Newsletter
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COVID-19

International publication

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COVID-19

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

Índex

AUSTRIA

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

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

Austria is providing a total of € 38 billion.

Below we have provided a summary of measures taken so far. These measures are updated regularly, latest update included was announced on *April 30th.*

Subsidies and support measures for companies and entrepreneurs:

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

The Fund grants subsidies for fixed costs. Depending on the level of the deficit the subsidies are between 25 - 75%. *To apply for the subsidy the location and business operations must be in Austria and there must be liquidity requirements for the home location. In addition, the company must have been a healthy company prior to the onset of the COVID-19 crisis.*

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

The hardship fund focuses on one-person and small entrepreneurs that employ less than 10 persons. These entrepreneurs may apply for subsidies up to € 6.000 in total for three months. *Since end of April the observation period is six months - within the total of six months, any three months can be chosen for the application.*

Short-time working:

The aim is to secure jobs, avoid layoffs, maintain company liquidity and the potential of skilled workers by reducing the working time in a company for a limited time in order to bridge economic disruptions. There is a special short-time working model to deal with the Corona crisis. This will make it possible to reduce working hours by 90% and still remain in an upright employment relationship with 80-90% wage compensation. Wage compensation is largely financed by the government. This is to keep as many people as possible in employment and avoid layoffs.

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

Tax-payments:

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

Deferral of payments until 30th of September 2020: If the taxpayer has been affected by the impacts of COVID 19 the tax authorities are required to accept the deferral of tax payments, or payment by instalments, on application.

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

Social security contributions

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

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

Austrian Health Insurance Fund

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

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

AWS bridge guarantees

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

Subsidies for families

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

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

Public Life

The COVID-19 Relaxation Directive, which came into force on May 1, 2020, regulates behaviour in public places and in customer areas of business premises. Since May 2, 2020, a lot of companies are aloud to open their business for customers. From May 15th, catering businesses in Austria are allowed to reopen, accommodation businesses from May 29th.

All in all, social Life is possible by keeping a minimum distance of at least 1 meter and by using a face mask.

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CHILE

¿How does the southernmost country on the planet face the pandemic? - Affected measures to face Covid-19 in Chile.

The Covid-19 has been the great global concern for this first semester of the year 2020, which forced the authorities of each country to refocus their policies on the situation imposed by the pandemic. In this sense, Chile has been adopting different measures to face this dispute, the main ones being in the labor sphere, introducing for this purpose Law 21,227 or “Employment Protection Law”, which empowers employers to suspend employment contracts because the nature of the agreed services have been impossible to carry out; Or, adopt a pact to reduce working hours, all of them to avoid the dismissal of workers due to the serious economic crisis in which the economic actors of a whole country have been immersed.

On the other hand, important modifications have been introduced to its tax legislation, and measures must be adopted to facilitate taxpayers to carry out their obligations to the State of Chile, some of them being an extension of the payment of taxes, particularly for small and medium-sized companies, in which case, VAT payments are postponed compared to the months of April, May and June of this year, among others.

Both the State of Chile and the country’s financial institutions have been forced to implement measures to maintain economic activity in the country, promoting the “Covid-19 Special Credit Program” that will come to the rescue of micro, small and medium-sized companies in the country, affected by the health crisis. In total, the plan includes a state guarantee of 3,000 million dollars, which will be transferred to SMEs through banks, under preferential conditions of interest and terms, which will have state supervision. Continuing with the facilities, measures have been adopted to comply with the administrative obligations of both companies and individuals, an example of which is the postponement in the payment of the movement permit, as well as the fact that the legislative power is being evaluated. introduce a Law that postpones the payment of basic necessities for life, as the light would come.

A Covid-19 bond was approved for the population in greatest need so that they can access basic food needs.

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ECUADOR

Summary of new measures taken in Ecuador by COVID-19

A new law for humanitarian support has been proposed, the second draft of which establishes the following rules to be discussed:

- Creation of a humanitarian contribution by every natural person whose net income is greater than $ 720, according to a progressive table, for the period of 9 months.
  - Employers will be a tax withholding agent.
  - A 50% reduction is established for people with disabilities and for those who have been seriously affected by the COVID-19 crisis.
  - Employees of the executive branch (president, cabinet, etc.) will contribute 50% of their monthly salary, except for agents in the medical sector.
- Creation of a humanitarian contribution of 5% of its taxable profit or available profit (whichever is greater) to companies with profits greater than $ 1,000,000.00.
  - You can request payment facilities for three months.
  - If you had net sales losses greater than 30%, you do not pay the tax.
- Creation of a contribution of 2% of the value of real estate and representative capital rights in Ecuador of taxpayers residing in tax havens.
  - You can ask for payment facilities if six months.
  - You can reduce the contribution if you had a loss of 70% of sales.
- For all contributions: (i) will be fined 1.5% monthly of the undeclared values. (ii) What is paid by contribution can be used as a tax credit from 2022, but not as a deductible expense nor can a refund be requested.
- Prohibition of suspension of students from educational institutions for lack of payment; In addition, financial aid for institutions that reduce pensions by 20%.
- Prohibition of eviction for 60 after confinement, with exceptions, of tenants, only if they get to pay, at least 20% of the amounts owed.
- For 6 months, the increase in the values of basic services, including telecommunications, is prohibited. Termination for two months is also prohibited.
- Prohibition of suspension of policies and medical coverage for non-payment.
- Extension of social security coverage for an additional 60 days to workers who lose their jobs.
  - They can also access unemployment insurance.

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- Micro and small companies may request payment facilities for social security contributions.
- Lines of credit will be established that benefit SMEs and credits to guarantee sources of employment.
- Certain investment and humanitarian tax debts may be deferred with payment facilities.
- Suspension of registration fees and vehicle checks.
- Creation of a special account of humanitarian support to combat crises.
  - You will get funds from Contributions, donations, and the mentioned contributions.
- Labor agreements to modify the labor regime of the company.
  - Must be approved by the employer and most employees.
  - For the duration of the agreement, it is not possible to fire employees or distribute dividends.
- Creation of an emerging employment contract much more flexible than the ordinary one.
- Allow the possibility of reducing the workday, unilaterally, by force majeure or fortuitous event.
- Creation of pre-bankruptcy agreements of exception and preventive contests, to face debts by companies and companies.
- Change of the priority of credits.
- Establishment of virus disease as an occupational accident for agents who work in the health area.
- Telework typification.
- Elimination of the power to create taxes by the tourism ministry.
- Approval of the possibility of requesting reduction of alimony.
- The voluntary advance of income tax is allowed, with interests in favor of the taxpayer, counted from the day of payment.
- Creation of an operating permit for new companies, in order to avoid bureaucratic procedures, the first 160 days of its management.

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GERMANY

Further improvements in the granting of short-time working

As already presented on March 16, 2020 the German government facilitated access to short-time work benefits retroactively as of March 1, 2020. Companies were thus able to apply for short-time working right at the beginning of the Corona crisis and protect their employees. On April 22, 2020, the coalition committee agreed to improve the short-time working allowance. At the moment, more than 700,000 companies have already registered short-time work with the Federal Employment Agency.

It has been in force since 01 March:

- Only 10 percent of the company's employees must still be affected by the loss of working hours (instead of one third as before) in order to be eligible for short-time work compensation.
- Employers are reimbursed in full for the social security contributions they have to pay for short-time work (by the Federal Employment Agency)
- Short-time benefits are also available for temporary workers: Temporary employment agencies can already report a loss of work to the employment agency.
- There is no longer any need to build up negative working time balances in order to use short-time work: Until now, companies have had to use agreements on working time fluctuations as far as possible in order to avoid short-time work.

From 22 April onwards, the following applies in addition:

The short-time allowance will be increased, depending on the duration of the short-time work. Up to now, the Federal Employment Agency has paid 60 percent of the loss of earnings for short-time work and 67 percent for parents.

- As of the fourth month of payment, the short-time allowance for childless employees who are currently working at least 50 percent less will be increased to 70 percent of the loss of earnings, and as of the seventh month of payment to 80 percent of the loss of earnings.
- For employees with children who are currently working at least 50 percent less, the increase will be 77 percent from the fourth month of payment and 87 percent from the seventh month of payment.
- These increases will apply until 31 December 2020 at the latest.

The nursing staff who are under particular strain during the crisis are to receive an additional bonus: The amount will be up to 1,000 euros.

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This sum is entitled to full-time employees (at least 35 hours per week) in direct care and support. However, other employees in the care sector should also have a graduated entitlement to the bonus. It is planned:

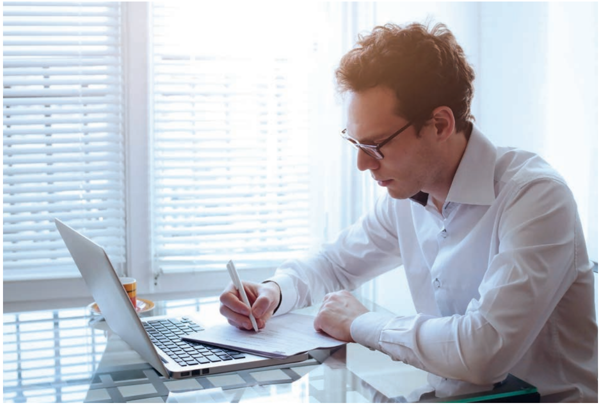
- Persons who work at least 25% in direct care and nursing: up to 1,000 euros
- Trainees: up to 900 euros
- Other employees in nursing homes: Up to 500 Euro

The care bonus can be increased even further if the federal states and the employer contribute. At most, nursing staff then have an additional 1,500 euros at their disposal.

The beneficiaries are also to include volunteers, temporary workers, helpers in the voluntary social year and employees in service companies. The exact distribution of the Corona premium is being discussed as a draft of the “Second Law for the Protection of the Population in the Event of an Epidemic Situation of National Significance” before it is finally passed into the Federal Parliament (Bundestag).

It is important to know: the health insurance funds and the federal government will be spending about one billion euros on the nursing care bonus.

There is much criticism of this: why don’t all people in systemically important health care professions get a bonus. How is the financing supposed to work?



Two thirds of the costs are to be financed by the nursing care insurance fund. What happens to the rest? If the premium ultimately leads to a higher own contribution for people in need of nursing care in nursing homes, this would be exactly the wrong direction.

Extensive discussions are therefore still in progress here.

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INDIA

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

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

Hon'ble Finance minister on 13th May, 2020 announced following measures for relief and credit support related to businesses, especially MSMEs to support Indian Economy's fight against COVID 19:

1. To provide relief to the business, additional working capital finance (collateral or guarantee free) of 20% of the outstanding credit as on 29th February 2020, in the form of a Term Loan at a concessional rate of interest will be provided. This will be available to units with upto INR 25 crore outstanding and turnover of up to INR 100 crore whose accounts are standard.
2. Provision has been made for INR 20,000 crore subordinate debts for two lakh MSMEs which are NPA or are stressed. Government will support them with INR 4,000 Crore to Credit Guarantee Trust for Micro and Small enterprises (CGTMSE). Banks are expected to provide the subordinate- debt to promoters of such MSMEs equal to 15% of his existing stake in the unit subject to a maximum of INR 75 lakhs.
3. Government will set up a Fund of Funds with a corpus of Rs 10,000 crore that will provide equity funding support for MSMEs.
4. Government will launch Rs 30,000 crore Special Liquidity Scheme, liquidity being provided by Reserve bank of India. Investment will be made in primary and secondary market transactions in investment grade debt paper of NBFCs, HFCs and MFIs. This will be 100 percent guaranteed by the Government of India.
5. Power Finance Corporation and Rural Electrification Corporation will infuse liquidity in the DISCOMS to the extent of Rs 90000 crores in two equal installments. This amount will be used by DISCOMS to pay their dues to Transmission and Generation companies.
6. **Reduction in Rates of 'Tax Deduction at Source' and 'Tax Collected at Source"** - The TDS rates for all non-salaried payment to residents, and tax collected at source rate will be reduced by 25 percent of the specified rates for the remaining period of FY 20-21. This will provided liquidity to the tune of Rs 50,000 Crore.

7. The due date of all Income Tax Returns for Assessment Year 2020-21 will be extended to 30 November, 2020. Similarly, tax audit due date will be extended to 31 October 2020.

Earlier on March 26 Indian government announced a $22.5 billion spending plan to help the nation's poor better cope with the pandemic.

On 31 March 2020, the President promulgated the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020, to provide relaxation of certain provisions.

Direct tax related reliefs are summarized as follows:

1. Extension of last date of filing of original as well as revised income-tax returns for the F.Y 2018-19 from 31th March 2020 to 30th June, 2020.
2. The date for making various investment/ payment for claiming deduction under Chapter-VIA-B of Income tax Act which includes Section 80C (LIC, PPF, NSC etc.), 80D (Mediclaim), 80G (Donations), etc. has been extended from 31th March 2020 to 30th June, 2020. Hence the investment/payment can be made up to 30th June, 2020 for claiming the deduction under these sections for F.Y 2019-20.
3. The date for commencement of operation for the SEZ units for claiming deduction under deduction 10AA of the IT Act has also extended to 30th June, 2020 for the units which received necessary approval by 31st March, 2020.
4. Rate of interest has been reduced to 9% (earlier 18%) on non-payment of Income-tax (e.g. advance tax, TDS, TCS) Equalization Levy, Securities Transaction Tax (STT), and Commodities Transaction Tax (CTT) which are due for payment from 20th March, 2020 to 29th June, 2020 if they are paid by 30th June, 2020. Further, no penalty/ prosecution shall be initiated for these non-payments.
5. Under 'Vivad se Vishwas Scheme', the date has been extended from 31st March to 30th June, 2020 (now further extended from 30th June to 31st December, 2020). Hence, declaration and payment under the Scheme can be made up to 31st December without additional payment.
6. To provide immediate relief, the government has given directions to immediately issue all the pending income-tax refunds of up to INR 0.5 million
7. Validity period and threshold limit of the lower/nil tax certificates for F.Y 2019-20 will extend for further period and apply afresh from 1st April 2020 to 30th June 2020 for F.Y 2020-21.

Indirect tax related reliefs are summarized as follows:

1. Due date for furnishing of the Central Excise returns due in the month of March, April and May 2020 has been extended to 30th June, 2020.
2. Wherever the last date for filing of appeal, refund applications etc., under the Central Excise Act, 1944 and under the Customs Act,

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1962 and relating to Service Tax and rules made thereunder is from 20th March 2020 to 29th June 2020, the same has been extended to 30th June 2020.

3. The date for making payment to avail of the benefit under 'Sabka Vishwas (Legal Dispute Resolution) Scheme 2019 has been extended to 30th June 2020 thus giving more time to taxpayers to get their disputes resolved.
4. Where the validity period of an e-way bill expires between 20th March, 2020 to 15th April 2020, the validity period of such e-way bill shall be deemed to have been extended till 30th April 2020.
5. Primarily exporters importing goods under Advance Authorization/Export Promotion Capital Goods scheme and imports made by an Export oriented unit were granted exemption from levy of IGST and Compensation Cess up to 31 March 2020. The said exemption has now been extended till 31 March 2021.
6. The government has notified an exemption from levy of both Basic Customs Duty and Health cess on import of Ventilators, face masks and surgical masks, personal protection equipment, COVID- 19 testing kits and also on inputs used in the manufacture of these goods.
7. The Foreign Trade Policy 2015-20 which was valid till 31 March 2020, is extended up to 31 March 2021.
8. Central Board of Indirect Taxes and Customs due to COVID-19 pandemic extend the due dates of GST returns as follows:

For tax payers having turnover more than INR 5 crore the extended due dates will be as follows for respective returns:

Return	Tax Period	Original Due Date	Extended Due Date
GSTR-1	Mar-20	11.04.2020	30.06.2020
	Apr-20	11.05.2020	30.06.2020
	May-20	11.06.2020	30.06.2020
GSTR-3B	Mar-20	20.04.2020	1. Within 05.05.2020 (Without Late Fees & Interest) 2. After 05.05.2020 but within 24.06.2020 (Without Late fees but with interest @ 9% p.a) 3. After 24.06.2020 (With Late Fees and with interest @ 18% p.a)
	Apr-20	20.05.2020	1. Within 04.06.2020 [Without Late Fees & Interest] 2. After 04.06.2020 but within 24.06.2020 [Without Late fees but with interest @ 9% p.a] 3. After 24.06.2020 [With Late Fees and with interest @ 18% p.a]
	May-20	20.06.2020	1. Within 27.06.2020 [Without Late Fees & Interest] 2. After 27.06.2020 [With Late Fees and with interest @ 18% p.a]
GSTR-7	Mar-20	10.04.2020	30.06.2020
	Apr-20	10.05.2020	30.06.2020
	May-20	10.06.2020	30.06.2020

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For tax payers having turnover more than INR 1.5 Crore but less than Rs. 5 Crore in Preceding Financial Year the extended due dates for GSTR-3B will be as follows:

Tax Period	Revised Due Dates
For the Month of February and March 2020	29th June 2020 (Without interest & Late Fees)
For the Month of April 2020	30th June 2020 (Without interest & Late Fees)
For the Month of May 2020	12th July 2020 (Without interest & Late Fees)

For tax payers having turnover more than INR 1.5 Crore but less than Rs. 5 Crore in Preceding Financial Year the extended due dates for GSTR-3B will be as follows:

Tax Period	Revised Due Dates
For the Month of February 2020	30th June 2020 (Without interest & Late Fees)
For the Month of March 2020	3rd July 2020 (Without interest & Late Fees)
For the Month of April 2020	6th July 2020 (Without interest & Late Fees)

Corporate affairs reliefs are summarized as follows:

1. As per Para Vll (1) of Schedule lV to the Companies Act, 2013, Independent Directors are required to hold at least one meeting without the attendance of Non-independent directors and members of management. For the year 2019-20, if the Independent Directors of a company have not been able to hold even one meeting, the same shall not be viewed as a violation.
2. Furthermore, companies have been allowed to hold Extraordinary General Meetings (EGMs) through video conferencing or other audio visual means complemented with e-Voting facility/simplified voting through registered emails, without requiring the shareholders to physically assemble at a common venue.
3. The Companies Act, 2013 allows ordinary and special resolutions to be passed through postal ballot/e-voting route without holding a physical general meeting. However, in present lockdown/social distancing conditions due to COVID 19, relaxation in postal ballot facility has been given to the companies.
4. Threshold of default under section 4 of the Insolvency and Bankruptcy Code (IBC), 2016 has been increased to INR 10 million (from the existing threshold of INR 1 million). This will by and large prevent triggering of insolvency

proceedings against Micro, Small & Medium Enterprises (MSMEs).

5. No additional fees shall be charged for late filing during a moratorium period from 1st April to 30th September 2020, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date, which will not only reduce the compliance burden, including financial burden of companies/ LLPs at large, but also enable long-standing noncompliant companies/ LLPs to make a 'fresh start'.

6. The mandatory requirement of holding meetings of the Board of the companies within the intervals (120 days) as provided in section 173 of the Companies Act, 2013 stands extended by a period of 60 days till next two quarters i.e., till 30th September. Accordingly, as a one-time relaxation the gap between two consecutive meetings of the Board may extend to 180 days till the next two quarters, instead of 120 days as required in the Companies Act, 2013.

7. The Companies (Auditor's Report) Order, 2020 shall be made applicable from the financial year 2O2O-2O21 instead of being applicable from the financial year 2019-2020 notified earlier. This will significantly ease the burden on companies & their auditors for the financial year 2019-20.

8. Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014 to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30th April 2020, may be complied with till 30th June 2020.

9. Newly incorporated companies are required to file a declaration for Commencement of Business within 180 days of incorporation under section 10A of the Companies Act, 2013. An additional period of 180 more days is allowed for this compliance.

10. Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the Companies Act, 2013 shall not be treated as non-compliance for the financial year 2019-20.

Liquidity measures by Reserve Bank of India:

1. Reduction of policy repo rate by 75 basis points (from current 5.15% to 4.40%)

2. As a one-time measure to help banks tide over the disruption caused by COVID-19, it has been decided to reduce cash reserve ratio (CRR) of all banks by 100 basis points to 3% beginning March 28, for 1 year. This will release liquidity of INR 1,37,000 crore across the banking system.

3. All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) are being permitted to allow a moratorium period of three (3) months on

payment of installments in respect of all term loans outstanding as on March 1, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, may be shifted across the board by three months.

4.) In respect of working capital facilities sanctioned in the form of cash credit/ overdraft, lending institutions are being permitted to allow a deferment of three (3) months on payment of interest in respect of all such facilities outstanding as on March 1, 2020. The accumulated interest for the period will be paid after the expiry of the deferment period.

Organized sector related – Social security measures:

1. The Employees Provident Fund Organization (EPFO) has announced that employees who contribute to EPF can withdraw up to 75 percent of the account balance or 3 months' basic salary and dearness allowance, whichever is lower.

2. Establishments which employ up to 100 employees and if 90 percent of whom earn up to INR 15,000 per month, the government will pay the employee provident fund contribution both of the employer and the employee (12 per cent each) for April 2020 to August 2020. Total benefits accrued are about INR 2500 crores to 72.22 lakh employees.

3. Statutory provident fund contribution of both employer and employee reduced to 10% each from existing 12% each for all establishments covered by EPFO for next 3 months (June to August). This will provide liquidity of about INR 2250 Crore per month.

4. iv) EPFO have extended the due date for payment of contribution for wage month of March 2020 from 15 April 2020 to 15 May 2020 (30 days grace period).

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INDIA

Government policy in view of COVID-19

Whilst the world economy is said to be on brink of collapse due to the pandemic Covid-19, the government of each and every country have announced stimulus/ relief packages which the country faces on account of lockdowns.

India is one of the developing countries where fair amount of population is below poverty line. The government have made it very clear that numerous packages shall be announced to bring the back the economy on track. One of the big announcement made by the Prime Minister, is to have a local business and be self-reliant.

The Government of India has declared an overall package of USD 260 billion (INR 20,000 lakh crore) which is approximately 10 percent of India's GDP. Such humungous package is by far the largest package announced by any developing nation.

The Government of India had in March announced one stimulus package for poor. Subsequently, starting from 13 May 2020, the government is announcing different tranches of the package on a daily basis.

We have captured below the announcement made by the Government till 14 May 2020. Announcements made on 15 May 2020 and subsequently will be shared in next update.

We have highlighted below the major announcement by government of India in its total of three stimulus

Insurance cover for corona warriors

- An insurance cover of around USD 66,000 (INR 50 lakhs) to doctors, healthcare workers and pandemic workers who are on duty during this tough corona times.

Prime Minister Development of Poor Scheme (first tranche)

- Total package of USD 22,476 million.
- As India is primary an agricultural economy, the government is providing some basic amount which shall benefit around 8690 million farmers.
- Further, the government will credit certain amount to all basic poor account holders over a period of three months to run their households. There has also been marginal increase in the minimum daily wages of registered workers which would benefit 50 million workers.
- Benefits provided to poor senior citizens, widows and disabled. Free cooking gas for 3 months to registered users under the LPG scheme.
- Out of the total population of 1300 million people, 800 million people to receive foodgrains over a period of three months.

For borrowers, salaried employees, provident fund (Spread over first and second tranche)

- Government to pay provident fund contributions for organisations having less than 100 employees and the salary bracket of such employees is below the prescribed limit.
- Lower rate of provident fund deductions for three months to provide more liquidity in hands of salaried employees
- Repayments on loan freeze for 3 months; accumulated interest can be paid later-on and default won't be counted as bad loan.

Capital Markets (Measures by Regulators)

- Companies allowed 45 days additional window to declare quarterly and annual results; extension in furnishing corporate governance report.
- Trading margin in stocks increased, market-wide position reduced to ease volatility in stocks.

Micro, Small and Medium Scale Enterprises ('MSME') (second tranche)

- Collateral free automatic loan of USD 39 billion (INR 3 lakh crores). Interest/ Principal fully guaranteed by central government.
- Subordinate debts for stressed MSME's of USD 2,650 million (INR 20,000 crores)
- Equity support to MSMS' through a fund-of-fund of USD 6,625 million (INR 50,000 crores)

Tax (Spread over first and second tranche)

- To revive business, the government has realized that more working capital shall be needed and hence the existing rate of deduction of tax at source reduced by 25% on an overall basis.
- Extension of deadlines for all the returns/ forms that were required to be submitted during the period starting from March-end to June-end

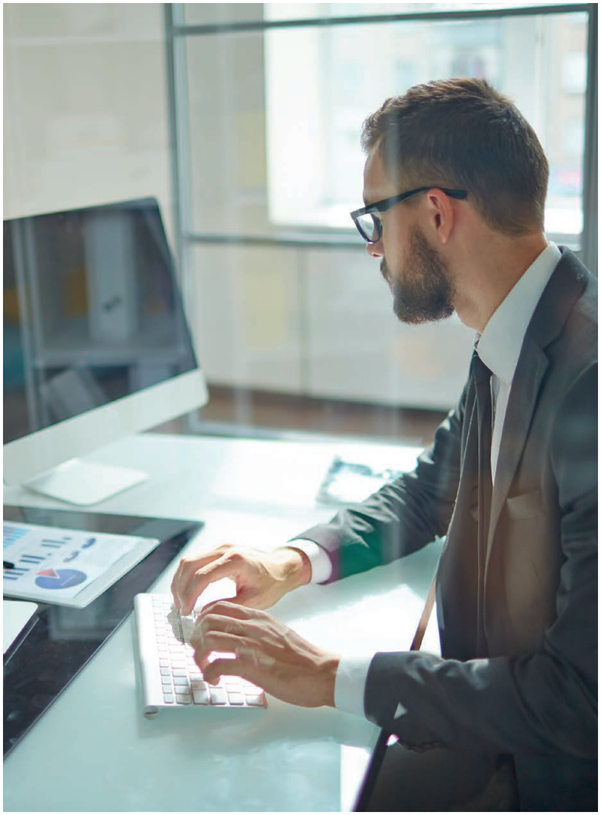
Migrants, Small famers and Poor

- Free food for migrant class for next two months
- New scheme launched for rental housing for migrant workers
- Interest subvention of 2 percent for people who have availed loan below a prescribed limit
- Special working capital scheme launched for street vendors
- Extension of period for availing subsidy by the government for affordable housing for poor
- Special scheme launched to provide employment to tribal people in forest management, wildlife protection/management and other forest related activities.
- Additional capital emergency funds for small and marginal farmers and also scheme launched to provide concessional credit to boost farming, animal husbandry and fisheries.

INDIA

Other key points

- Series of steps announced to encourage banks to lend more (like no maintenance of statutory reserve, reduction in repo rate, etc.)
- Time period for realization and repatriation of export proceeds for shipments before 15 July extended to 15 months to provide greater flexibility to exporters in negotiating future contracts with buyers abroad.
- USD 11,925 million (INR 90,000 crore) liquidity booster for discom companies
- Special liquidity scheme for Non-Banking Finance Companies/ Housing Finance Companies/ Micro-finance institutions of USD 3,975 million (INR 30,000 crore) (guaranteed by government) and also introduction of partial credit guarantee scheme for INR USD 5,962 million (45,000 crore).



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ISRAEL

Summary of the "Israel emergency economic measures" to support the economy under the Coronavirus threats (as of May 14, 2020).

Following the development of the "Corona crisis" in the health and economic spheres, this information can change every week, so you may want to keep up to date daily.

1. Grant to self-employed and small businesses:

1.1. The Ministry of Finance and the Ministry of Economy grant grants, to "self-employed" and small businesses that meet the criteria.

1.2. First grant was in April 2020.

1.3. Second grant, during May 2020.

1.4. The request for grant under criteria, can be filed from 05.05.2020 until 12.07.2020.

1.5. Maximum grant is 10,500 NIS, and depend on certain criteria.

2. Grant for employee with controlling interest in a company (10% shares or more), in a company of no more than 5 shareholders:

2.1. The Ministry of Finance and the Ministry of Economy grant grants, to employee with controlling interest in a company (10% shares or more), in a company of no more than 5 shareholders that meet the criteria.

2.2. First grant, during May 2020.

2.3. The request for grant under criteria, can be filed from 05.05.2020 until 12.07.2020.

2.4. One of the most important criteria, is that the company's turnover from March to June 2020, will be decrease in more than 25%, of the company's turnover for a similar period in 2019.

2.5. Maximum grant is 10,500 NIS, and depend on certain criteria.

3. Business grant for participation in fixed expenses:

3.1. The Ministry of Finance and the Ministry of Economy grant grants, for business grant for participation in fixed expenses.

3.2. First grant, during May 2020.

3.3. The request for grant under criteria, can be filed from 12.05.2020 until 12.08.2020.

ISRAEL

3.4. One of the most important criteria, is that the company's turnover from March to April 2020, will be decrease in more than 25%, of the company's turnover for a similar period in 2019.

3.5. Maximum grant is 400,000 NIS, and depend on certain criteria

4. We hope that the above information is of use to you. If you have any questions, please do not hesitate to contact us at any time.

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KENYA

COVID 19 measures in Kenya

As a direct result of the global slowdown due to the continued pandemic of COVID-19, the Kenyan government has taken a series of measures to offset the negative effects of the supply chain snarl-up caused by the global lockdown.

Social Measures

The Ministry of health's policy measures include travel restrictions into and out of the country and counties especially in the capital City Nairobi, Marsabit and Mombasa counties; suspension of public gatherings such as mass and funerals; national closure of primary and secondary schools and a nightly curfew from 7pm to 5am. These measures are to curb the spread of the virus while giving the ministry time to trace the spread through contact tracing. As a direct result of these measures, the economy has suffered due to the reduction of production, demand and social interaction across all sectors. The recent government pronouncement has extended these measures to the 6th of June 2020.

Taxation Measures

There are various tax incentives that the government has enacted which are aimed at cushioning the general population from the effect of this pandemic, the main aim is to increase disposable income' s for the various groups even as the economic activities reduce.

The turnover tax rate has been reduced from the current 3 per cent to 1 per cent for all Micro, Small and Medium Enterprises (MSMEs)

The Pay-As-You-Earn income tax rate as well as the Resident Corporation Tax rate has been reduced from 30% to 25% and a 100% Tax Relief for all persons earning up to Kshs. 24,000 per month

The VAT rate has been reduced from 16% to 14% effective 1st April 2020, to prevent and offset the rise in prices caused by the incremental costs of a distressed supply chain and guard against inflation.

In addition, the Kenya Revenue Authority (KRA) has been directed to expedite the payment of all verified Value Added Tax (VAT) refund claims amounting to Kshs 10 Billion within 3 weeks; or in the alternative, allow for offsetting of Withholding VAT, in order to improve cash flows for businesses.

Other Economic Measures

The Cash Reserve Ratio (CRR) has been lowered to 4.25 per cent from 5.25 per cent in order to provide additional liquidity of Kshs. 35 Billion to commercial banks in order to support borrowers directly distressed as a result of the adverse economic effects of the COVID-19 pandemic.

KENYA

The Central Bank Rate (CBR) has been lowered to 7.25 per cent from 8.25 per cent which will prompt commercial banks to lower the interest rates to their borrowers, providing needed and affordable credit to MSMEs across the country.

The Ministry of Labour and Social Protection has appropriated Kshs. 10 Billion for orphans, the elderly and other vulnerable citizens through cash transfers in order to spare them the excessive adverse economic effects of the pandemic.

Temporary suspension of the listing with Credit Reference Bureaus (CRB) of any person, Micro, Small and Medium Enterprise (MSMES) or corporate entities whose loan accounts fall overdue or wind up in arrears, effective 1st April, 2020.

Kshs. 1 Billion from the Universal Health Coverage funds has been immediately appropriated strictly towards the recruitment of additional health workers to support in the management of the spread of COVID-19.

All Ministries and Departments have been directed to pay Kshs 13 Billion of all verified outstanding supplier bills within three weeks from 25 March. In order to improve liquidity in the economy and ensure businesses enhance their cash flows, private sector businesses and organizations have been encouraged to clear all outstanding payments among themselves; within three weeks from 25 March.

Rejected Safety Net Measures.

However, the Parliamentary Committee rejected a proposal to exempt stock brokerage services from being charged Value Added Tax (VAT). In a memo dated 6th April, 2020, a team composed of representatives from Nairobi Securities Exchange (NSE), Kenya Association of Stockbrokers and Investment Banks, fund managers, and the Association of Collective Investment Schemes (ACIS), warned that levying VAT on stock brokerage services was detrimental because any amendments will reduce investment in Government Securities and Shares, affecting liquidity at the bourse.

Arguing that the sector had come of age and hence continued exemption was denying Government tax revenue, the Committee however, agreed with a proposal from players in the Capital Market, to exempt income tax on interest income accruing from all listed bonds, notes, or other similar securities used to raise funds for infrastructure and other social services provided that such bonds, notes, or securities shall have a maturity of at least 3 years.

Macro-Economic Outlook

The latest World Bank Kenya Economic Update (KEU) predicts growth of 1.5 percent in 2020 in the baseline scenario, with a potential downside scenario of a contraction to 1.0 percent. Kenya's gross domestic product (GDP) is projected to decelerate substantially in 2020. Economic growth projection remains highly uncertain and the outcome will hinge on how the pandemic plays out internationally and within Kenya, along with policy actions taken to mitigate the situation.

Unanticipated large-scale transmission of COVID-19 will disrupt domestic economic activity more severely and reduce growth below the baseline. Residual risks include potential for drought and a second-round of locust invasion in mid-2020, which could reduce agricultural output and hurt rural incomes the most. Kenya's medium-term growth is projected to rebound fast (to about 5.6 percent over the medium term), on assumption that investor confidence will be restored soon after the COVID-19 pandemic is contained.

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LEBANON

Lebanon’s Updates due to Covid -19

The Minister of Labor Decision of Labor, has issued and published the Decision dated 04/03/2020 relating to the extension of deadlines concerning the submission of the monthly and quarterly NSSF contributions related to the first six months of the year 2020 and thus, for six months from each due date.Besides, according to this Decision, the deadlines relating to the yearly nominative declaration of the year 2019 has been extended until the 30th September 2020 (inclusive).

The suspension of tax obligations and delays related to the deadlines concerning the following:

- Concerning the deadlines related to taxpayers’ obligations:
- The start of activity;
- The modification of information;
- The cessation of activity;
- The submission of periodic and annual declarations and tax returns related to all types of taxes and fees;
- The payment of taxes and fees;
- The deadlines for recovery penalties charged to taxpayers who are not subject to a self-declaration.
- Concerning the deadlines related to the rights granted to taxpayers:
- The response to the preliminary results assessment;
- The objection to the tax adjustment before the Tax Administration;
- The objection before the Objection (Appeal) Committee;
- The filing of an appeal of the Objection Committee’s decision before the State Council.
- Besides, the deadlines related to the obligations and rights of the Tax Administration provided for by the Law on Tax Procedures and by other laws are also suspended on the same basis, in particular the following:
- The deadlines to address final adjustments in response to preliminary results assessment;
- The deadlines to decide (reply) on the restitution requests submitted before the Tax Administration;
- The deadlines to decide (reply) on the objections submitted before the Tax Administration;
- The deadlines to appeal the decisions of the Objection Committee before the State Council and to prepare a reply.

The extension, until the 30th April 2020 (inclusive), of the deadlines related to the submission of the taxpayers’ tax declarations electronically and the payment of the tax on the income deriving from movable foreign assets earned by physical and legal persons resident in Lebanon when this income is paid to or collected abroad.

LEBANON

The companies and individual enterprises can settle the stamp tax duty that applies on invoices numbered in cash, in accordance with article 43 of the law relating to the tax stamp duty and thus, before their use.

Notaries shall organize periodic declarations relating to the sales contracts and proxies and deposit them along with copies of said contracts and proxies, before the Tax Compliance Department of the Directorate of Revenues or coordinate with said department in order to deposit these declarations and copies by an electronic mean.

According to MoF decision, an Exceptional Revaluation of Fixed Assets is allowed for one time only to any taxpayer subject to the real profit taxation (companies and establishments) within a period from the date this law was published till the 31st March 2020 **(extended for six months by the latest Budget Law 2020)**, with the exception of the real estate companies and the taxpayers who benefit or used to benefit from an income tax exemption or not subject to the income tax or subject to income tax but for fixed assets not related to their activity or who had benefit from a previous exceptional revaluation law.

The Ministry of Finance (MoF), has issued and published the Decisions dated 11th March 2020, relating to the submission of the taxpayers' tax formalities before the Department of the Revenue and Financial Services concerned (including their VAT returns) concerned in the different governorates (Mouhafaza) electronically. In fact, according to these Decisions, taxpayers must submit by email the requests relating to the formalities, procedures and necessary documents to attach to the requests and declarations concerning the different taxes by email .

The Ministry of Finance (MoF), has issued and published the Instructions dated 16 May 2020 concerning the penalties for infringements relating to the auditor's report. Thus, according to these Instructions, the competent tax departments are required to impose the penalty provided for by article 109 of the Law on Tax Procedures No. 44 dated 11/11/2008 and its amendments for all infringements incurred until 01/04/2019.

A new notification recalls the provisions of article 82 of the Income Tax Law which compels physical or legal persons resident in Lebanon and who earn and/or derive income from foreign movable capital, when this income is paid to or collected abroad, directly or through intermediaries, to declare said income before March 1st of each year and pay the tax due before April 1st of the following year.

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HATEM AUDIT FIRM
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PORTUGAL

Measures taken following the coronavirus threats

Some of the main measures adopted by Portugal for companies and families following the COVID 19 pandemic are:

Companies

Support measures for job protection

These measures can be applied to companies in a situation of demonstrated business crisis due to the total or partial closing of the company or an abrupt and sharp drop in turnover.

- Simplified lay-off

  Support for the maintenance of employment contracts, in case of temporary reduction of the normal working period or suspension of the employment contract. In the case of lay-off the employee will receive a retributive compensation in the amount equal to 2/3 of the employee's gross remuneration. 70% of the compensation is provided by Social Security and 30% by the employer;

- Establishment of an extraordinary training plan

  Support for the implementation of a training plan to be attributed to each employee, paid by the Professional Training Institute (IEFP) and variable, up to a limit of 50% of gross remuneration, depending on the number of training hours attended by employees;

- Extraordinary financial incentive to support the normalization of the company's activity

  Support equivalent to 1 x RMMG (€ 635), for employers who have benefited from one of the above measures (i.e., simplified lay-off or extraordinary training support), granted by IEFP.

- Temporary exemption from the payment of Social Security contributions

  Employers who benefit from the measures listed above are exempt from paying social security contributions in the part referring to the employer (23.75%), with employees' contributions (11%) continuing to be due.

Facilitation of Tax and Social Security payments

- Extension of deadlines for payment of taxes and social security payments
  - The first special on account payment is extended from 31 March to 30 June 2020;
  - The filing of the Corporate Income Tax Return and the payment of the Corporate Income Tax due is extended from 31 May to 31 July 2020;
  - The first corporate on account payment is extended from 31 July to 31 August 2020

- Facilitation tax payments

  At due date, personal and income withholding taxes and VAT and social security can be paid as follows:

  - Under the general terms (one single installment);
  - Withholding taxes and VAT can be paid in three or six monthly installments without interest;
  - Social security installments that are the responsibility of the employer is split into three parts, being 1/3 paid in the month it is due and the remaining 2/3 paid in three or six interest-free installments.

Access to credit lines

Around €4.5 million were made available for Covid-19 credit lines to support economic activity, which are intended only to finance needs of treasury. The available amount was divided between micro and medium companies being applied more favorable terms and rates. This support was given to tourist activity companies and catering companies. To access to this credit lines companies must justify (in addition to other conditions) that they were not considered to be in difficulties at the date of 31/12/2019 and that they are subject to the lay-off regime, upon presentation of Social Security approval. They must also assume the commitment to maintain jobs until 31/12/2020.

Families

Credit protection

Exceptional measures have been taken for the protection of family credits:

All credit operations granted by credit institutions to Portuguese individuals for own housing are covered, considering that they met one of the following conditions:

- are not insolvent
- have their situation regularized with AT and SS
- are in a situation of prophylactic isolation or sickness
- are providing assistance to children or grandchildren
- have been placed in a lay-off regime
- are unemployed
- are independent workers considered as eligible for extraordinary support to reduction of economic activity
- are employees from entities whose activity has been subject of a specific State closure

Moratorium

The exceptional support measures are (the diploma that approved these measures is effective until September 30):

- Prohibition of the total or partial revocation of credit lines contracted and loans granted, in

PORTUGAL

the amounts contracted on March 26 during the period in which this measure is in force;

- Extension of all credits with capital payment at the end of the year contract in effect on March 26, including interest, guarantees, and
- Extension of the period for payment of principal, rent, interest, commissions and other charges referred to above, without such extension giving rise to any:
    - Contractual breach;
    - Activation of early maturity clauses;
    - Suspension of interest due during the period of the extension, which will be capitalized in the loan amount with reference to when they are due to the contract rate in force; and
    - Ineffectiveness or termination of guarantees granted by entities beneficiaries of the measures or by third parties, namely the efficacy and of the validity of insurance and warranties.

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RUSSIA

Putin's decrees: end of non-working days, support for business and citizens

On May 11, 2020, the President of Russia approved two consecutive decrees to implement additional measures to support families with children and prolong sanitary protective measures due to the pandemic.

The brief summary of updates, which could be vital for you, is as follows:

1. The Russia-wide non-working period with retained salary is finished as of May 12, 2020. However, all governors of the Russian regions are taking the relevant protective and sanitary measures locally based on the epidemic situation in their region.

If the governors make the decision to cease particular businesses due to the pandemic measures, all employees of the affected companies shall be paid their regular salary. We see it as analogous to the non-working period with retained salary. In particular, it is a matter of implementation in Moscow and Moscow Region.

2. Strict self-isolation measures still apply to citizens over 65. The governors were instructed that the final say would be with doctors and public health specialists.
3. All mass events in the country are further banned without concrete a end date.
4. Russian citizens with children up to 3 years old are entitled to a monthly allowance of RUB 5,000 for each child from April to June 2020. To receive it, they must reside in Russia and their first child must be born (or adopted) between April 1, 2017 and January 1, 2020.

The same allowance is payable to Russian citizens who are or were entitled to the multiple child allowance (maternity capital) by July 1, 2020.

Russian citizens with children of 3-16 years of age (turning 16 prior to July 1, 2020) are entitled to a one-time allowance for each child (also a Russian citizen) in the amount of RUB 10,000 starting July 1, 2020.

The respective families can receive these allowances via the state services portal (Gosuslugi) or through the State Pension Fund's website until October 1, 2020.

5. It was also announced that the minimum amount of the state child care allowance will be doubled (up to RUB 6,751; previously RUB 3,375).

Since we see a general tendency to reduce the protective measures, we recommend that you develop a step-plan for returning employees to business operations. For instance, the relevant continuation of personnel's work at offices and other workplaces after the temporary remote work regime should be properly formalized by an HR order and/or addendum to the employees' employment agreements (if applicable).

RUSSIA

We also expect that even after lifting the restrictive measures step by step, certain sanitary measures and social distancing rules will remain in effect. Therefore, using office space in accordance with such rules and following the recommendations of Rospotrebnadzor will be key elements for a secure and successful resumumption of ordinary business operations.

Additionally Vladimir Putin announced a range of measures aimed to support businesses,particularly from the affected industries.

1. For companies in the affected industries (предприятия пострадавших отраслей) all tax payments except VAT and social security payments for the second quarter of the year will be written off.
2. Individual entrepreneurs (IE) will be returned tax on income paid for 2019 and will be subsidized with one minimum wage.
3. Beginning in June, a credit program to support employment will be launched for all companies in the affected industries and socially oriented NGOs. The interest rate will be 2%, while a rate over 2% will be subsidized by the state budget.
4. 85% of the loan will be secured by state guarantees. If the company maintains an employment level of 90% or more, then the loan and interest on it will be written off completely. The loan should be repaid by April 1, 2021. The loan amount is legal minimum wage x employee x months (maximum 6).
5. SMEs that have retained at least 90% of the employees they had on April 1, 2020 will receive a direct subsidy for these employees for April and May in the amount of one minimum legal wage.

In his speech, the president used the term “companies in the affected industries” in Russian original “предприятия пострадавших отраслей”. Our interpretation of this term is that this would be either SME, IE, or companies that operate in an industry affected by the corona virus as established by the order of the government 409 from 02.04.2020.

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SINGAPORE

Covid19- How Partners/Managers can prepare for the New Normal

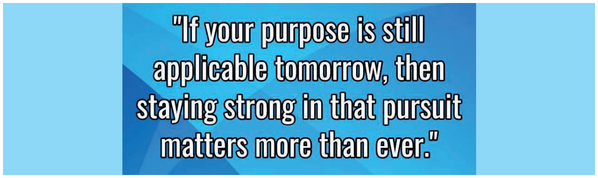
We are spending time differently from the moment we get up in the morning to the time we go to bed. We are working differently, educating our kids differently, celebrating birthdays and holidays online, even having virtual cocktail hours. In short, the way things were at the beginning of March is very different from how things are today. But we know things won't stay this way forever. Which leads to the question:

" What can we do now to prepare for when things change again and return to a new normal?"

The time to prepare for tomorrow's success is today. Here are five steps to take.

1. Take a gut check on your organisational purpose

This crisis—or any test—is a good time to ask, "Does our purpose, business or profession still matter? Do we still believe in our mission as much as we did before?" Are quality audits still relevant? Will regulators do away with audits henceforth and direct and Indirect taxation become extinct?



The resilience required to survive and thrive in a crisis is fuelled by the energy that emanates from knowing why what you do really matters and recommitting to it under pressure. If your purpose is still applicable tomorrow, then **staying strong** in that pursuit matters more than ever. Reminding your team why you exist and what you're all working for is critical to inspiring and motivating a potentially beleaguered organisation.

2. Be prepared to "call an audible"

In football, quarterbacks can change the play at the last second based on how the defence lines up. He will call out a new play after his teammates are lined up, and they will make changes to their assignments in real time. This behaviour is applicable to the business world, too. Partners must be ready to signal out, especially in times when things are changing by the minute. Yes, prepared strategies are critical, but strategies need to change as the environment changes. Take the restaurant industry during COVID-19. With dining rooms shuttered, a growing number of restaurants are offering a to-go burger with toilet paper, too, or spaghetti and meatballs with a bag of flour on the side. Consumers can buy groceries without venturing into a crowded store and get their family's favourite dinner at the same time. The foodservice industry is pivoting while keeping its core mission intact.

SINGAPORE

As Partners plan for the future, they need to plan for several scenarios. Their purpose should remain constant, but the tactics will change to account for the unknowns. Partners must be ready to call an audible when necessary. And, most importantly, these leads must give people the why, what and how behind the change to ensure everyone knows what they are supposed to be doing to support the shift.

3. Engage your people by empowering them to be "Opportunity Scouts"

Don't shut people out during this crisis. Let them play a role in the response and recovery plan by taking on the role of "Opportunity Scouts." Partners must equip people with knowledge of the challenges and threats and allow them to come up with solutions. The front line's ideas for weathering the storm on the cost and revenue sides of the business are often better and more innovative than what most Partners could script. Use this skill to your (and their) advantage. Empower people to look for ways to improve roles, functions and the overall business. This could be an untapped wealth of knowledge.

4. Embrace a new starting line

With a crisis of this magnitude, there is no returning to normal. New starting lines must be created. Partners must focus on building from where they are now, crafting what could be, instead of mourning what was. People need to be encouraged to be innovative as to what's possible in this environment.

Yes, the anxiety and frustration of what was lost can be overpowering, but when the Partners/Managers sets the tone and shows people that the strategy of today is different, and that different is OK, the people of the organization will start to embrace this new mindset, too.

Many of us remember airports without extensive security checks, when we could bring on-board any liquid or drink in our carry-on bags. We live in a different world today. And things will look even more different tomorrow, as the COVID-19 crisis is making an irreversible impact on us all. Partners / Managers need to look for insights as they navigate this time—showing their people that embracing the changes, regardless of how unplanned or undesirable they may be, is the only way to focus on the future.

5. Conclusion:

Partners/Managers, it's up to you to inspire, motivate and engage your people and always lead by example.

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SINGAPORE

Audit practice - COVID-19 Accounting Implications: Subsequent Events and Going Concern

Introduction

Many of our clients are expected to be adversely affected by the 2019 Novel Coronavirus (COVID-19) to a greater or lesser extent. The outbreak of COVID-19 has affected many **client' operations, subsidiaries, joint ventures, associates or investments and the entities t hat they trade with.**

The full impact of the COVID-19 outbreak on the world economy is yet to be seen. What is certain is that there will be financial impacts arising from the impacts of COVID-19.

Given the timing of the outbreak, this practice aid discusses the impact of COVID-19 on the assessment of management's going concern analysis and the impacts of events after the reporting date (together with disclosure considerations) for financial periods ending 31 December 2019 or prior and later. The considerations detailed in this practice aid may also be relevant to entities with financial years ending in 2020 and beyond.

Key points

As part of the concluding procedures Audit engagement teams should exercise increased professional scepticism when focussing on the effects of COVID-19 and the client's assessment of going concern and subsequent events together with relevant disclosures.

Discussions with senior management and those charged with governance are essential in understanding their assessment of the impacts to date and estimated changes to forecast operating condition and financial information (including revisions to budgets and impacts on forecast cash flows and the carrying amounts of assets and liabilities). Audit engagement teams should:

- Meet/Discuss with management to understand their assessments and obtain updated operating and financial information and to understand key financing arrangements (including intercompany funding – receivables and loans / payables)
- Assess the information provided by management including obtaining sufficient appropriate Audit evidence to support our work and consider whether that has or could have material impacts on the business and its financial position subsequent to year end
- Assess whether subsequent events are adjusting or non-adjusting, including their impact on the going concern assessment. For Audit engagement teams who would like to consult in respect of subsequent events disclosures.
- In respect of going concern, where the analysis indicates there are elevated risks, evaluate whether there are uncertainties, the

requirements for disclosure in the notes to the financial statements and the potential impact on our Audit or review report. In such cases please follow the normal consultation requirements relating to going concern.

- Where the going concern basis is no longer considered appropriate advise management that preparation of the financial statements cannot be done on a going concern basis.
- Audit / Review procedures should be undertaken up until the date of signing the Audit or review report

Audit engagement teams should consult in accordance with Firm policy Manual (IPPC) for risk management which may aspect client acceptance / continuation.

Background

The outbreak and subsequent spread of the COVID-19 has caused thousands of infections and deaths and the introduction of unprecedented quarantine activities as health authorities around the world endeavour to limit the spread of the disease. The economic effect is being felt around the world as travel and trade within and between geographical jurisdictions is prohibited or constrained (either directly or indirectly). At this time governments are increasing the level of restrictions on communities which is impacting both the supply of and demand for goods and services. There is currently no line of sight as to the extent of the economic effects of the virus which has already started to significantly impact the global economy and businesses.

Impact on our clients

Examples of actual and potential impact on clients include the following:

- Temporary and/or permanent closure of shops (retailers, restaurants, service counters) casinos, factories, manufacturing plants and other businesses due to quarantine measures
- Reduced tourism income affecting airlines, cruises, hotels, restaurants, retailers, casinos, spending on luxury goods and transportation services
- Cancellation of trade fairs, conferences and other gatherings resulting in a drop in demand for conferencing venues and facilities Supply chain delays or shortages where raw materials or finished goods are imported from overseas
- Absence of employees due to infection, travel restrictions or quarantine measures Reduction in the imports and exports of goods
- Significant volatility in the value of financial instruments as global markets respond to increasing uncertainty
- Loss of consumer confidence and fear of contagion resulting in reduced retail spending (e.g. reduced attendance at cinemas, restaurants etc.) and reduced spending by companies on B2B services
- Delaying planned business expansions as a result of market changes
- Inability to obtain funds due to changes in the

lending priorities of financial institutions and government agencies in light of the COVID-19 outbreak; and

- Higher credit losses in respect of lending to individuals or companies affected by the above factors and guarantees over such lending

Other impacts may surface as the situation evolves.

Accounting impact

Given the timing of the outbreak and its evolving impact, it is important for all clients issuing financial reports (full year and half-year) in respect of periods preceding and post 31 December 2019 to consider how COVID-19 will affect their assessments and disclosures relating to:

- going concern; and
- subsequent events.

Going concern

The issue – the need for assessment (or reassessment) up to the date of signing and basis of preparation

All available information up to the date the financial statements are authorised for issue must be taken into account for going concern assessments. As such, for entities that are significantly affected by COVID-19, even where the significant financial impact to operations has occurred, or is expected to occur, after the balance date of the period reported on, it will be necessary for management to consider the appropriateness of preparing financial statements on the going concern basis. Should management be aware of material uncertainties that cast a significant doubt on the entity's ability to continue as a going concern, the entity is required to disclose those material uncertainties in the financial statements.

Going concern is different from other post-balance sheet event assessments: while the latter requires a distinction between adjusting and non-adjusting events, going concern does not, as it relates to the basis of preparation of the financial statements.

As Auditor our assessment of the entity's ability to continue as a going concern should include consideration of the impact of COVID-19 on the entity taking into account all available information as at the Audit/review report date. Review of management information and detailed enquiry of management to understand the business impacts of COVID-19 and management's assessment of the impacts / likely impacts should be performed and documented.

What is required - cash flow forecasts or budget forecast or business impact assessment, including budget updated for current and expected conditions

Audit engagement teams should request management to prepare a cash flow forecast for at least one year from the date that the financial statements are authorised (the relevant period) for issue based on the latest available information to support management's opinion that they can continue as a going concern in the foreseeable future.

The cash flow forecast provided to the Audit engagement team by management should reflect information that uses year to date actual cash flows (for elapsed months) and should include remaining forecast cash flows based on the budget for the relevant period that incorporate the effects of factors including;

- Management's assessment of the current and forecast effects of current economic and environmental impacts on the entity (scenario assessment and relevant strategies to maintain operations) including updated forecast assumptions
- Revenue / debtor adjustments (cancelled contracts or inability to supply, forward order book, contraction in demand, curtailment of product, sourcing equipment and employee labour supply, impacts of quarantining and curtailment of shipment of goods), changes in debtor collection profile
- Interdependency of group operations including, funding, supply of goods, purchase of goods, terms of trade / finance and assess the viability of the group counterparties (including the parent entity)
- Expenditure / creditor adjustments (employee expenditure and headcount and costs of restructuring, purchasing changes due to cost / volume changes, ability to reschedule payments)
- Forecast covenant compliance and including quantitative and qualitative factors (including material adverse events) indebt or other agreements (e.g. long term sales / supply agreements).

Representation letter - considerations

As part of Audit/review completion procedures Audit engagement teams should ensure that they have obtained appropriate representations including those relating to the impacts of COVID-19 on going concern.

Example – Going concern representation – under "Emphasis of Matter"

W here there is n ot a risk of material uncertainty relating to going concern the following template wording should be included in the r epresentation letter (tailored for the circumstances):

" In consideration of / in conjunction with our consideration of] the impact of COVID-19 we have performed a going concern assessment as at t he date of signing the financial report as required by Auditing standards after the Reporting Date. We have determined that as at this date t hat the [Company /Group] continues to be a going concern and, therefore, that it continues to be appropriate to prepare the financial s tatements of the [Company/Group] on the going concern basis in accordance with FRS 1 Presentation of Financial Statements. We are not a ware, as at the date of this letter, of any material uncertainty arising from Covid-19 that casts significant doubt on the ability of the [Company/Group] to continue as a going concern."

Example – Going concern representation – under "Report on Other Legal and Regulatory Requirements"

SINGAPORE

“ The Impact of Uncertainties Due to the Outbreak of COVID-19 on Our Audit

Uncertainties related to the effects of COVID-19 are relevant to understanding our audit of the company/group financial statements. Our audits assess and challenge the reasonableness of estimates made by the directors, such as expected credit losses, impairment of assets, impact of revenue and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend o n assessments of the future economic environment and the company's future prospects and performance.

The outbreak of this virus is one of the most significant economic events for Singapore and other location where the company/group operates, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's / group future prospects and performance. However, our audit should not be expected to predict the unknowable factors and/or all possible future implications for the c ompany/ group and in particular in relation to COVID-19.”

Depending on the client's specific facts and circumstances, Audit engagement teams should consider;

- The adequacy of going concern disclosures in the financial report
- Whether the Audit opinion /review conclusion should include a material uncertainty related to going concern or be modified (qualification or adverse) with regard to the client's ability to continue as a going concern.
- Whether the accounts should be prepared on a going concern basis. Noting that an entity shall not prepare its financial statements on a going concern basis if management determines after the reporting period either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so This is because if the going concern assumption is no longer appropriate, the effect is so pervasive that FRS10 requires a fundamental change in the basis of accounting, rather than an adjustment to the amounts recognised within the original basis of accounting

Events after the reporting date

The issue – what type of subsequent event: adjusting or non-adjusting?

With respect to reporting periods ending on or before 31 December 2019, it is generally appropriate to consider the effects of COVID-19 on an entity are the results of non-adjusting events after the reporting period (i.e. decisions made in response to the impact of COVID-19 in 2020) The reference to 31 December is linked to the point at which the World Health Organisation publicly declared the outbreak to be a public health emergency of international concern following a meeting of the Emergency Committee on COVID-19 under the International Health

Regulations (IHR 2005) that was reconvened on 30 January.

The major impact to businesses associated with COVID-19 occurred after 31 December 2019 which was largely caused by the unprecedented extensive quarantine measures imposed by global governments in an attempt to contain the spread of the virus, as well as actions by corporate entities and changes in consumer behaviour in 2020 in response to the outbreak.

FRS10.3 defines events after the reporting period as follows:

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

The implication of regarding COVID-19 as a non-adjusting event for financial periods ending on or before December 2019 year-end is that the measurement of assets and liabilities at 31 December 2019 should not reflect the development and the severity of COVID- 19 as it became apparent after year-end.

It is critical that management distinguish between events after the reporting period that:

- provide evidence of conditions that existed at the end of the reporting period (adjusting events) – whereby, amounts recognised in the financial statements as at the reporting date are adjusted to reflect the impact of the event(s); and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events) – where the event does not give rise to a need to change the amounts recorded in the financial statements, but should be disclosed where they are re material, as non- disclosure could affect the economic decisions that users make on the basis of the financial statements.

In addition, it is equally important for management to distinguish between events after the reporting period and those that are the result of events that occurred on or before the reporting date (which must be accounted for in the reporting period).

Considerations and judgement in assessing adjusting or non-adjusting events

It is important for entities to consider their unique circumstances and risk exposures when analysing how recent events may affect their financial reporting. Most importantly, financial reporting and disclosures need to convey all material current and potential effects of the COVID-19 outbreak. Accordingly, with few exceptions, entities will need to disclose information in the notes to the financial statements and/or elsewhere in their annual reports with appropriate cross-references. This would likely extend to comments by entities where those entities don't expect material financial impacts from COVID 19.

For entities with financial years ending in 2020 and beyond, the assessment of whether the event, being COVID-19, should be treated as an adjusting or a non-adjusting event after the reporting date, or whether it is an event that occurred during the reporting period will likely differ depending on facts and circumstances, e.g. where the entity's operations, debtors, suppliers and competitors are located; the actions taken by the government, corporations and other relevant parties at those locations in response to COVID-19 at the reporting date; how its operations, suppliers and customers are affected, etc. The estimated financial impact resulting from COVID-19 will also change over time as more information about the epidemic becomes available.

Audit engagement teams should be aware that significant judgement is required as to what is adjusting and what is non-adjusting. Audit engagement teams should engage with management on a robust basis to understand how management have made their assessment.

There is a strong need for professional scepticism by Auditors whereby management may seek to explain underlying deterioration in market conditions that were observable at year end by attributing continuing poor performance to events occurring post year end without considering the already indicated decline existing at year end. To the extent that results post balance sheet confirm circumstances that existed at balance sheet date, these events should be reflect in the measurement as at that date. The exercise of judgement in assessing these factors will be required.

It is important to note that management should take into account only conditions that existed at balance date and hence subsequent changes to those conditions should not be incorporated in the measurement of assets and liabilities in respect of balances including:

- Impairment of tangible and intangible assets
- Determining expected credit losses
- Determining the net realisable value of inventories
- Any asset or liability measured at fair value
- Recognition and impairment of deferred tax assets
- Onerous contract / restructuring provisions

Examples of judgement in assessing adjusting or non-adjusting events

Default by customer after the reporting period

Existing decline in business performance prior to year-end combined with post year events

Breach of loan covenants

Non-adjusting events - impacts on reporting or disclosure

When non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions of users taken

based on the financial statements. Accordingly, the entity should disclose the following information for each material category of non-adjusting event after the reporting period:

- the nature of the event; and
- an estimate of the financial effect, or a statement that such an estimate cannot be made.

The above analysis focuses on the subsequent events arising from impacts of the economic impacts of COVID-19. Other types of material subsequent events may also arise such as the acquisition of a business, major product recalls or other such events that are not related to the impacts of COVID-19. Auditors should remain alert to these events in addition those arising from COVID-19.

Disclosures in the subsequent event note should be consistent with information disclosed elsewhere in the annual report (MD&A and other front-end information including Section 299 and 299A of the *Corporations Act 2001*) as well as in the market announcements of listed or disclosing entities and should be checked for consistency with other information.

It is important for Audit engagement teams to assess whether the entity has made appropriate, sufficient and entity-specific disclosures about the impact of the COVID- 19 in its financial statements.

***** Please adjust based on the facts and circumstances of each client *****

A. Example where subsequent events effects are pervasive and clearly observable (quantifiable) across the Group resulting in broad financial impacts across multiple account balances (use recommended as a base for COVID-19 impacts).

Note xx. Events after the reporting date

[(i) Describe the events that materially affected the Group]

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Singapore and other governments as well as the travel a nd trade restrictions imposed by Singapore and other countries in early 2020 have caused disruption to businesses and economic activity. T he Group considers this to be a non-adjusting post balance sheet event and accordingly the financial effects of COVID-19 have not been r eflected in the Group's financial statements at 31 December 2019.

This has had a [severe] negative impact on the operations of the Group. The Group's operations are located in [specify the affected countries / regions]. The Group [had to] [and / or][elected to][stop / curtail its manufacturing / service activities / close its restaurants / close its retail o utlets / curtail its international/ interstate delivery services (describe relevant activities)] since [January 2020] [voluntarily / due to m andatory government quarantine measures] in an effort to contain the spread of the epidemic.

[Even though the Group had [resumed its manufacturing activities / re-opened some of its restaurants / re-opened most of its retail outlets (describe relevant activities)] since [date], they are still not operating at normal capacity due to [explain reasons]. OR [The Group has not yet b een able to resume normal operating levels as at the date these financial statements are authorised for issue.]]

[In light of the [cessation/ reduction in scale] of the Group's [manufacturing/service /retail/ activities (describe relevant activities)] after the r eporting date, the Group has had to [cancel/ postpone] the fulfilment of contracts with an aggregate contract value of approximately USD [X million]. [The Group had not been able to resume the fulfilment of these contracts] OR [The Group had resumed limited [production] [services] on some of these contracts] as at the date these financial statements are authorised for issue.]

In addition, as the operations of [substantially all/ most / some] of the Group's [customers, suppliers, associates, joint ventures, investees] are located in [jurisdictions / Singapore], the outbreak of COVID-19 is expected to have a negative impact on these entities. This may in turn negatively affect the recoverability of Group's [investments in these investees], [as well as financial assets and other assets due from these parties e.g. debtors, prepayments and advances to suppliers] which are subject to impairment or ECL assessments as appropriate.

The recoverability of the Group's [inventories, (others to specify)] is also expected to be negatively affected.

[The Group has issued guarantees to [banks (others please specify)] in relation to [the mortgages taken out by the buyers of the Group's properties (others please specify)]. The outbreak of COVID-19 is expected to affect the debtors' ability to pay negatively which may in turn [increase the ECL provision / increase the fair value of the liability recognised] for the related financial guarantees.]

[(ii) Describe the financial impact of the events on the Group]

If an estimate of the financial impact can be made

[As at [measurement date], to the extent practicable, the estimated financial impact to the Group is as follows:

- Inventory write-down of USD [x]
- Impairment of [PPE/ RoU asset/ goodwill/ intangible assets/ other non-current assets/ investments in associates and joint v entures] of USD [x]
- Increase in allowance for expected credit losses on [loans receivable, trade debtors, financial guarantees, etc.] of USD [x]
- Decrease in fair value of [investment properties / financial assets at [FVTPL/ FVTOCI]] of USD[x]
- Increase in fair value of financial guarantee liabilities of USD [x]
- Onerous contract provision of USD [x]

[Provide details for each of the above estimates]

The financial effect(s) of the above matters have not been recognised at [31 December 2019]

Given the inherent unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place b y the relevant governments and corporate entities combined with customer behaviours, the actual financial impact of the COVID-19 o utbreak, if any, on the Group's 2020 financial statements could be significantly different from the estimates disclosed above depending on h ow the situation evolves.]

If an estimate of the financial effect cannot be made

As the situation remains fluid (due to continuing changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Company considered that the financial effects of COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated. Nevertheless, the economic effects arising from the COVID-19 outbreak are expected to [materially] affect the consolidated results of the Group for [the first half and full year of 2020].

(iii) Final paragraph either scenario

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in subsequent financial years.

B. Generic example to cover situations where the subsequent events effects cannot be quantified but reference is provided to s pecific account balances – use considered as exception to A above

Note xx. Events after the reporting date

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Singaporen and other governments as well as the t ravel and trade restrictions imposed by Singapore and other countries in early 2020 have caused disruption to businesses and economic a ctivity. The Group considers this to be a non-adjusting post balance sheet event and accordingly the financial effects of COVID-19 have not b een reflected in the Group's financial statements at 31 December 2019.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Company considered that the financial effects of COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated for future financial periods. However, the Director's consider that the general economic impacts arising from COVID-19 are expected to have a negative impact on the operations of [substantially all/ most / some] of the Group's [customers, suppliers, associates, joint ventures, investees, operations]. This in turn may negatively affect the recoverability of the Group's [debtors, prepayments, inventories tangible and intangible assets and advances to suppliers].

The economic effects arising from the COVID-19 outbreak are expected to [materially] affect the consolidated results of the Group for [the f irst half and full year of 2020].

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in subsequent financial years.

C. Example where subsequent events effect is impact on investment portfolio of listed and / or unlisted equity instruments (specific reference and could be included within A above where appropriate eg broader business)

Note xx. Events after the reporting date

T he outbreak of COVID-19 and the subsequent quarantine measures imposed by the Singaporen and other governments as well as the t ravel and trade restrictions imposed by Singapore and other countries in early 2020 have caused disruption to businesses and economic a ctivity. The Group considers this to be a non-adjusting post balance sheet event and accordingly the financial effects of COVID-19 have not b een reflected in the Group's financial statements at 31 December 2019.

As a result of the global economic effects arising from the outbreak of COVID-19 there has been significant volatility in local and global e quity markets subsequent to the year-end. This has adversely impacted the market value of the managed funds in our investment portfolio a s set out in note X post 31 December 2019. As at [date – the close of business the day prior to the issuance of the financial report] the m arket value of the managed funds has decreased by [$ xxx]. At the date of this report it is expected that this volatility will continue for the f oreseeable future and continue to have an impact on the value of the portfolio. The financial effects of the change in market value have n ot been recognised in the financial statements for the year ended 31 December 2019.

Further to our listed investment portfolio our unlisted investments are carried at fair value and are measured using valuation models and techniques as set out in Note [X]. At the date of issue of these financial statements it is not practicable for the directors to reliably determine t he value of the unlisted investments and accordingly the financial effects of the economic impacts of COVID-19 on the Group's consolidated f inancial statements as it relates to these investments cannot be reasonably estimated. Nevertheless, the COVID-19 outbreak is expected to [materially] affect the fair value of these investments.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in subsequent financial years.

D. Example where subsequent events effect is impact on worldwide price for oil and gas instruments

Note xx. Events after the reporting date

Subsequent to 31 December 2019, the worldwide price for oil and gas has been adversely impacted by the evolving situation surrounding t he COVID-19, related disruptions to demand and change to global oil production supply. The

Group's oil and gas tenements are all currently in the exploration phase and therefore, the Group does not have any production income as at 31 December 2019. The Group will continue o monitor the economic impacts in relation to the exploration projects including future investment decisions. At the date of this report and consistent with announcements to the market, the Group is continuing its exploration activities. There was no material effect on the Interim F inancial Report as at 31 December 2019. The Group, however, will continue to monitor any potential impact on the medium to long term demand.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in subsequent financial years.

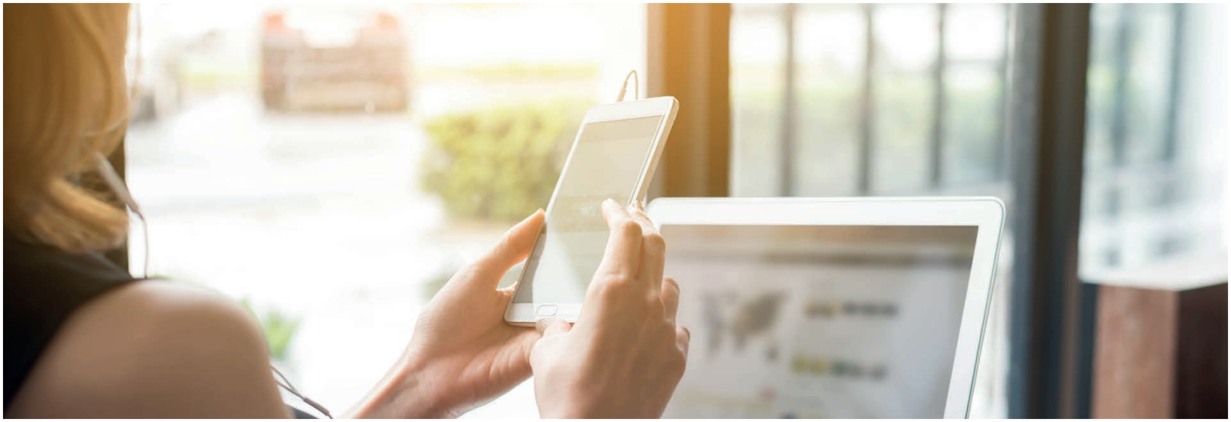
Specific items for consideration

For clients with balance dates ending December 2019 and/or preceding year-ends, even though the effects of COVID-19 are generally not reflected in the 2019 financial statements as an adjusting event, management should still assess, quantify and disclose the financial impact of COVID-19 in those financial statements as a non-adjusting event after the reporting date.

The potential nature of the impacts on financial statements could include these items:

- Inventory write-down
- Impairment of non-current assets e.g. property, plant and equipment, right-of-use assets, goodwill and other intangible assets, investments in associates and joint ventures
- Allowance for expected credit losses on financial assets and loan commitments
- Fair value measurement e.g. investment properties and financial instruments at FVTPL or FVTOCI Financial guarantees: fair value measurement or expected credit loss provisions
- Onerous contracts and provisions arising from contractual penalties, business closures and downsizing Breach of loan covenants: current/ non-current classification of liabilities
- Re-estimation of bonus accruals and employment termination benefits Share-based payment performance conditions and modifications.
- Insurance recoveries
- Derivative and hedging considerations, e.g. hedge accounting requirements in respect of derivatives for which the expected transaction is no longer expected to occur
- Insurance claims – assess the likelihood of claiming business interruption and/or other insurance; potential disclosure of contingent assets; only recognise an asset if it is virtually certain that the amount will be received
- Tax considerations, e.g. impact of reduced flow of goods and services on transfer pricing agreements; recoverability of deferred tax assets

SINGAPORE



- Appropriate recognition of employee termination benefits resulting from a workforce reduction Probability of meeting performance vesting conditions under share-based payment arrangements appropriate accounting for modifications or settlements of such arrangements; and
- Probability of meeting performance targets in business combination arrangements, rebate arrangements with customers or suppliers, variable considerations, commission accruals etc.

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SPAIN

Update. Briefing on new extraordinary measures to weather the economic and social impact of COVID-19 since 21st April.

The Spanish Governmet has recently issued four relevant rules concerning impact of COVID-19: Royal Decree-Law 15/2020 of 21st April (RD-L 15) on urgent supplementary measures to support the economy and employment, Royal Decree Law 16/2020 of 28th April (RD-L 16) on procedural and organisational measures to deal with COVID-19 issues on the administration of justice, insolvency measures, employment measures, Royal Decree-Law 17/2020 of 5th May (RD-L 17) on measures for the cultural sector and specific tax measures, and Royal Decree-Law 18/2020 of 12th May (RD-L 18)on social measures in defence of employment.

In the present update, we will focus on the most relevant measures issued by these four rules:

A) Royal Decree-Law 15/2020.

Corporate measures

Article 1 establishes that the lessees of rental contracts for use other than housing, in which the lessor is a company or public housing entity or a "large holder" *(individual or legal entity that owns more than 10 urban properties, excluding garages and storage rooms, or a constructed surface area of more than 1.500 m²)*, may request the application of a moratorium on the payment of rent, the lessor being obliged to accept it.

Article 2 establishes a different regime for those tenants who cannot benefit from the specific measure provided for in Article 1 because the lessor does not meet the characteristics set out in that article. Specifically, that tenants can only "request" from the lessor "the temporary and exceptional postponement of the payment of rent".

In both cases (Article 1 and 2) the following requirement must be meet by the lessee (self-employed or Small companies): the activity has been suspended due to the state of alert, or, in any case, the reduction of its invoicing for the calendar month prior to that which the postponement is requested by at least 75% in relation to the average monthly invoicing for the quarter to which that month of the previous year belongs is accredited.

Tax measures

<u>VAT:</u> Supplies of goods, imports ant intra-Community acquisitions of certain health products listed in the Annex to RD-L 15 are subject to the zero rate. Digital books, newspapers and magazines, which until now have been taxed at 21%, are subject to the 4% rate according to the requirements stated in the RD-L 15.

<u>Corporate Tax:</u> Companies whose volume of operations in 2019 does not exceed 600.000.-€ may

opt to make the instalment payments according to Article 40.3 of the Corporate Income Tax Act, on the part of the tax base for the three, nine or eleven month period in the year 2020.

Taxpayers whose net turnover is more than 600.000.-€ but less than 6.000.000.-€, who cannot benefit from the extension of the period for filing returns for the first quarter, may opt for modality of Article 40.3 within the deadline for making the second instalment payment and can apply the same method in the third instalment. The instalment payment corresponding to the first period may be deducted from the remaining payment of the same year.

b) Royal Decree Law 16/2020

RD-L 16 includes a wide range of organizational and procedural measures, within the framework of the Administration of Justice, and in view of the de-escalation plan presented by the Government and the gradual return to the activity of courts and tribunals after the confinement, in the fundamental interest of avoiding a collapse of the administration of justice, after the lifting of the suspension of deadlines and procedural actions imposed by the declaration of the State of Alert.

Labour measures

The challenge of the ERTE for economic, technical, organizational and productive causes in the context of Covid-19, will be dealt with by the procedural modality of the collective conflict.

Insolvency measures

<u>Creditors and refinancing agreements measures:</u> RD-L16 estates three specific measures:

- The obligation to request the opening of the liquidation phase in cases where it is known that it will not be possible to comply with the provisions of the creditor’s agreement is suspended for a period of one year from the date of declaration of the state of alert.
- During the period of one year from the date of the declarations of the state of alert, proposals for the modification of already approved creditor’s agreement may be submitted.
- Finally, if a creditor requests a declaration of non-perfomance of the agreement during the six months following the date of the alarm statement, the debtor will be given the opportunity to submit a proposal to modify the agreement during the three-month period before the request is accepted.

<u>Deferral of the duty to submit the application for competition and limitations on the applications for competition required:</u> Article 11 eliminates, in general, the duty to request the declaration of bankruptcy. Specifically, that article prevents the judges from admitting for processing, until 31st December 2020, those applications that have been submitted after the declaration of the state of alert.

<u>Suspension of the cause for dissolution due to losses under Article 363.1 e) of the Law on Corporations (LSC):</u> Losses for the year 2020

will not be taken into consideration for the sole purpose of determining the reason of the cause for dissolution provided for in Article 363.1 e) of the revised text of the LSC. If the result for the 2021 financial year shows losses that reduce the net assets to less than half the share capital, the directors must call a meeting or any shareholders may request, within a period of two months from the end of the financial year, that a meeting be held to proceed with the dissolution of the company, unless the capital is increased or reduced to a sufficient extend to provide enough accountant solvency.

c) Royal Decree Law 17/2020

RD-L 17 approves support measures for the cultural sector and of a tax nature to deal with the economic and social impact of the COVID-19, seeks to alleviate the situation in which the virus crisis has left the performing arts and music sector, having been forced to cancel or reschedule the events that were planned for this year 2020.

d) Royal Decree Law 18/2020

RD-L 18 was published the 12th May being its main aim to facilitate the progressive reactivation of the economy, through the activation of those sectors whose activity continues to be limited by health restrictions derived, among other situations, from the containment measures agreed within the framework of the state of alert.

Specifically, RD-L 18 establishes employment measures in relation to the procedures for the for the suspension of contracts and reduction of working hours (“ERTE”) due to force majeure and economic, technical, organizational or production causes (“ETOP”) regulated by Royal Decree Law 8/2020 of 17th March:

<u>ERTE due to force majeure:</u> is extended to 30 June 2020 for business with approved applications that cannot resume activity for reasons of force majeure. In these cases, the relief is continued for employers from making social security contributions accrued in May and June 2020 and contributions for quotes to be jointly collected: full relief for companies with fewer than 50 employees and 75% relief for those with 50 or more.

<u>Scheme on partial force majeure is regulated:</u> Authorized schemes for force majeure will apply partially, up tp 30 June 2020, to companies that signed up to it and are partly able to resume business. These companies will need to start bringing employees back to work as necessary, with measures for short-time working taking priority.

For employees that return to work, the social security relief will be 85% of the employer contributions accrued in May and 70% of that in June (companies with fewer than 50 employees at 29th February 2020). Companies with 50 or more employees will receive relief of 60% of the employer contributions accrued in May and 45% in June.

In respect of employees who remain without working, where the subsidised scheme is used partially, the relief will be 60% of the employer contributions accrued in May and 45% in June

SPAIN

(companies with less than 50 employees) and 45% of employer contributions accrued in May and 30% in June (companies with 50 or more employees)

Obligation to keep employees in their jobs for six months after business resumes: On Royal Decree Law 8/2020, the government announced that companies applying for ERTE-Force Majeure would have to maintain jobs for six months after employees return to work. RD-L 18 clarifies that the obligation will not be considered as breached where contracts are ended due to dismissal for disciplinary reasons, death, retirement, disability, etc. Employers will also not be in breach if they do not call up workers on rolling seasonal contracts, where this is just a hiatus and they are not dismissed. In cases of temporary contracts, these will not be considered as breached when terminated because they hace come to the end of the agreed duration or of the contracted job or service, or where it is not immediately possible to carry out the activity.

This obligation will also not apply to companies that are at risk of insolvency.

Companies registered in tax havens: That companies cannot benefit from the extension of the ERTE due to force majeure.

Restriction on the payment of dividends: Companies applying ERTE due to force majeure cannot pay dividends for the year in which they use the scheme, except it the y repay the relevant portion of social security contributions on which they received relief.

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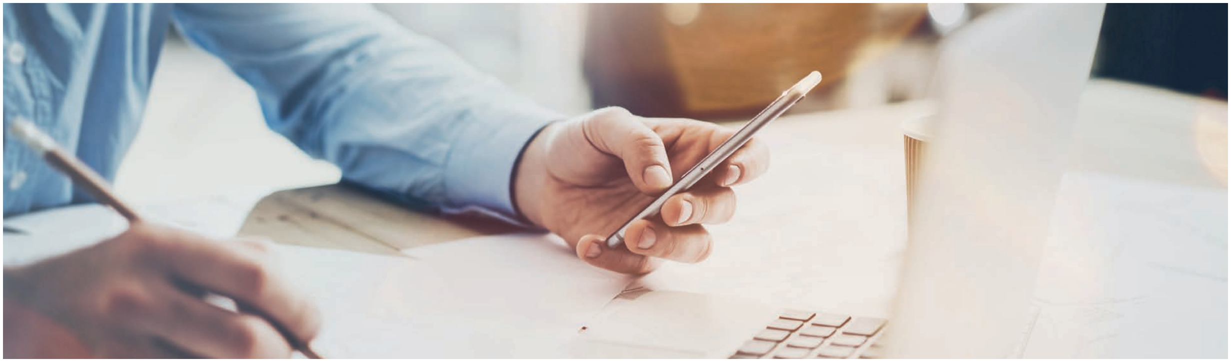

THE NETHERLANDS

Coronavirus: additional new measures for entrepreneurs

The government has taken additional measures to support entrepreneurs during the coronavirus crisis. For example, directors/major shareholders can reduce their customary salary further, the fixed budget under the work-related expenses scheme has been increased and the Contribution for Entrepreneurs in Sectors Affected by COVID-19 scheme (TOGS), which offers support of € 4,000, has been relaxed, as has the hour criterion for purposes of the self-employed person's allowance. In addition, companies have been given the option of already forming a 'coronavirus reserve' and the introduction of the 'DGA' (director/major shareholder) tax has been postponed. In this newsletter we also cover a number of other points that may be of interest to you.

Please note:

We are keen to ensure we provide up-to-date information. As we are writing, however, the Dutch Government is constantly announcing new additions or improvements to (new) schemes. The articles below are based on the information available as at 4.30 p.m. on Tuesday, 28 April.

Six additional coronavirus measures for entrepreneurs

1. Further relaxation of TOGS € 4,000 support scheme and BMKB scheme NOW scheme expanded for groups
2. Lower wage bill during NOW? Be aware of retrospective correction!
3. In 2020 no adjustment of employer's unemployment insurance contribution in the event of overtime
4. Launch of bridging loan for start-ups and scale-ups
5. Wage expenses subsidy (LKS) will not be deducted from contribution under NOW Tozo scheme also open to cross-border workers and persons of state-pension age

1. Six additional coronavirus measures for entrepreneurs

The government will once again be taking additional fiscal support measures to mitigate the negative impact of the coronavirus crisis for entrepreneurs in particular. The six measures in question were announced on Friday, 24 April.

Lower customary salary for directors/major shareholders

If you are a director/major shareholder, you are obliged to declare a 'customary salary' as the salary you receive from your company. In 2020 this customary salary would ordinarily have to be at least € 46,000. It can also be set at 75% of the salary for the most comparable position or at the level of the highest salary received by your company's employees, if one of them earns more than € 46,000. It had previously been decided that the customary salary could be set at a lower level as a result of the coronavirus crisis. Now it has been announced that the customary salary may be reduced in proportion to the drop in your turnover. The measure will be structured in a similar way to a comparable measure used to determine customary salaries during the credit crisis around 2009. A condition at that time was that a dividend could not be paid out instead of a customary salary. According to calculations by the government, the measure should result in an average benefit of € 6,200 per director/major shareholder.

Relaxation of hour criterion

Entrepreneurs who are subject to income tax are entitled to take advantage of all kinds of facilities, such as the self-employed person's allowance, to qualify for which you usually have to dedicate at least 1,225 hours a year to your business. To prevent entrepreneurs from losing access to these facilities if their business has come to a standstill or has very low activity as a result of the coronavirus crisis, for the period from 1 March to 31 May 2020 the tax authorities will assume that they have dedicated at least 24 hours a week to their business, even if these hours have not actually been worked. This relaxation of the facility will also apply to seasonal businesses, e.g. in the catering sector. On average, according to government estimates, this will result in a benefit of € 1,800.

Fixed budget under work-related expenses scheme increased

Under the work-related expenses scheme allowances and benefits in kind can be granted to employees free of tax. The work-related expenses scheme has a fixed budget of 1.7% of the wage bill up to € 400,000 and 1.2% on the excess amount. The employer only pays 80% tax via the final levy if the allowances and benefits in kind granted during a year exceed this fixed budget. For 2020 it has been decided that the fixed budget for the first € 400,000 of the wage bill will be increased to 3%. In these difficult times this will enable employers to offer their employees additional untaxed remuneration, such as a gift voucher or bonus, without the employer becoming liable for the 80% final levy. Thanks to this increase, an employer will be able to allocate up to an additional € 5,200 in allowances and benefits in kind to the fixed budget.

Offset losses via 'coronavirus reserve'

Companies that pay corporation tax on their profits, such as private limited companies (BVs), are being allowed to include an expected loss in their 2019 tax return this year (and therefore earlier than would normally be the case) by forming a 'coronavirus reserve'. This is subject to the condition that this coronavirus reserve does not exceed the profit for 2019. According to government estimates, this means that, on average, a company will receive € 25,000 in 2020 instead of in 2021 as a result of refunds on provisional tax returns for 2019.

Postponement of Act on taxation of excessive loans received by shareholders from their own company

The legislative proposal relating to the taxation of excessive loans received by shareholders from their own company, commonly known as the

'DGA' (director/major shareholder) tax, is being postponed by a year until 1 January 2023. Under this proposal a director/major shareholder will be required to pay tax on debts to his or her own company that exceed € 500,000, leaving debts used to finance his or her own home out of consideration. The postponement means that directors/major shareholders will have an extra year, until 31 December 2023, to pay off debts to their company of more than € 500,000 and in this way avoid paying tax on them.

Deduction of mortgage interest not at risk if repayments temporarily suspended

For mortgages taken out with effect from 2013 the deduction of mortgage interest is subject to a repayment obligation. As a result of the coronavirus crisis, banks are now offering their customers the option of suspending their interest payment obligation and repayment obligation for a maximum period of six months. To prevent the right to deduct mortgage interest being lost as a result, the repayment obligation is being relaxed. This means that the rules are being relaxed in relation to catch-up repayments. It will be possible to spread these over the remaining term of the mortgage or agree on a separate repayment schedule.

2. Further relaxation of TOGS € 4,000 support scheme and BMKB scheme

The conditions that apply to loans under the government-guaranteed scheme for loans to SMEs (BMKB) and the one-off grant of € 4,000 under the Contribution for Entrepreneurs in Sectors Affected by COVID-19 scheme (TOGS) are being relaxed further. This was decided by the government on Tuesday, 28 April. By relaxing the rules in this way, it will be possible to provide even better support to entrepreneurs who suffer losses as a result of the coronavirus crisis.

Expansion of BMKB scheme

Under the BMKB scheme the government guarantees loans to entrepreneurs, allowing banks to issue loans more quickly. The government has already increased the level of the guarantee to 90% for SMEs and 80% for larger companies in connection with the coronavirus crisis. The scheme will be expanded further and will also be applicable to bridging loans and overdraft facilities with a term of up to four years instead of two.

Lower threshold

In addition, it will be easier for entrepreneurs to access the BMKB, as an application can also now be assessed by means of a turnover test and not just on the basis of a detailed liquidity forecast. It is not yet clear what form this test will take.

TOGS scheme

The TOGS scheme is also being relaxed further. Under this scheme entrepreneurs in sectors that have been particularly affected by the crisis, such as catering, can receive a tax-free grant of € 4,000. Up to now this grant has been based on a company's principal activity, but is now also available if a registered secondary activity of an entrepreneur satisfies the conditions.

Conditions

An additional condition applies in such a case, however: based solely on the registered secondary activity, the entrepreneur must suffer a drop in turnover of at least € 4,000 over the period from 16 March 2020 to 15 June 2020 and must also have fixed costs of at least € 4,000 over that period.

3. NOW scheme expanded for groups

The Temporary Emergency Bridging Fund for Employment (NOW scheme) is being expanded for groups. Operating companies whose turnover drops by more than 20%, but are part of a group that does not meet this condition, can now apply under the NOW scheme, subject to certain conditions.

NOW scheme

Employers who experience a drop in turnover of at least 20% will have up to 90% of their payroll costs reimbursed via the NOW scheme. It no longer matters whether the drop in turnover can be attributed to the coronavirus crisis or other reasons, such as the PFAS and nitrogen problem. The drop in turnover is calculated by comparing 25% of the turnover for 2019 with the turnover generated from March to May 2020. However, employers can also take a period starting one or two months later as a basis for determining their drop in turnover.

Problem with calculating drop in turnover for groups

In the case of groups the turnover for the whole group is taken as a basis. One problem that results from this is that groups within which staff from one company cannot be deployed in other companies (or only to a limited extent) will in some cases not receive any compensation due to the decline in turnover being calculated on a per-group basis. This would be the case, for example, if one group company loses all of its turnover, but the drop in turnover for the group as a whole is less than 20%. This problem has now been resolved by the expansion of the NOW scheme.

Expansion

The expansion means that independent legal entities, e.g. private limited companies, within a group will from now on be able to apply under the NOW themselves. This is subject to the conditions outlined below.

Conditions

- No dividends or bonuses: groups with a company that takes advantage of the scheme must declare that they will not be paying out any dividends or bonuses for 2020 or buying back their own shares.
- No redundancies: the company in question must have an agreement with the trade union on job retention at the company. Companies with fewer than 20 employees can conclude an agreement with an employee representation body.
- No intra-group secondment operating company within the group: groups with an intra-group secondment operating company ('personeel-bv') must always take the drop in turnover at group level as a basis.
- Additional safeguards.

A number of additional safeguards are also being incorporated into the NOW scheme to prevent fraud. During the period over which the drop in turnover is measured no orders may be transferred from a company that is taking advantage of the NOW to another company within the group. In addition, changes in inventories will be allocated to turnover. These safeguards are currently being worked out in more detail.

When does it enter into force?

The amendment will be published as soon as possible. This will also indicate when the scheme will enter into force.

4. Lower wage bill during NOW? Be aware of retrospective correction!

What are the consequences under the NOW if your wage bill between March and May is lower compared with your wage bill in January this year? This can have a significant negative impact. Be aware of this, as in these times you will not want to find yourself having to pay back the subsidy you received under the NOW scheme retrospectively.

What amount has to be deducted if your wage bill is lower?

If you apply under the NOW scheme (the main condition is a drop in turnover of at least 20%), up to 90% of your payroll costs will be reimbursed by the government. It should be noted that there is a difference between your wage bill and your payroll costs. Payroll costs are approximated by adding the flat-rate percentage of 30% for additional employer's contributions to your wage bill.

Deduction

Regardless of the level of the subsidy awarded, 90% of the reduced wage bill is deducted retrospectively from the amount to be subsidised if the wage bill between March and May is lower than the wage bill in January. This means that for each euro by which the payroll costs are lower, the employer receives € 0.90 less in subsidy.

Example

An employer has an estimated drop in turnover of 50%. He therefore receives a subsidy of 90% on 50% of his wage bill. If his wage bill in January was

€ 1,000,000, this results in a total expected subsidy determined under the NOW of € 1,755,000. An advance is paid at a level of 80%: € 1,404,000.

Over the period from March to May the wage bill is € 600,000 lower. This results in the subsidy being reduced by € 702,000. The ultimate amount of the subsidy is therefore (€ 1,755,000 – € 702,000) = € 1,053,000. This means that the advance payment allocated was too high and a repayment has to be made.

5. In 2020 no adjustment of employer's unemployment insurance contribution in the event of overtime

If, after the end of a year, it becomes clear that an employee has exceeded his or her contractually agreed working hours by more than 30%, the unemployment insurance contribution must be adjusted with retroactive effect. As a result of the coronavirus crisis, it has been decided that, for 2020 only, this adjustment does not have to be made.

Contracted hours exceeded by more than 30%?

If the number of hours for which an employee receives a wage (paid hours) exceed the contractually agreed hours (contracted hours) by more than 30% in the payroll tax return for the calendar year concerned, an adjustment must be made from the low (2.94%) to the high (7.94%) unemployment insurance contribution. A different situation only applies if at least 35 hours a week have been agreed. In such a case the above rule does not apply and, within the limits set by the Working Hours Act, unlimited overtime may be worked without the employer being required to switch from the low to the high unemployment insurance contribution.

Change

This rule is now having unintended consequences in sectors that need employees to work a considerable amount of additional overtime as a result of the coronavirus crisis, such as healthcare. The Labour Foundation has therefore asked for the rule to be amended. The government has promised to change it temporarily, i.e. for 2020 only.

Generic measure

A targeted sectoral measure would be extremely onerous to implement. For this reason it has been decided that a generic exception covering all employers will apply for 2020 in relation to adjustment of the unemployment insurance contribution in the above situation. A generic solution also avoids any uncertainty with regard to who falls under the exception and who does not.

Please note:

In concrete terms this means that, for 2020, employers do not have to adjust the unemployment insurance contribution on the basis of the situation outlined above.

To make this possible, the Decree adopting an order in council implementing the Social Insurance (Funding) Act and a number of other Acts ('Besluit Wfsv') is being amended. The regular situation regarding adjustment of the contribution will take effect again on 1 January 2021.

6. Launch of bridging loan for start-ups and scale-ups

From 29 April 2020 start-ups and scale-ups can approach Regional Development Agencies (ROMs) for a bridging loan: the Coronavirus Bridging Loan (‘Corona-Overbruggingslening’ (COL)). This additional facility is needed, as such companies, being new customers, are having difficulty obtaining finance from banks due to the coronavirus crisis.

Existing schemes insufficient

Up to now, companies in the above category have largely been financed by means of equity, such as retained earnings, or venture capital. However, they have only been able to take advantage of the credit facilities made available to date as a result of the coronavirus crisis to a limited extent.

Contribution from shareholders expected

The value of the loans that the ROMs will provide will range from € 50,000 to € 2,000,000. For amounts above € 250,000 cofinancing of 25% is expected from shareholders or other investors.

3% interest

The interest rate on the loans is 3%. A premium of 2% per year is also paid in the case of loans above € 500,000. The loans have a term of three years, but can be repaid early without any penalty.

For loans of up to € 500,000 the aim is to process applications within four to nine working days. In the case of applications exceeding € 500,000 the aim is to come to a definitive decision within three working weeks.

Not for all sectors

Certain sectors are excluded from the scheme. These are the retail, catering and small business services sectors. Independent entrepreneurs also do not qualify for the credit facility. This is because such businesses can also approach an ordinary bank or Qredits for finance. For more information see the *website of the Regional Development Agencies*

7. Wage expenses subsidy (LKS) will not be deducted from contribution under NOW

The contribution towards payroll costs that can be obtained via the NOW scheme does not have to be reduced by any wage expenses subsidy (LKS) that an employer may be receiving for employees with an occupational disability. This has been announced by Tamara van Ark, State Secretary of Social Affairs and Employment.

NOW scheme

Under the NOW scheme employers can get up to 90% of their payroll costs reimbursed by the government if their turnover drops by at least 20%. This scheme replaces the short-time working scheme and has been set up as a consequence of the coronavirus crisis. The drop in turnover does not have to be connected with the coronavirus crisis.

Wage expenses subsidy

The wage expenses subsidy is intended for employers who hire a person with an illness or disability. This subsidy can be obtained for employees who are unable to earn the minimum wage and makes up the difference between the wage value and the minimum wage. It is intended for employees who fall within the target group of the job arrangement for persons with an occupational disability ('banenafspraak').

No deduction

Contrary to previous plans, the wage expenses subsidy will not be deducted from the compensation received under the NOW. The fact that this will result in a double contribution towards payroll costs is something that the State Secretary is prepared to accept, partly because the costs are limited.

Notification obligation no longer applies

As a result of the above change, the employer is no longer obliged to notify the local authority, which is responsible for implementing the wage expenses subsidy for employees with an occupational disability, of its application for a subsidy under the NOW scheme.

8. Tozo scheme also open to cross-border workers and persons of state-pension age

Entrepreneurs who live in the Netherlands, but whose business is situated elsewhere in the EU, or vice versa, partly qualify for the Temporary Bridging Scheme for Independent Entrepreneurs (Tozo). In future, persons of state-pension age will also be eligible for support under the Tozo scheme. This was announced by State Secretary Tamara van Ark on Friday, 24 April.

Tozo scheme

Entrepreneurs who have been affected financially by the coronavirus crisis are entitled, under certain conditions, to support to help cover their living costs and/or working capital. To prevent self-employed persons who work across the border from falling between two stools, the government has expanded the scheme.

What do you get where?

Self-employed persons who live in the Netherlands and have their business elsewhere within the EU are therefore entitled to support with their living costs. They must rely on the country in which this business is located for working capital support.

Conversely, self-employed persons who live elsewhere in the EU, but have their business in the Netherlands are entitled to receive working capital support. They must rely on their country of residence for support to help cover their living costs. The necessary conditions must, of course, also be met in these situations.

Application processed centrally

The application for self-employed persons who do not live in the Netherlands will be processed centrally via a single local authority. It is not yet known which local authority this will be.

THE NETHERLANDS

Working capital support also for persons of state-pension age

Following a motion in the Lower House, arrangements have been made to ensure that self-employed persons of state-pension age also qualify for support with working capital. They are not eligible for support to help cover their living costs.

When does the scheme enter into force?

The scheme is expected to be published in the near future, after which the groups of entrepreneurs in question will be able to submit their applications.

Disclaimer

We have endeavoured to compile these texts as reliably and as carefully as possible. Our organisation cannot be held liable for any inaccuracies they may contain or the consequences thereof.

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UNITED KINGDOM

Government-backed funding for businesses affected by the coronavirus outbreak

INTRODUCTION

Further to the various measures taken by the UK government in order to aid businesses and individuals from the severe economic consequences caused by the Covid-19 pandemic outbreak, we would like to bring your attention to the Coronavirus Business Interruption Loan Scheme ("CBILS ") and Bounce Back Loan Scheme ("BBLS").

Both schemes are loan programmes designed by the UK government to help businesses stay afloat during the Covid-19 pandemic. Every business that may be undergoing financial pressures, should consider the schemes as they offer numerous benefits such as, low interest rates, no lender's fees, no personal guarantee required in most cases and a first-year interest-free as detailed below.

It strikes us that despite the obvious advantages that such loan programmes provide, the CBILS and BBLS loan programmes are still not widely known to the majority of UK businesses. Furthermore, only a small number of the businesses that have applied for the schemes (in particular the CBILS) have succeeded.

Having subsequently looked at a number of these unsuccessful applications, we believe this is down to two principal factors:

- the applicant's inability to produce the relevant information in the clear and concise manner that lenders expect so that they can rapidly analyse and decide whether to approve the application and provide the funding and/ or;
- not knowing how to discern which lenders are more likely to approve their application.

At Scornik Gerstein LLP, we have had numerous exchanges with the government approved lenders and have developed the expertise required to help our clients with their applications so as to successfully obtain funding through the CBILS & BBLS loan programmes.

We hope we can help you to swiftly and successfully apply for this unique borrowing opportunity.

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