

New coronavirus law (1/25/20)

On 5 June 2020, Parliament adopted the Handling of Covid-19 Consequences Act in its final reading. The new law aims to lay down a legal basis for support measures after the end of the emergency situation caused by the coronavirus pandemic.

Given the uncertainty about the future spread of the virus and about any required containment measures, it is difficult to estimate the impact of Covid-19 on the economy. This impact depends on how long the virus keeps spreading in the future. The new law prescribes a set of measures to tackle the consequences of Covid-19, as well as introducing special support mechanisms to help people improve their economic position and to promote the stability of the economy.

Below are some of the support measures:

- Idleness benefit continues after the end of the emergency situation. A worker is eligible for up to 75% of their average pay for the previous six months, capped at EUR 700 per calendar month. Payment of idleness benefit will be stopped if the employer increases its headcount during the period of idleness compared to the number of workers employed at the beginning of the period or stops idleness by resuming business.
- Taxpayers affected by the Covid-19 crisis may seek an extension of their tax payment deadline up to 30 December 2020. The State Revenue Service ("SRS") is authorised to split overdue taxes into instalments or to extend the deadline for up to three years.
- Municipalities are authorised to extend the deadline for paying real estate tax within 2020 and will not charge a late fee on an overdue tax.
- Traders are allowed not to make personal income tax payments for 2020.
- Accelerated refunds of overpaid VAT to businesses will continue throughout 2020 – within 30 days after filing the VAT return.
- Alcoholic drinks may be sold under a distance contract throughout 2020. Parliament has approved amendments to the Movement of Alcoholic Drinks Act in their first reading to allow online sales of alcoholic drinks as a permanent scheme.
- Throughout 2020, corporate income tax will not be charged on donations of goods and services to social groups adversely affected by the emergency situation and to persons whose core activity is medical services, education, and charity.
- Entities governed by the Company and Group Accounts Act are allowed an extra three months for filing their 2019 financial or consolidated statements with the SRS (by 31 July or 31 October respectively). Associations, foundations and religious organisations have had their filing deadline extended to 31 July.
- The owner or holder of a vehicle may deregister it, temporarily suspending its registration without handing in the number plates, until 9 September 2020. For this period the taxpayer is released from the obligation to pay vehicle running tax and light corporate vehicle tax.
- Carriers may terminate their mandatory civil liability contracts for vehicles used for commercial passenger carriage by bus, taxi or light vehicle, or for commercial goods carriage by goods vehicle.

The current support measures will continue and more will be introduced, such as releasing traders, associations and foundations from rental payments or reducing their amount, waiving interest on arrears and contractual penalties, and increasing the share capital of companies controlled by municipalities.

The new law came into force after the end of the emergency situation on 10 June to replace the rules laid down by the law of 20 March on **measures tackling the national threat and its consequences due to the spread of Covid-19**.