergi.com/Content//FinancialBulletins/%E2%80%9CEconomicStabilityShield%E2%80%9DanouncedtoeliminateanypotentialdamageofCOVID-19breakouttoTurkisheconomy_20032020_0557555365151.pdf)
- <https://www.pwc.com.tr/en/hizmetlerimiz/vergi/bultenler/2020/covid-19-emergency-tax-measures-for-turkish-companies.html>

## **B. Impact on the Energy and Infrastructure Sectors**

The energy sector is among the sectors affected by the Covid-19 pandemic. The Energy Market Regulatory Authority ("EMRA") recognised the pandemic as a force majeure event and has adopted certain measures for providing further flexibility to market players, to ensure continuity of energy investments in the country. For example, time-sensitive obligations of pre-licence or licence holders ending on or after 10 March 2020 have been extended for three months. The application period for a wind power plant pre-licence has been postponed from 6-10 April to 5-9 October 2020. EMRA has also suspended the requirement to add 3% ethanol into gasoline until 13 June 2020, considering the growing need for disinfectants in public. Finally, the Turkish government has prepared a draft bill for amending certain laws (the "**Draft Omnibus Bill**"). The Draft Omnibus Bill is expected to allow enterprises to terminate their generation or auto-producer pre-licences, licences or licence applications by applying to EMRA. The Draft Omnibus Bill provides that certain power plant installation contracts and electricity sales agreements for establishment of local thermal power plants can be terminated. The Draft Omnibus Bill is expected to come into effect in the coming weeks.



There are no specific measures/benefits introduced for the infrastructure sector due to Covid-19 pandemic and, consequently, companies operating in this sector can benefit from the support mechanisms provided under the ESS as any other business owner.

That said, recently a force majeure guideline for public tender contracts has been issued. This guideline enables undertakers to apply to the contracting public authority if it is temporarily or permanently impossible for the undertaker to execute the contracted project due to the pandemic. If, in light of evidentiary documents, the contracting public authority decides that (i) the delay did not occur due to undertaker's fault, (ii) the ongoing incident prevents the undertaker from performing its contractual obligations and (iii) the undertaker is unable to cease the effects of the ongoing incident, an extension can be granted to the undertaker for performing its contractual obligations, or the contract may be terminated at the relevant public authority's discretion.

Meanwhile, the demand for pandemic hospitals has increased due to the Covid-19 pandemic. For example, construction of the İkitelli City Hospital is expedited and it is planned to be completed in May 2020. Furthermore, two new pandemic hospitals will be built in Istanbul within the next 45 days.

Finally, periods for initiating legal proceedings and those relating to ongoing legal proceedings as well as the statute of limitations have been suspended until 30 April 2020 (inclusive). This extension also applies to execution and bankruptcy proceedings.

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