



## Overview on national measures taken by governments to react to the economic consequences of the COVID-19 spread in Europe

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This is an overview of measures based on input from members and research by BusinessEurope. This is a living document that will be regularly updated on the dedicated Extranet. For questions, updates and comments please contact Malthe Munkoe, Senior Adviser in the Economics Department ([m.munkoe@businesseurope.eu](mailto:m.munkoe@businesseurope.eu)).

### EU response

- **EU finance ministers** on 4<sup>th</sup> March issued a statement regarding their commitment to provide a co-ordinated response and to use all appropriate policy tools to achieve strong, sustainable growth and to safeguard against the further materialisation of downside risks. A co-ordinated and ambitious fiscal stimulus is an essential tool to reduce the impact of the crisis on businesses and the broader economy.
- **Commission President von der Leyen** on 10<sup>th</sup> March, 'to use all the tools at our disposal to make sure the European economy weathers this storm'.
- **The ECB** on 12<sup>th</sup> March announcing in particular, plans to temporarily relax capital requirements for the financial sector to support lending to the real economy, as well as more accommodative monetary policy through increasing its asset purchases by €120 billion during 2020.
- At a press meeting on EU March 13, EU leaders including von der Leyen confirmed that the EU "general escape clause" would come into play (which grants Member States leeway to break with fiscal rules in the face of an emergency that is unusual and outside their control), and that there will be granted maximum flexibility under state aid rules in government efforts to support the economy, while also announcing a 37 billion euro Coronavirus Response Investment Initiative to support the healthcare sector and labour markets generally.

### Austria

- € 20 billion support for short time work

### Belgium

- Companies can follow a so-called 'payment plan': In this payment plan, companies can 'spread' payments of VAT, social contributions and fines. They can also delay payments of corporate income tax and regular income tax.
- Fines to companies for late payments can be remitted.
- Increase in short-time work payments (65%--> 70%)
- Federal government will not charge companies with fines if they can't fulfil a public contract in time.



These measures only apply to companies that can show that they have been directly hit by the coronavirus (e.g. a decrease in turnover, a significant decrease in orders and / or reservations, consequences of a “chain reaction” with partner companies,...). The deadline for getting this ‘payment plan’ is June 30.

## Denmark

### **Labour market initiatives**

- Government has suspended rules on sick leave until January 1, 2021. Thus the government pays sick leave from day 1 (instead of the usual 30 days) when employees are quarantined or sick with Covid-19. Self-employed receive sick leave payment from first day of absence instead of after 2 weeks.
- Greater flexibility awarded to scheme which allows companies to endorse employees to temporarily work part-time, with employees receiving supplementary unemployment benefits during the period.
- Tri-partite agreement on temporary wage compensation to companies in the private sector for employees in danger of being laid off. The agreement will be in force for a period of 3 months (9 March – 9 June 2020) and applies to companies forced to lay off at least 30% of staff or more than 50 employees.
- Law under way to ensure economic compensation for companies that will face shortage of labour as a consequence of corona (6-months’ period), if the companies keep the employees with pay. The aim is to avoid redundancies and risk of losing valuable part of the companies’ work-force.
- Work-share can be used directly after an agreement with the employee instead of a waiting period of one week after the initial registration at the job center. Plus enhanced flexibility in use of scheme. The measure will be applicable for a period of 13 weeks with possibility to apply for an extension.

### **Other initiatives**

- Suspension of company payments of VAT and other taxes.
- Contracyclical capital requirements set to zero which allows banks to provide more liquidity to companies.
- 1 bn DKK set aside to provide guarantees for companies.
- A number of regulations of the transport sector to be suspended temporarily in order to secure distribution of goods in the country.
- Public authorities are allowed to prolong deadlines for bids for tenders (e.g. if companies are likely not currently in a position to commence work on projects).

## France

- Delayed deadlines for social and fiscal payments
- In difficult cases tax rebates can be decided on an individual examination of requests



- Support from the State and the Banque de France (credit mediation) to negotiate with its bank a rescheduling of bank credits;
- The mobilization of Bpifrance to guarantee bank cash lines which companies may need because of the epidemic;
- Maintaining employment in companies through the simplified and reinforced partial unemployment system;
- Support for the treatment of a conflict with customers or suppliers by the Business Mediator;
- Recognition by the State of Coronavirus as a case of force majeure for its public contracts. Consequently, for all State public contracts, the delay penalties will not be applied.
- The State will cover 100% of the wages paid under the short time scheme.

### Germany

- **Making reduced hours compensation benefit (Kurzarbeitergeld) more flexible**
  - o Reduction of the minimum ratio of the employees in a company affected by shorter working hours to 10%
  - o Partial or complete waiver of the need to build up a negative balance in working hours
  - o Reduced hours compensation benefit will also be available to temporary/agency workers
  - o Complete reimbursement of social security contributions by the Federal Labour Office
- **Tax-related liquidity assistance for businesses**
  - o options for deferring tax payments and reducing prepayments will be enhanced, and enforcement rules will be adapted.
  - o It will be easier to grant tax deferrals. Revenue authorities will be able to defer taxes if their collection would lead to significant hardship. The revenue authorities will be instructed to not impose strict conditions in this respect.
  - o It will be easier to adapt tax prepayments. As soon as it becomes clear that a taxpayer's income in the current year is expected to be lower than in the previous year, tax prepayments will be reduced in a swift and straightforward manner.
  - o Enforcement measures (e.g. attachment of bank accounts) and late-payment penalties will be waived until 31 December 2020 if the debtor of a pending tax payment is directly affected by the coronavirus.
- **A protective shield with unlimited volume**

In a first step, existing liquidity assistance programmes will be expanded to make it easier for companies to access cheap loans. This can mobilise a large volume of liquidity-enhancing loans from commercial banks. To this end, our established instruments complementing loans offered by private banks will be extended and made available to a greater number of companies:

  - o Conditions for the KfW-Unternehmerkredit (business loan for existing companies) and the ERP-Gründerkredit-Universell (start-up loan for companies that are less than 5 years old) will be loosened by raising the level of risk assumptions (indemnity) for operating loans and extending these instruments to large enterprises with a turnover of up to €2 billion (previously, the limit was €500 million). Higher risk assumptions of up to 80% for operating loans of up to €200 million will increase banks' willingness to extend credit.



- In the case of the “KfW Loan for Growth”, the programme aimed at larger companies, the current turnover threshold of €2 billion will be raised to €5 billion. In future, these loans will take the form of syndicated loans and will not be restricted to projects in one particular field (in the past, only innovation and digitalisation projects were eligible). Risk assumption will be increased to up to 70% (from 50%). This will improve larger companies’ access to syndicated loans.
- For companies with a turnover of more than €5 billion, support will continue to be provided on a case-by-case basis.
- For guarantee banks (Bürgschaftsbanken), the guarantee limit will be doubled, to €2.5 million. The Federation will increase its risk share in guarantee banks by 10% to make it easier to shoulder risks, which are difficult to assess in times of crisis. The upper limit of 35% of operating resources in guarantee banks’ total exposure will be increased to 50%. To accelerate liquidity provision, the Federation is giving guarantee banks the freedom to make guarantee decisions up to €250,000 independently and within a period of three days.
- The large guarantee programme (parallel guarantees from the Federation and the Länder), which was previously limited to companies in structurally weak regions, will be opened up to companies in other regions, as well. In this programme, the Federation covers operating loans and investments with a surety requirement upwards of €50 million and a guarantee rate of up to 80%.

These measures are covered by existing state aid rules. These special programmes are now being submitted to the European Commission for approval. The Commission President has already indicated that, in light of the coronavirus crisis, she will ensure that state aid rules are applied in a flexible way. The EU and Eurogroup finance ministers will advocate the necessary flexibility on the

#### - **Strengthening European cohesion**

##### **Greece**

- Suspension of payment of VAT, payable at the end of March, for 4 months, in sectors and areas where the business is suspended by government order for more than 10 days.
- Suspension of payment of certified debts to the tax authorities, as well as installments of partial payment arrangements of certified debt, payable at the end of March, for 4 months in sectors and areas where business is suspended by government order for more than 10 months days.
- Corresponding measures are taken for social insurance contributions.
- Establishing a mechanism, based on the available data from the Independent Public Revenue Authority, e-banking transaction and figures from the Ministry of Labour, that will monitor developments in the labour market and social security contributions, so that timely, targeted and effective intervention in the economy and in the regions where there is a significant decline in economic activity.
- Administrative requirements, such as the obligation to report overtime, are suspended in order to facilitate the gradual access of workers to avoid overcrowding in the workplace and public transport. Existing provisions on overtime and minimum rest time are not affected. A facility is provided for teleworking where possible.

##### **Ireland**



- A €200m Strategic Banking Corporation of Ireland (SBCI) Working Capital scheme for eligible businesses impacted by COVID-19. Loans of up to €1.5m will be available at reduced rates, with up to the first €500,000 unsecured. Applications can be made through the SBCI website.
- A €200m Package for Enterprise Supports including a Rescue and Restructuring Scheme available through Enterprise Ireland for vulnerable but viable firms that need to restructure or transform their business.
- The maximum loan available from MicroFinance Ireland will be increased from €25,000 to €50,000 as an immediate measure to specifically deal with exceptional circumstances that micro-enterprises – (sole traders and firms with up to 9 employees) - are facing. Applications can be made through the MFI website or through your local LEO.
- The Credit Guarantee Scheme will be available to COVID-19 impacted firms through the Pillar Banks. Loans of up to €1m will be available at terms of up to 7 years.
- the Department of Employment Affairs and Social Protection and the Department of Business, Enterprise and Innovation will provide a joint First Responder support service through the Intreo Offices and development agencies, Enterprise Ireland and IDA Ireland in each region to provide tailored supports for impacted firms, with objective of avoiding mass lay-offs and buying time for firms to work through the short-term disruptions.
- Firms that need to reduce hours or days worked can avail of the Department of Employment Affairs and Social Protection Short Term Work Support by contacting their local Intreo Office, see [gov.ie/en/service/c20e1b-short-time-work-support](http://gov.ie/en/service/c20e1b-short-time-work-support).
- The full range of Enterprise Ireland, IDA Ireland, Local Enterprise Office and Údarás na Gaeltachta grant supports will be available to firms to help with strategies to innovate, diversify markets and supply chains and to improve competitiveness.

### **Iceland**

- Businesses experiencing temporary difficulties due to a fall in revenue will be given flexibility, e.g. extended deadlines for taxes and other public charges.
- Efforts will be made to provide temporary relief to the tourism industry, including temporarily reducing industry-specific tax payments.
- Once the situation returns to normal, a marketing campaign will be launched to promote Iceland as a tourist destination and Icelanders will be encouraged to travel domestically.
- Measures to stimulate private consumption and demand will be enacted, e.g. tax reduction or increased benefits.
- Ongoing and planned infrastructure projects will be accelerated.
- The Government will cooperate with the Icelandic Financial Services Association on their response to foreseeable liquidity and payment difficulties of tourism companies.
- The HF-Fund (former HFF-Fund) will transfer funds from the Central Bank to increase the ability of banks and creditors to provide credit to both companies and individuals.

### **Italy**

- Suspension of payments and bills due until April 30, of the favourable loans issued by Invitalia for a period of 12 months.



- Measures to support families, employees and self-employed workers and to strengthen social safety nets for the production units operating in the "red zone"
- Measures to support companies which are indirectly affected by the sanitary emergency with an increase of the Guarantee Fund for SMEs and, for 12 months, priority should be given to the guarantee of the concession of credit to those SMEs operating in the "red zone".
- Measures for the Tourism sector: suspension of withholding and contribution payments until March 31 for hotels, travel agencies and tour operators; specific forms of compensation for users who have not been able to travel to and from the "red zone" or take advantage of tourist packages due to the containment and prevention measures for the spread of COVID-19 ordered by the Italian or foreign authorities.

Confindustria asks to:

- Relaunch of public investments and of infrastructures, as the main engine of economic growth
- Big investment plan at European level
- Measures to grant liquidity to companies
- Employment support measures, using social safety nets to support sectors and sectors in crisis
- Launch of a new and wide program of simplification
- Stimulus to youth employment
- Action plan to attract, stimulate and relaunch private investments.

### Netherlands

- Companies can delay payments of corporate income taxes, social contributions and VAT.
- Fines to companies for late payments can be remitted.
- Rules on short-time working have been expanded. Entrepreneurs need to show that their enterprise's activity will be reduced by at least 20% in working hours due to corona virus.

Government has promised more measures in the following days.

### Norway

- The Norwegian central bank reduced the interest rate from 1,5 to 1,0 %
- The government reduces the capital requirement in the banking sector from 2,5 to 1,0%. It will give more capital available for especially short term credit for businesses
- The government will reduce the number of days of payroll pay for employers on layoffs from 15 to two days. In addition, they will cancel the waiting days for unemployment benefit for those who are laid off. It is also easier to get unemployment benefit, as the requirement for working hours reduction is reduced from 50 to 40 per cent.
- The government will also change the tax rules so that owners of deficit companies should be able to defer payment of wealth tax.
- In addition, the government will change the tax rules so that companies that make a deficit this year can reverse the deficit against taxed profits from previous years.
- The Government will temporarily suspend the air passenger fare for flights that take place in the period from 1 January 2020 to 31 October 2020.



- In addition, it will lift all airport fees until the end of June this year.

### **Portugal**

- Credit line, with state guarantee, to support companies' cash flow (200 M €).
- 12-month moratorium on repayment of reimbursable grants (incentive systems) for the most impacted companies.
- Postponement of tax payments
- Simplified regime of temporary lay off for companies having their activity suspended for reasons related to the epidemic. Workers receive 2/3 of their wage, of which 30% is paid by the employer and 70% by social security. During lay off (and one more month), companies are exempt from social security contributions.

### **Spain**

- Will follow tomorrow after translation into English

### **Sweden**

- The Government intends to submit the proposals to Parliament in the extra amending budget decided by the Government on 19 March.
- Depending on how the situation develops, the crisis package that the government is presenting can include over SEK 300 billion if the entire liquidity enhancement through the tax account is utilized.
- Short term leave is introduced today
- The proposal means that the employer's salary costs can be reduced by half by the state accounting for a larger cost. The construction is similar to short-term work, but the degree of subsidy is greatly increased. The employee receives more than 90 percent of the salary. The purpose is to save Swedish jobs.
- It is proposed that the proposal for short-term permits come into force on 7 April and will apply in 2020, but it will apply from today 16 March.
- The state takes over the sick pay responsibility for two months
- The state is proposed to temporarily take the full cost of all sick pay costs in April and May. Self-employed persons are also compensated by receiving a standardized sickness benefit for days 1-14.
- Liquidity boost through the tax account
- The proposal means that companies can be deferred with payment of employer contributions, preliminary tax on salary and value added tax, which are reported monthly or quarterly.
- Corporate deferral includes three months' tax payments and is submitted for a maximum of 12 months. This replaces the previously presented proposal.
- The new rules are proposed to apply on April 7, 2020, but can be applied retroactively from January 1, 2020. This means that companies that have paid tax in their tax account for January to March can receive tax refund from the Swedish Tax Agency. Deferrals will only be granted to companies that do not neglect their finances or are otherwise rogue. Nor can deferrals be granted to companies that have larger tax liabilities.



- The proposals on deferment and short-term now go to the Law Council for quick handling.
- Overall financial measures in Sweden so far
- The state will compensate municipalities and regions for extraordinary measures and additional costs in health care and care linked to the corona virus.
- In order to reduce the spread of infection in the community, the deduction is cancelled between March 11 and May 31 by paying the sickness benefit for the first day of the illness.
- The public health authority, the National Board of Health and the Swedish Medicines Agency receive additional resources.
- Resources are increased for the so-called infectious carrier allowance as the number of individuals entitled to this allowance is assumed to increase.
- The state temporarily takes over the sick pay responsibility for two months.
- Liquidity enhancement is provided through the tax account for VAT, employer contributions and employees' provisional tax from 1 January.
- Short-term leave is introduced from 16 March.
- In addition to the government's measures, the Swedish Central Bank has announced that they lend up to SEK 500 billion to companies through the banks to secure the credit supply.
- Finansinspektionen (Sweden's financial supervisory authority) has announced that it will reduce the countercyclical capital buffer to zero in order to safeguard a well-functioning credit supply.

## UK

- The government will bring forward legislation to allow small- and medium-sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. The eligibility criteria for the scheme will be as follows:
  - This refund will cover up to two weeks' SSP per eligible employee who has been off work because of COVID-19
  - Employers with fewer than 250 employees will be eligible. The size of an employer will be determined by the number of people they employed as of 28 February 2020
  - Employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
  - Employers should maintain records of staff absences, but employees will not need to provide a GP fit note
  - The eligible period for the scheme will commence the day after the regulations on the extension of Statutory Sick Pay to self-isolators comes into force
  - The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible. Existing systems are not designed to facilitate employer refunds for SSP.
- The government will increase the Business Rates retail discount to 100% for one year and expand it to the leisure and hospitality sectors, and increase the planned rates discount for pubs to £5,000. Taken together with existing small business rate relief (which provides full relief for businesses using a single property with a rateable value of £12,000 or less), an



estimated 900,000 properties, or 45% of all properties in England, will receive 100% business rates relief in 2020/21.

- The government will provide an additional £2.2 billion funding for local authorities to support small businesses that already pay little or no Business Rates because of Small Business Rate Relief (SBBR). This will provide a one-off grant of £3,000 to around 700,000 business currently eligible for SBBR or Rural Rate Relief, to help meet their ongoing business costs. For a property with a rateable value of £12,000, this is one quarter of their rateable value, or comparable to 3 months of rent.
- A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will launch in a matter of weeks to support businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £1.2 million in value. This new guarantee will initially support up to £1 billion of lending on top of current support offered through the British Business Bank.
- All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities. These businesses can contact HMRC's new dedicated COVID-19 helpline from 11 March 2020 for advice and support. To ensure ongoing support, HMRC have made a further 2,000 experienced call handlers available to support firms and individuals when needed.

## Economic measures in third country measures

### South Korea

- 11,7 trillion won supplementary budget plan, among others for measures such as
  - Expand the emergency loans for business operation, and provide facilities investment support for SMEs in the disease-hit areas of Daegu City and North Gyeongsang Province
  - Provide loan guarantees through the Korea Credit Guarantee Fund and Korea Technology Finance Corporation
  - Invest in accounts receivable insurance funds
  - Invest in export financing
  - Provide wage support for small merchants
  - Promote a rent cut in traditional markets by offering 100 percent support for fire prevention in the entire market in the case of at least 20 percent of shops getting rent cuts



- Support the resuming of business after shut-down due to a visit by the virus-infected
- Promote expanding to online markets
- Provide retailers in traditional markets with vouchers designed to support their marketing activities, such as joint promotion
- Issue vouchers for local products
- Give a 20 percent raise in wages to seniors in government's elderly job programs if they agree to receive 30 percent of their pay in local gift certificates
- Redeem 10 percent of the prices paid for home appliances with a high-energy efficiency rating
- Increase the budget for homecare allowance in the case of childcare shifting from daycare institutions to homecare
- Increase job seekers' allowance for young adults, and reintroduce job seekers' allowance for those from low income households
- Expand the employment support designed to promote employment retention and job training

### United States

On Sunday March 15 the US Federal Reserve announced

- Its second rate cut during the coronavirus outbreak, the Fed lowered its interest rate by own 1 percentage point, down to zero (0.25% for some rates).
- It also announced it will purchase 700 billion dollar worth of Treasury bonds and mortgage-backed securities (quantitative easing)
- The existing dollar liquidity swap lines with European countries and Japan will also be strengthened