



**DWF**

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# COVID-19: Government financial measures support

# Summary

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This document provides a high-level summary of government financial support packages that have been announced in order to address the economic effects of the Coronavirus (COVID-19) pandemic on businesses.

In this document, we cover the following jurisdictions:

- UK
- Ireland
- Germany
- France
- Spain
- Italy
- Poland
- Singapore
- Australia

Visit our [COVID-19 Hub](#) which is updated daily with the latest global insights and articles.



# Government financial measures support: UK



## Jurisdiction Measures



### The Coronavirus Job Retention Scheme

Please see our [Coronavirus \(COVID-19\) insights hub](#) detailing support for businesses through the Coronavirus Job Retention Scheme.

### Deferral of VAT

All UK VAT registered businesses can defer any VAT payments due between 20 March 2020 and 30 June 2020 until 31st March 2021. If the VAT payment is made by direct debit it can be cancelled for that specific VAT payment but will need to be resumed for future VAT payments. VAT returns still need to be filed for the period.

### Self-Employed Income Tax payments

- Self-assessment payments on account due on 31 July 2020 can be deferred until 31 January 2021
- Self-employed workers are also able to claim Universal Credit which has been increased by £50 per week

### Statutory Sick Pay ("SSP") Relief

Businesses with fewer than 250 employees (as at 28 February 2020) can recover the cost of SSP paid as a result of COVID-19 from the 13 March 2020 for a maximum of two weeks' sickness per employee. **Employers should retain records of staff absences and payments of SSP.**

### Small business grant funding of £10,000 for all businesses in receipt of small business rate relief or rural rate relief

If you are an eligible business your Local Authority will be in touch to provide details of how to claim the funds.

### Grant funding of £25,000 for retail hospitality and leisure business with property with a rateable value between £15,000 and £51,000

The funding will be provided by your Local Authority. You should contact your Local Authority about eligibility and access to this funding.

### The Coronavirus Business Interruption Loan Scheme ("CBIL") offering loans up to £5million for small and medium sized businesses through the British Business Bank

Businesses with a turnover of now up to £45million will be able to apply for the CBIL. Loans from £1,000 to £5million are made available for a term from three months to ten years. The Government will cover the interest on the loans for the first twelve months and will also guarantee 80% of the loan. **Please note that the borrower is still responsible for 100% of the loan.**

# Government financial measures support: UK

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## Jurisdiction Measures



### **A new lending facility from the Bank of England, the COVID-19 Corporate Financing Facility ("CCF"), to help support cash flow among larger firms**

The Bank of England will buy short term debt from larger companies. The facility will look through temporary impacts on businesses' balance sheets and cash flow by basing eligibility on firms' credit ratings prior to the COVID-19 shock. To be eligible the business must have had, before being impacted by COVID-19, a short or long term rating of investment grade or financial health equivalent to an investment grade rating. The intention is that the CCF will operate for an initial period of 12 months.

### **Business Rates Relief**

There will be business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year with no limit on rateable values. Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues;
- for assembly and leisure; or
- as hotels, guest & boarding premises and self-catering accommodation.

No action is required to be taken and the adjustment will apply to your next rates bill from the respective Council in April 2020. Businesses that are nurseries and are on Ofsted's Early Years Register or wholly or mainly used for the provision of the Early Years Foundation Stage in England will have a business rates holiday for the 2020 to 2021 tax year. All non-domestic properties in Scotland will get a 1.6% rates relief. This relief effectively reverses the change in poundage for 2020-21.

### **Time To Pay Arrangements**

This is available to all businesses and self-employed people that pay tax to the UK Government. If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: 0800 024 1222 who will be able to agree a payment schedule. HMRC will base each decision on a case by case basis.

When calling HMRC please have the relevant information to hand, such as, the amount of the outstanding tax liability; details of the business and how it has been impacted by COVID-19; a proposal for the deferment of the amount of tax liability; and potential consideration of other steps considered to fund the liability.

The measures highlighted above aim to provide financial stimulus for employers and businesses. However, as has been noted it does not provide significant financial help for the 5million self-employed people in the UK who are being asked to rely upon SSP. Such self-employed people may also be struggling with payments due to HMRC following assessment regarding the recent loan charge. If they have not done so already, they should consider contacting HMRC to look to extend the payments through the time to pay arrangements.

As the position changes and calls from MPs and trade unions mount there may be more measures introduced to assist the self-employed community. We will keep you updated as the position changes.

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# Government financial measures support: Ireland



## Jurisdiction

## Measures



### Governmental Supports

The Irish Government have taken a number of steps to maintain the viability of Small and Medium Enterprises in this jurisdiction. Included in these measures are:

- A €200m Strategic Banking Corporation of Ireland Working Capital Scheme. This scheme provides for loans between €25,000 and €1,500,000 to assist in meeting working capital requirements. A maximum of interest rate of 4% applies to any such loans and no security is required for loans with a value of less than €500,000.
- A €200m Package for Enterprise Support has also been introduced. This package includes a Rescue and Restructuring support available through Enterprise Ireland for vulnerable but viable firms that need to restructure or transform their business.

### COVID-19 Wage Subsidy Scheme

One of the key measures introduced for businesses is the temporary COVID-19 Wage Subsidy Scheme (replacing the emergency Employer Refund Scheme). The scheme is estimated to run for 12 weeks and provides for a wage subsidy provided by the Government to firms which have been significantly impacted by COVID-19. Key indicators that a firm has been significantly impacted are that:

- The employer's turnover is likely to decrease by 25% for Quarter 2, 2020. Revenue guidance states that such a judgment may be based on a decline in orders in March 2020 compared to February 2020; and
- The business is unable to meet normal wages or normal outputs.

The scheme applies to businesses which cannot fully pay their employees and companies may still pay a portion of the employee's wage.

The application of the scheme is as follows:

- A non-taxable refundable payment is available to employers amounting to €410 or 70% of the employee's average net weekly pay, whichever is lesser, for employees earning less than or equal to €586 per week net;
- A non-taxable refundable payment is available to employers amounting to €350 or 70% of an employee's average net weekly pay, whichever is lesser, for employees earning between €586 to €960 per week net.

No payment is available in respect of employees earning more than €960 per week net.

# Government financial measures support: Ireland



## Jurisdiction

## Measures



### COVID-19 Illness Benefit

In addition to the Wage Subsidy Scheme the Government has also rolled out an enhanced Illness Benefit for COVID-19 should an employee be required to self-isolate. This benefit is payable at a rate of €350 per week. In order to qualify for payment an employee must be:

1. Self-isolating under instructions of a doctor or the HSE or diagnosed with COVID-19; and
2. Be absent from work and confined either to their home or to a medical facility.

In the case of self-isolation this payment will be made for a period of two weeks. In the event of a positive COVID-19 diagnosis the benefit is payable for up to a maximum of ten weeks.

### Central Bank Assistance

The Central Bank of Ireland has reduced the Countercyclical Capital Buffer from 1% to 0% thereby allowing banks to use the capital buffers they have built in recent years to support households and businesses. It is estimated that this reduction will free up in excess of €1bn of bank capital. Minister for Finance Paschal Donoghue has also announced that the introduction of the Systemic Risk Buffer (which was due to happen at some point in the near future) has been postponed.

The Central Bank has also met with its key stakeholders in an attempt to ensure that its members take a consumer-focused approach in their engagement with all customers. The Central Bank, together with Paschal Donoghue, representatives of the five Irish domestic retail banks and the BPF1 wherein the following were agreed upon the following:

- The implementation of a payment break for up to three months for business and personal customers affected by COVID-19 with provision for further reviews depending on the extent of the ongoing situation;
- Any payment break (and further reviews) agreed between a lender and borrower is not reportable to Central Credit in and of itself and should be reported as a missed payment. Similarly, these payment breaks should not be identified on a borrower's credit report.
- The deferral of court proceedings for three months; and
- Support for buy-to-let customers of the banks who have tenants affected by COVID-19 thereby allowing the customers to exercise due levels of forbearance to their impacted tenants.

The country's main retail credit firms and credit servicing firms (which are also regulated by the Central Bank of Ireland) also met and announced that they would follow the approach agreed by the five main domestic retail banks.

### Additional Measures

A number of payment deadlines/late payment penalties have been relaxed by government bodies in light of the ongoing pandemic. Among these are the suspension of interest on late payments of January/February VAT and February/March PAYE. Furthermore the Irish Revenue Commissioners will suspend all debt enforcement activity until further notice. Similarly, the Revenue Commissioners will not issue a further request for payment until further notice where a tax request fails due to insufficient funds.

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# Government financial measures support: Germany



## Jurisdiction Measures



### Tax and social security contribution reliefs

- **Tax payment deferrals:** If, as a result of the economic effects caused by the coronavirus pandemic, businesses cannot afford to pay taxes that are due in 2020, they can apply (until 31 December 2020) for temporary, interest-free deferrals of income tax, corporate tax and VAT payments. Businesses will be required to explain that they are directly affected, but they will not have to document in detail the amount of economic damage.
- **Adjustments to tax prepayments:** In addition, companies, self-employed persons and freelancers can request adjustments to the amount of their income tax prepayments and corporation tax prepayments. The same applies to the base tax amount used to determine trade tax prepayments.
- **Suspension of enforcement measures:** Measures to enforce the payment of overdue taxes will be waived through the end of 2020. Late-payment penalties that fall due under the law during this period will be waived as well. This applies to income tax, corporation tax and VAT.
- The customs administration, which administers import VAT, energy duty and aviation tax, will grant the same relief. This relief also applies to insurance tax and to VAT administered by the Federal Central Tax Office.

### Financial Aid package for small businesses, freelancers and the self-employed

The package consists of one-time grants to cover operating costs for three months and do not have to be paid back. The immediate assistance programme provides for the following grants:

- Self-employed persons and businesses with up to five employees will receive up to €9,000
- Self-employed persons and businesses with up to 10 employees will receive up to €15,000

Moreover, self-employed persons will be given easier access to basic income support (Grundsicherung) to ensure that they can support themselves and pay for housing. Means-testing procedures will be suspended for six months and payments are to be disbursed very quickly.

### Financial Aid package for small, medium-sized and large companies

Economic Stabilisation Fund: For large companies and consisting of (i) *Liquidity guarantees* totalling €400bn to help companies overcome liquidity shortages, (ii) *Equity measures* to borrow up to €100bn for direct recapitalisation measures in order to safeguard the solvency of companies and (iii) *Refinancing* to borrow up to €100bn to refinance the special programmes assigned to KfW.

- **KfW Business Loan (KfW-Unternehmerkredit):** For domestic and foreign companies with a turnover of up to €5bn and which have been active for at least five years. The loan can be used for investments and working capital purposes
- **KfW Start-up loan:** For small commercial enterprises and freelancers (with less than 50 employees) with their business seat in Germany and which have been active for less than five years. The loan can be used for investments and working capital purposes

For both the KfW Business Loan and the KfW Start-up loan, the KfW provides credit support/indemnities of up to 90% of the loan amount for SMEs (using the EU definition) and 80% for all other companies. However, on March 6<sup>th</sup> the German government announced that upon approval of the EU-Commission, 100% will be covered by the KfW for companies with more than 10 employees and companies that have not been in distress as of December 31 2019. Interest for this fully secured loan will be 3% for a period of 10 years.

## Key Contact



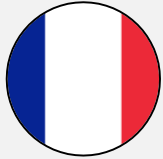
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# Government financial measures support: France



## Jurisdiction Measures



### Tax reliefs & social security contribution reliefs

- **Tax payment deferrals:** Deferral of payment of direct taxes (for example corporate tax, wage tax (taxe sur les salaires), real estate contribution (cotisation foncière des entreprises), company value-added contribution (CVAE)) up to three months without any penalty or late payment interest. This measure does not concern VAT.
- **Tax rebate:** If, as a result of the economic crisis caused by the coronavirus pandemic, and despite tax payment deferrals, the company cannot overcome its financial difficulties, it will be able to request a tax rebate to its relevant tax office through a specific form (the request will have to be supported notably by a turnover decrease, the cash flow position or the debt level of the business). To benefit from this measure, the company will be subject to an examination of its financial difficulties by the Tax authorities on a case by case basis.
- **Social security contributions payment deferrals:** If, as a result of the economic effects caused by the coronavirus pandemic, businesses cannot afford to pay social contributions due in March and April 2020, they can postpone the payment to the following months. They can decide to adjust the amount of their contributions. Employers do not have to provide any justification.
- **Accelerated refund of tax credits:** It concerns all refundable tax credits in 2020 (such as VAT tax credit, research tax credit).
- **Tax audits:**
  - Absence of launching of new tax audits during the sanitary crisis
  - Suspension of current tax audits
  - Extension of statute of limitations: Financial year 2017 could be audited until at least 31 March 2021 instead of 31 December 2020

### Solidarity fund for small businesses, freelancers and self-employed

- Tax free state aid of €1,500 per month granted to self-employed persons and businesses with up to 10 employees, turnover of less than €1m and annual profit of less than €60,000.
- The state aid will be granted to businesses affected by the ban of public reception or which face a loss of monthly turnover of at least 50% as compared to the corresponding 2019 month turnover or their medium monthly 2019 turnover.
- Additional support of up to €2,000 to €5,000 for businesses which face the most difficult situations.

### State guaranteed loans for small, medium-sized and large companies, association, freelancers and self-employed

- State guarantee granted to credit institutions in respect of loans granted between 16 March 2020 and 31 December 2020 in favour of businesses incorporated in France.
- The loan shall be granted for a duration of at least 12 months with an option to extend the repayment up to 5 additional years and shall not be otherwise secured. The loan maximum amount shall be equal to 25% of the 2019 turn-over for businesses existing before 1st January 2019 and 2-year of payroll for businesses created after 1st January 2019 (with an option between these two criteria for innovative businesses).
- The state guarantee will cover 90% of the loan amount in principal, interests and accessories for businesses with less than 5,000 employees and a turnover of less than €1.5bn; 80% for businesses with a turnover between €1.5bn and €5bn; and 70% for other businesses.

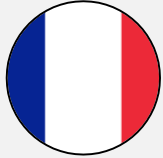


# Government financial measures support: France



## Jurisdiction

## Measures



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### Unemployment cover:

Businesses facing cash flow difficulties and decrease in activity can apply for partial unemployment. The Labour administration may authorise a partial unemployment scheme where either employees stop any activity or reduce their activity.

The company's plans are provided to the Labour administration:

- Reasons for the reduced activity
- Number of weeks of requested unemployment
- Number of hours not worked over the period
- Internal organisation of the company, etc.

Under the unemployment scheme, employees are paid by their employers 70% of their gross salary (corresponding to 84% of the net salary) over 35 hours of work; the State reimburses the payment to the employer.

As a result, the salary is fully borne by the State: the employer pays but the State reimburses within roughly 10 days. All companies can be covered, even the foreign entities having activities in France.

# Government financial measures support: Spain



## Jurisdiction

## Measures



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### First, Second, Third and Fourth Tranches of the ICO Guarantee Line for companies and self-employed in order to pass the economic effects of COVID-19 and other specific financial guarantee measures

The ICO guarantees package consists in a line of guarantees to cover, on behalf of the Spanish State, the financing granted by financial entities to companies and self-employed (the “ICO Guarantees”) in accordance with the terms set out below:

- Companies and self-employed will have access to the ICO Guarantees through their financial entities.
- The ICO Guarantees will cover both new loans as well as renewals of those already granted by financial entities.
- Credit institutions, financial credit establishments, electronic money institutions and payment institutions that are registered and supervised by the Bank of Spain (or by the CNMV, where appropriate) and have signed with the ICO a framework agreement to participate in the line of guarantees before May 15 2020 will be entitled to be beneficiaries of the ICO Guarantees.
- The four current tranches of the ICO Guarantees are divided as follows:
  - The first tranche amounts up to €20,000m (which are as of the date hereof practically exhausted); up to €10,000m for self-employed and SMEs and up to €10,000m for the rest of the companies.
  - The second tranche amounts up to €20,000m and is geared to self-employed and SMEs.
  - The third tranche amounts up to €20,000m; up to €10,000m for self-employed and SMEs and up to €10,000m for the rest of the companies.
  - The fourth tranche amounts up to €20,000m and is geared to self-employed and SMEs.
- The following requirements are to be met for the loans to be eligible to ICO Guarantees:
  - They must be granted to companies and self-employed who have their registered office in Spain and have been affected by the economic effects of COVID-19.
  - The granting or renewal date of the relevant financing to be guaranteed must be after March 17 2020.
  - The borrower must not appear delinquent in the CIRBE as of December 31 2019.
  - The borrower must not be subject to insolvency proceedings as of March 17 2020.
- Endorsement terms of the ICO Guarantees:
  - Percentages:
    - SMEs and self-employed: the ICO Guarantee will amount to a maximum of 80% of the principal.
    - Other companies: the ICO Guarantee will amount to a maximum of 70% of the principal in case of new financing and a maximum of 60% of the principal in case of renewals.
  - The ICO Guarantees do not cover concepts other than principal (such as interest, commissions or other expenses inherent to financing transactions).
  - The application term for the ICO Guarantees ends on September 30, 2020 (subject to eventual extensions).
  - The maximum maturity of the ICO Guarantees will be equal to the term of the guaranteed financing transaction, but capped with a maximum of 5 years.

Additionally, the following specific financial guarantee measures have also been approved by the Spanish Government:

- An overall amount of €4,000m to guarantee the promissory notes issued by non-financial Spanish companies which have been incorporated into the Spanish Alternative Fixed Income Market (MARF).
- An overall amount of €500m to protect the guarantees granted by the Spanish Company for Re-guarantee (“Compañía Española de Reafianzamiento, S.A.” CERSA).

# Government financial measures support: Italy



## Jurisdiction Measures



### **“Cura Italia” Decree of March 16 2020: Financial aid for businesses and families**

In order to deal with the COVID-19 emergency, the “Cura Italia” Decree (Law Decree no. 17 of March 16 2020) introduces measures with an important impact on the credit system, aimed at supporting enterprises, professionals and families. They include:

- A moratorium for credits granted to SMEs as defined in the European Commission Recommendation no. 2003/361/EC (credit line agreements, loans granted against receivables, non instalment loans, mortgages and other loans repayable in instalments, payments of instalments and leasing payments)
- A State-guarantee mechanism to encourage SMEs’ access to credit, with the extension of the eligibility to the Guarantee Fund for SMEs for a 9-month period from the entry into force of the Decree (guarantees are granted free of charge; maximum guaranteed percentages and maximum guaranteed amounts are increased)
- A set of State guarantees for large enterprises with the intervention of Cassa Depositi e Prestiti (“CDP”, the Italian development finance institution): guarantees are extended to entities suffering turnover reductions, with CDP both directly providing loans and granting banks with public guarantees
- The implementation of the Solidarity Fund, with a wider eligibility to the moratorium on first-home mortgage loans to self-employed workers, freelancers, professionals (in addition to employees and other para-subordinated workers), in case of turnover reductions at least equal to 33%, as compared to the last quarter of 2019
- The possibility for enterprises to apply for state-funded workers suspension plans providing wage supplementation up to 9 weeks

### **“Liquidity” Decree of April 8, 2020: provisions to support liquidity and promote export credit**

In order to support businesses and provide them with adequate financial resources, the “Liquidity” Decree (Law Decree no. 23 of April 8, 2020) lays down provisions intended to facilitate access to credit for a broader range of enterprises, individual entrepreneurs and professionals affected by the COVID-19 outbreak. They include:

- A set of State guarantees issued by SACE S.p.A. (the Italian Export Credit Agency), for a maximum percentage of 90% of bank loans for enterprises with less than 5,000 employees and turnover up to €1.5bn; 80% for enterprises with more than 5,000 employees and turnover of up to €5bn; 70% for enterprises with a turnover higher than €5bn. Entities using this scheme must refrain from approving dividend payments for a year. Limited commissions are set for SMEs and for larger enterprises in relation to the guaranteed amounts
- Another package of guarantees given by the further-strengthened Guarantee Fund for SMEs, able to cover 90% of loans up to €5m and extendable to 100% for loans granted to enterprises with less than 500 employees and not exceeding €25,000
- With regard to tax and accounting provisions, it is also provided the suspension of payment of VAT, fiscal contributions and deductions in respect of entities or persons: (i) which started their activity from April 1 2019, or (ii) suffering turnover reductions in revenues or remunerations at least equal to 33%, or (iii) residing in the 5 most-affected Italian provinces (Bergamo, Brescia, Cremona, Lodi, Piacenza), in case of turnover reductions at least equal to 33%.

# Government financial measures support: Italy



## Jurisdiction Measures



### The so-called “Golden Power” regulations on Italian strategic assets and companies

The “Liquidity” Decree contains several stimulus and protective measures in favour of Italian companies (listed and not listed) including a strengthening of the so-called “Golden Power” rules, protecting – by way of imposing specific conditions and authorisations – Italian strategic assets and companies. The Decree stipulates that, in addition to cases already provided for under the current laws, the notification obligations (to be carried out by the prospective purchaser within 10 days):

- Shall apply – until the enactment and coming into force of a subsequent decree to be adopted by the President of the Council of Ministers – in relation to the purchase, in any way or form, of equity interests in companies holding assets and relationships in strategic sectors, whose scope has been enlarged so as to include, in addition to energy, transport and communications, other sectors, including those relating to water, health, media, aerospace, financial, banking, insurance, artificial intelligence, robotic, cybersecurity, biotechnology, raw material and food safety.
- Shall apply – until December 31 2020 – to the acquisitions of equity interests in companies active in the above-mentioned sectors, in any way or form: (i) by foreign persons (including persons pertaining to an EU Member State), in case of acquisitions of such relevance to trigger the stable establishment of the prospective purchaser as a result of the acquisition of the control over the target company; or (ii) by non-EU persons, in case of acquisitions equal to at least 10% of the voting rights or of the corporate capital of the target company, provided that the overall value of the investment is at least equal to Euro 1 million. Subsequent acquisitions resulting in the crossing of the 15%, 20%, 25% and 50% thresholds shall also be notified.

Until December 31 2020, in light of the COVID-19 emergency, any resolutions, acts and transactions – to be adopted or carried out by an enterprise holding assets and relationships in the above-mentioned sectors – resulting in changes of the holding, ownership and/or availability of those assets and relationships or in changes to their destination/utilization, shall also be notified within 10 days and in any case before its execution.

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# Government financial measures support: Poland



## Jurisdiction Measures



As of 1 April 2020 the "**Anticrisis Shield**" Act was implemented, aimed at providing special aid for enterprises and employees in relation to the Covid-19 pandemic.

### Programmes to protect jobs

- Employers whom have experienced a reduced turnover are able to pay wages reduced by no more than 50%, compensation is co-financed by the FGŚP (Guaranteed Employee Benefits Fund) in the amount of 50% of the minimum wages
- An enterprise experiencing a decrease in turnover is able to reduce working hours by 20%, but not more than to half of the full time equivalent, provided that the wages during that period will not be lower than the minimum wage determined in accordance with the provisions of the law of minimum wages, taking into account the worker's working hours. The wages for the reduced working hours will be co-financed by the FGŚP up to 50% of the wages.
- **Benefit for self-employed and contractors:** A special one-time benefit is available for the following:
  - Self-employed persons whom have been running their business before 1 February
  - Contractors, including those who earn under a contract for specific work or an agency contract concluded before 1 February
  - Persons who suspended their business activity by self-employment after 21 January
- **Microloan from the Labour Fund:** Up to PLN 5 000 is available to cover the costs of micro-entrepreneurs who have been carrying out business activity before 1 March 2020.
- Abolition of social contributions (ZUS) for micro companies and self-employed persons.

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### "Financial Shield"

Part of the "Anticrisis Shield" is cash support programmes, which the Polish government calls the "Financial Shield", to be granted by the Polish Development Fund (PFR) from national funds to both large companies in the form of repayable and equity instruments and small and medium companies in the form non-repayable instruments.

- **Support for large enterprises:** The "Financial Shield" assumes that financing will be granted to large enterprises on the basis of individual financial analysis and may take the form of: a) loans or bonds supporting financial liquidity for a period of 2 years with an option of 1-year extension, up to PLN 1bn, b) preferential financing paid out as preferential loans for a period of 3 years, partially, c) non-returnable, dependent on a financial loss and maintaining the same level of employment, up to PLN 750m per entity, d) investment in the form of equity instruments acquired on market terms or as part of State aid - with a value of up to PLN 1bn per entity.
- **For micro, small and medium-sized enterprises:** The basic instrument of financial aid will be returnable subsidies, with the possibility of redemption of up to 75% after 12 months, provided that throughout this period business activity and employment are maintained (and, for small and medium-sized enterprises, a loss on sales is recorded).

### Additional Help

The possibility of retrospective settlement of tax losses in PIT (Personal Income Tax) and CIT (Corporate Income Tax), extension of bank revolving loans, possibility to deduct from PIT and CIT if any donations (monetary or in kind) are made for purposes related to the prevention and control of coronavirus infection, the possibility of the abolition of real estate tax and subsidies for commercial leases.

# Government financial measures support: Singapore



## Jurisdiction Measures



### The COVID-19 (Temporary Measures) Act 2020

The COVID-19 (Temporary Measures) Act 2020 was passed by the Singapore Parliament on 7 April 2020 to provide for certain temporary measures, which includes the following relief from insolvency for companies in financial distress:

- The monetary threshold for the filing of bankruptcy applications in respect of companies will be increased from S\$10,000 to S\$100,000;
- The statutory period to respond to demands from creditors will be increased from 21 days to 6 months;
- There will be a temporary moratorium on the filing of court or insolvency proceedings based on the inability of a party (caused to a material extent by COVID-19) to perform its obligations under a scheduled contract entered into, or renewed, before 25 March 2020, where such obligations are due to be performed on or after 1 February 2020.

Officers of companies (e.g. directors) are also temporarily relieved from their obligations to prevent insolvent trading if debts are incurred in the ordinary course of the company's business during the prescribed period and before the filing of an application for the appointment of a judicial manager or liquidator. However, the temporary measures will not absolve criminal liabilities if such debts of the company have been incurred fraudulently.

The measures will be in place for an initial period of 6 months, which may be subsequently extended for up to a year from the commencement date.

### The Solidarity Budget

A third stimulus package amounting to S\$5.1bn, termed as the Solidarity Budget, was unveiled by the Singapore Government on 6 April 2020 as "circuit-breaker" distancing measures previously announced kick in on 7 April 2020. The Solidarity Budget is the third of Singapore's Covid-19 support measures, following the S\$6.4bn Unity Budget and the S\$48bn Resilience Budget announced on 18 February 2020 and 26 March 2020 respectively. This brings Singapore's stimulus package to a total amount of S\$59.9bn (or about 12% of Singapore's GDP).

S\$4bn of the Solidarity Budget will go into bolstering support for businesses to tide them over the four-week circuit-breaker period, where most non-essential businesses and workplace premises will have to remain closed until 4 May 2020. The remaining S\$1.1bn is intended to provide Singaporean households with timely support in the form of additional S\$300 cash handouts for each adult Singaporean above the age of 21, further supplementing the already enhanced Care and Support package previously announced in the earlier two stimulus packages.

# Government financial measures support: Singapore



## Jurisdiction    Measures



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### The Solidarity Budget (cont.)

Some key highlights of the Solidarity Budget that are relevant to local businesses:

- Enhanced wage subsidy for firms, regardless of their business sectors, of up to 75% of the gross monthly wages on the first S\$4,600 of wages for each local employee paid in April 2020. Previously, the amount of wage subsidies was tiered according to the business sectors of the firms, with higher subsidies granted to those in the food services, tourism and aviation sectors. From May 2020, the wage support subsidies will return to the original tiered levels – i.e. 75% for tourism and aviation sections, 50% for the food services sector and 25% for all other sectors.
- The Singapore Government will also increase its risk share of loans from 80% to 90% made under three specified enterprise loan schemes to enable businesses to continue having access to credit facilities.
- To help ease labour costs for businesses with employees on work permits and S-passes, foreign worker levies for the month of April 2020 will be waived and employers will also receive a foreign work levy rebate of S\$750 for each work permit or S pass holder based on previous levies paid in 2020.
- Further support has been introduced under the COVID-19 (Temporary Measures) Act 2020 for local businesses for rental costs by imposing a legal obligation on owners to pass on benefits from the property tax rebate previously announced by the Singapore Government to tenants of the property. Tenants will also be given temporary relief from legal action such as the termination of leases or licences due to non-payment of rent caused, to a material extent, by COVID-19.

# Government financial measures support: Australia



## Jurisdiction Measures



### Tax relief

- **Flexible tax arrangements:** Businesses affected by COVID-19 can apply to ATO to access options such as deferring GST tax, FBT and excise payment due dates, paying tax liabilities on a low interest payment plan.
- **Changes to GST cycles:** Businesses may apply to change their GST reporting cycle from quarterly to monthly, to allow access to GST refunds more quickly.
- **GST imports:** GST-registered importers may apply to defer their payments of GST on all taxable importations in Australia until the first BAS lodged after the goods are imported.
- **Remission of penalties:** The ATO will consider remitting any interest and penalties that have been applied to tax liabilities.
- **Payroll Tax:** Various payroll tax relief have been implemented from state to state.

### Financial Aid package for small businesses

- **Cash Flow Boost:** Tax-free amounts of up to A\$100,000 (with a minimum payment of A\$20,000) will be credited to the BAS accounts of eligible SME's that employ workers. The amount of the credit is generally based on the amount of PAYG tax paid between March and June 2020.
- **SME Loan Scheme:** The federal government will guarantee 50% of new loans of up to A\$250,000 offered by participating lenders to eligible SMEs with a turnover of <A\$50 million for working capital purposes. The loans are to be unsecured except by personal/director guarantees or an existing charge over company property and will be for a period of up to 3 years with no repayments in the first six months.
- **Small Business Support Grant:** Some states and territories in Australia are giving grants of up to A\$10,000 for SME impacted by COVID-19.

### Financial Aid package for small, medium-sized and large companies

- **JobKeeper Payment:** Regular payments of A\$1,500 per fortnight for most employees including permanent part-time and long term casual staff. The first payments to eligible employers will commence in the first week of May 2020. JobKeeper payments can be made for the period beginning 30 March 2020. Only the following businesses are eligible for this payment.
  - Businesses with a turnover of < A\$1 billion, with a loss of > 30% of revenue; and
  - Businesses with a turnover of > A\$1 billion, with a loss of > 50% of revenue.
- **Wage subsidies for trainees and apprentices:** A wage subsidy of 50% for up to 9 months will be made available to employers with existing apprentices and trainees.
- **Increased instant asset write-off threshold:** The instant asset write-off threshold (IAWT) has been increased to A\$150,000 per asset for businesses with aggregated annual turnover < A\$500 million
- **Accelerated Depreciation:** A deduction of 50% of the cost of a new depreciating asset is available to businesses with aggregated annual turnover < A\$500 million.

### Key Contacts

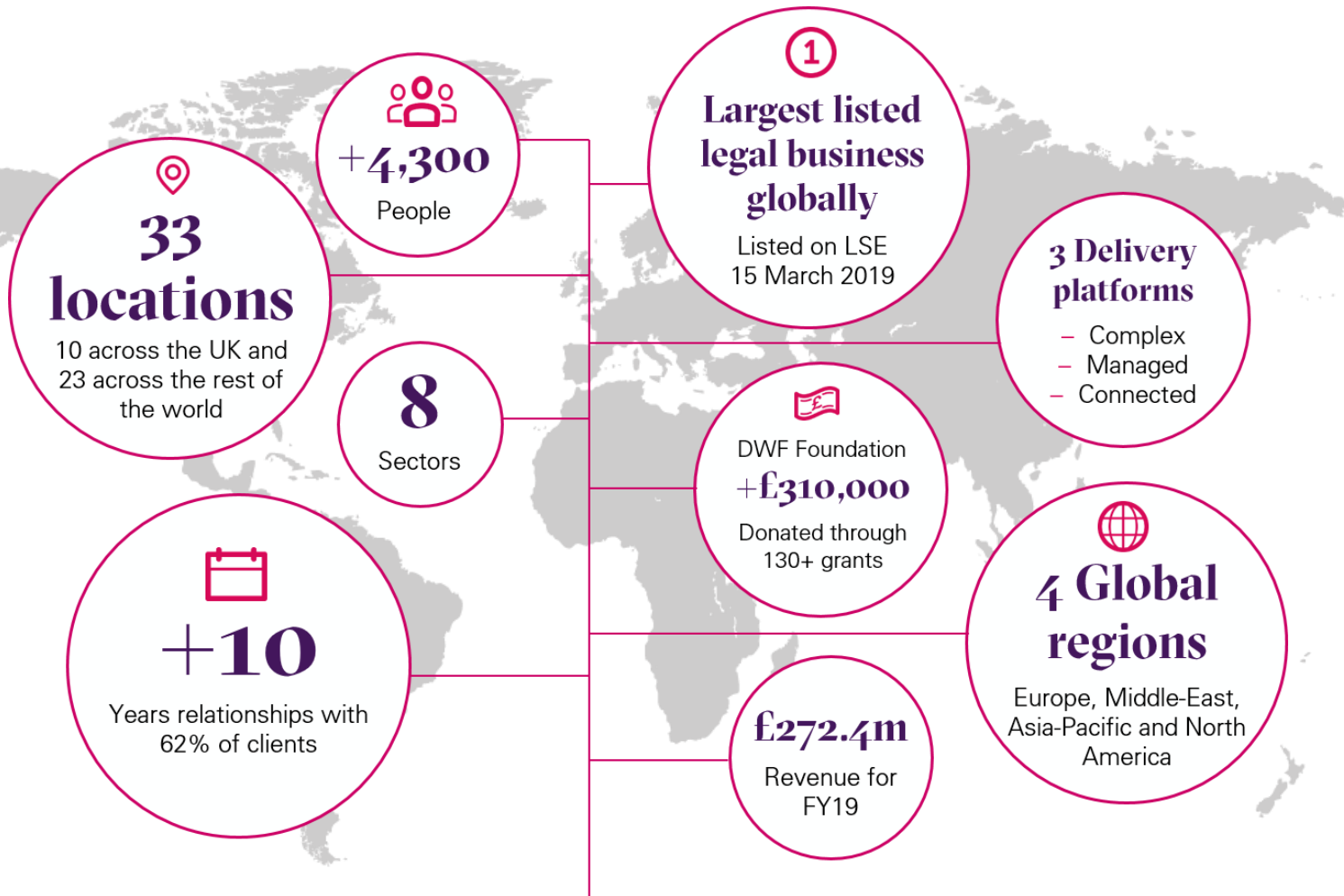


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# About DWF





## Beyond borders, sectors and expectations

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