

State aid available to tourism companies and exporters 1/30/20



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Given the impact of Covid-19 on many companies, on 14 July the Cabinet of Ministers adopted regulations to allocate EUR 19.2 million in aid to companies in the tourism industry and EUR 51 million in aid to exporters whose financial position has significantly deteriorated as a result of Covid-19. The new rules will come into force on the effective date of the European Commission's decision on the compatibility of business aid with the EU internal market. This aid will be administered by the Latvian Investment and Development Agency, awarding it within the available finance allocation and by reference to the sequence in which aid requests are submitted. The aid will take the form of a grant aimed at helping companies pay wages and salaries.

Procedures for granting the aid

Applications are due by 30 September 2020. If any portion of the aid received remains unused for paying wages and salaries by 31 December 2020, the unused portion must be repaid. Only one aid may be claimed for the same cost. No aid is available to a company that faced financial difficulties at 31 December 2019 (e.g. was put into insolvency proceedings or legal protection proceedings by a court order).

Aid for companies in the tourism industry ("Procedures for granting aid to companies affected by Covid-19 in the tourism industry")

- The aid equals 30% of national social insurance (NSI) contributions paid by the trader in 2019, capped at EUR 800,000 for a related group of persons.
- To apply for the aid, a trader must meet the following criteria:
 - The business was registered by 1 March 2020 according to NACE Rev. 2 classification: 5510, 5520, 5530, 5590, 5610, 5621, 5629, 5630, 7739, 7490, 7911, 7912, 7990, 8230, 9004, 9321, or 9329;
 - Over the period from April to June 2020 their monthly business revenue dropped by 20% compared to the corresponding month in 2019 as a result of the Covid-19 crisis;
 - They have no debts of taxes (duties) administered by the State Revenue Service to exceed EUR 1,000 on the date of request, other than any tax payments for which a deadline extension has been allowed, an agreement made on voluntary payment of taxes, or a settlement reached.
 - A trader that simultaneously operates in one or more industries or carries out other activities outside the qualifying industries is required to keep a separate record of activities or costs of those industries.

Aid for exporters (Rules on aid for exporters to overcome the consequences of the Covid-19 crisis)

- The aid equals 25% of NSI contributions paid by an affected exporter in 2019, capped at EUR 800,000 for a related group of persons.

- To apply for the aid, an affected exporter must meet the following criteria:
 - Their exports and intra-Community supplies of goods and services (excluding Latvia) reached or exceeded EUR 1 million in 2019;
 - Over the period from April to June 2020 their monthly business revenue dropped by 20% compared to the corresponding month in 2019 as a result of the Covid-19 crisis;
 - The monthly average gross wage on which NSI contributions were paid in 2019 is at least EUR 800;
 - They have no debts of taxes (duties) administered by the State Revenue Service to exceed EUR 1,000 on the date of request, other than any tax payments for which a deadline extension has been allowed, an agreement made on voluntary payment of taxes, or a settlement reached.
- No aid is available for sales of arms & ammunition; manufacture & sales of tobacco products; alcohol sales; accommodation & catering; real estate transactions; development of any real estate subject to registration on the National Real Estate Cadastral Information System as a residential building or an apartment block; other professional, scientific & technical services; administrative & servicing operators; travel & tourism services; trade exhibition & meeting organisers' services; creative, artistic & entertainment activities; sports activities; entertainment & recreation activities; gambling & betting; financial & insurance activity; fishery & aquaculture; or agriculture.
- An affected exporter that simultaneously operates in one or more industries or carries out other activities outside the qualifying industries is required to keep a separate record of activities or costs of those industries.