

Covid-19: aid for maintaining working capital flow

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Latvia has not yet lifted the emergency situation declared because of the Covid-19 pandemic. We have written earlier about a few aid measures available under the Covid-19 Containment Act to businesses affected by the crisis. There are also some other aid measures available, including grants for current assets. This article explores how the aid programme has been adjusted for this purpose.

The legal framework

The Cabinet of Ministers' Rule No. 676 of 10 November 2020 on the aid for maintaining working capital flows in businesses affected by the Covid-19 crisis lays down conditions and procedures for awarding a grant. Amendments to this rule effective from 6 February 2021 mainly modify the period and level of aid as well as the eligibility conditions. The latest amendments were passed on 14 January 2021 but more are expected soon to widen the range of grant recipients.

Eligibility

Aid is available to businesses whose drop in turnover in a particular month is at least –

- 20% against their average turnover in August, September and October 2020 in total, and
- 30% against their turnover in the corresponding month of 2019.

So the drop in turnover now has to be measured against two criteria at the same time. Businesses registered as taxpayers after 1 January 2020 only have to meet the first condition.

The level

The monthly grant is 60% of an enterprise's gross total wage in August, September and October 2020 on which payroll taxes have been paid, but not to exceed EUR 100,000 a month, with a monthly cap of EUR 800,000 for a group of related parties (the monthly cap for businesses that process and preserve fish, crustaceans and molluscs is EUR 120,000 for a group of related parties).

The period

Businesses can apply for a grant through 31 May 2021 and can use it from the award date to 31 July 2021.

How to apply

Businesses can apply for the aid through the Electronic Declaration System each month. The cut-off date is 15 June 2021.

A repeat application for November and December 2020

Since the procedures and levels have changed, the rules allow businesses that have already received aid for November and December 2020 to apply again. The level of aid available for November and December 2020 remains unchanged, but it can be received for each month separately. No aid should be requested for any costs for which aid has already been awarded.