



COVID-19 - New package of measures in order to tackle the adverse effects of the spread of Coronavirus

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Employment Law Alert



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COVID-19 - New package of measures in order to tackle the effects of Coronavirus

On 18.03.2020, the Ministries of Finance and Labour announced a new package of measures in order to tackle the adverse effects of the spread of COVID-19.

In particular, the following measures were announced:

01 Suspension of tax and contribution payments for businesses

The deadline for the following payments, due in March, is suspended for a period of four (4) months, namely until the 31st of July 2020:

- VAT payments due in March;
- payments of assessed debts;
- scheduled payments in the context of a debt settlement scheme.

It is noted that, during the suspension period, no interest or surcharge shall be charged

The aforementioned measure applies to businesses affected by the outbreak and spread of COVID-19. In other words, the measure is applicable to all businesses with specific CPA codes regardless of whether they continue to operate normally or partially or even are forced to shut down (by a government mandate or on their own initiative). By virtue of a Ministerial Decision issued by the Ministry of Finance, the CPA codes are expected to be specified. The period of the application of the said measures covers March 2020. However, if necessary, an extension may be provided.

02 Business financing

For affected businesses, the refund of tax advance payment amounting to EUR 1 (one) billion is provided. The said measure provides for an extended time horizon for the repayment.

The exact amount of the financing will depend on the turnover decrease, as well as the pure salary and non-salary costs of personnel working on the affected businesses.

03 Employees

For employees whose employment contract has been temporarily suspended because of the suspension of operation of the business under a State mandate, the new package of measures provides, inter alia, for the suspension of payment of their tax liabilities due in March. That suspension of payment will last for four (4) months

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04 Self-employed persons and sole proprietorships

Self-employed persons and sole proprietorships that operate in business sectors drastically affected by the outbreak and spread of COVID-19, may benefit from the suspension of payment of any tax liability due in March. The suspension of payment will last for four (4) months.

05 Measures applying to self-employed persons

The suspension of payment of social security contributions due in February is provided. The said suspension will last for three (3) months. Further, it is regulated that during the suspension period, no interest or surcharge shall be charged.

06 Measures applying to businesses-employers

For employees of affected businesses, the new package of measures provides for the suspension of payment of social security contributions due in February. The said suspension shall last for three (3) months. During the suspension period, no interest or surcharge shall be charged. For all affected businesses, the suspension of scheduled payments in the context a debt settlement scheme agreed with social security funds is provided for a period of three (3) months.

It shall be noted that the aforementioned measures may apply under the prerequisite of the preservation of existing jobs.

07 Reduction in VAT rate

By the end of the year 2020, the VAT rate charged on products which are necessary for the protection of health and the prevention of contagion of COVID-19 shall be reduced to 6% (in comparison to current VAT rate at 24%). More specifically, the reduced VAT rate will be charged on the following products: surgeon masks and gloves, antiseptic solutions, soap and other personal hygiene products and ethanol (in case it is used as a raw material for the production of antiseptic solutions).

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08 Payment of reduced commercial property lease

For businesses that are obliged to cease their activities as a result of the spread of COVID-19, legislative acts are expected to provide for a reduced payment of their commercial property lease. More specifically, it will be provided that affected businesses will pay only 60% of the total amount of lease due in March and April. Said measure shall apply only to commercial properties that are rented by businesses.

Similar reduction of lease is provided for the primary residence of employees of affected businesses.

With respect to the owners of the real estate property which is rented either as commercial property by affected businesses or as primary residence by employees of affected businesses, the suspension of payment of their tax liabilities and of any instalments in the context of a debt settlement scheme is provided for a period of four (4) months.

09 Repayment of any overdue liabilities by the Independent Authority for Public Revenue ("IAPR")

The IAPR shall pay immediately any overdue liabilities towards Greek citizens and businesses. In particular, the amounts incurred in the context of audits are refunded, provided that they do not exceed EUR 30,000.00.

10 Real Estate Property Tax 2020

The Real Estate Property Tax for the year 2020 will be calculated on the basis of the previous regime, while the changes in the "objective values" system of real estate property will enter into force the following year.

11 Banking system

The suspension of the payment of instalments of principal, which are due on 18.03.2020 until 30.09.2020 (at least) is provided. The measure applies to legal entities operating in sectors affected by COVID-19. More specifically, those borrowers that fall within the scope of the above provision may apply for a deferred payment of the said instalments, provided that their loans were not overdue as at 31.12.2019.

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