

COVID-19 How Governments Reacted Differently to the Pandemic



The COVID-19 pandemic affected both the economy and the life for all of us across the world. Countries reacted differently to fight the virus and overcome the challenges. For such reason the Italian Chamber of Commerce in Singapore in collaboration with Arigoni Avocat, Fidinam Group, Gianni, Origoni, Grippo, Cappelli & Partners and Hawksford decided to compare and analyze the legal, fiscal and financial actions undertaken by governments in the following jurisdictions: Singapore, Italy, China, France, Switzerland and Vietnam. This document will illustrate the main measures implemented in each country with the aim to understand the different approaches available.

Authors:

Salvatore Di Chiara, Head of Account Management at Hawksford

Alessandro Zalonis, Partner at Gianni, Origoni, Grippo, Cappelli & Partners

Smeralda Mazzei, Associate at Gianni, Origoni, Grippo, Cappelli & Partners

Alexandra Arigoni, Lawyer at Arigoni Avocat

Samuele Lombardini, Assistant to CEO at Fidinam SA

Raffaella Piccoli, Managing Director at Fidinam Singapore Pte Limited

Singapore

Support for business:

Singapore's economy has been deeply impacted by the global shocks caused by Covid-19. Although still very low compared to other the resident unemployment rate rose to 3.3 per cent in March, the highest in over a decade.

The economy is now expected to shrink between 4% and 7% this year, potentially Singapore's worst recession since independence.

To assess this unprecedented situation, the Singapore government released 4 budgets in last 2 months. The last budget, called the Fortitude budget has been released on the 26th of May 2020.

Together with the earlier Unity, Resilience and Solidarity Budgets, the Government is dedicating close to \$100 billion - nearly 20 per cent of gross domestic product - to support companies and households in this battle against Covid-19,

Financial and tax support

- Do the Government provide any financial grants to companies?

With the release of the 4 budgets the government has provided different financial grants to Singapore companies.

The main measure that has been released is the Job support scheme, that will provide cash grant to companies based on the salaries paid to local employees (this incentive will be analyzed in the Job protection section below)

With the release of the new budget on the 26th of May, the Government has also introduced new grants to support companies in their digital transformation.

Specifically the Government introduces two main measures:

- Digital resilience bonus
 - It provides additional support to enterprises seeking to uplift their digital capabilities
 - Enterprises that adopt qualifying solutions (e-payment and e-invoicing services, e-procurement, data analytic), will receive bonus payouts up to 10.000 SGD
 - E-payment adoption
 - To boost e-payment adoption for stallholders coffee shops, and industrial canteens the government will provide a cash grant of 300 SGD/ month for five months
- Which main tax measures have been implemented to support companies' cash flows?

Tax payment deferment

Besides providing financial support, to further ease the cash flow needs for companies in the immediate period, the Resilience Budget announced on 26 Mar 2020, allows all companies with - Corporate Income Tax (CIT) payments due in the months of Apr, May and Jun 2020 - to defer the payment of the CIT by 3 months.

The deferment applies to CIT payments due in the months of Apr, May and Jun 2020, regardless of which Year of assessment the taxes or payments relate to.

This relief measure complements the automatic extension of two months interest-free instalments already announced in Budget 2020 on 18 Feb 2020.

The tax deferment is automatic so companies do not need file a request to IRAS

Beside the possibility to defer the payment of the corporate income tax, the government will also grant a 25% Tax rebate (on the company's tax payable) capped at 15.000 SGD

- Is there any specific measures for business leases?

In view of the difficult situation faced by companies, the Singapore Government decided to released 3 main measure to help company reduce rental cost:

1. Property tax rebate
2. Rental relief scheme for SME
3. Rental waiver

Property tax rebate

As part of the Resilience Budget announced on 26 Mar 2020, qualifying non-residential properties ("qualifying properties") will be **granted property tax rebate** for the period of 1 Jan 2020 to 31 Dec 2020.

Landlords will have to fully pass on the rebate to their tenants, by reducing rentals, to directly ease the cash flow and cost pressures faced by tenants.

The amount of the property tax rebate varies form 30% to 100% according to the type pf property

As a rule of thumb, for properties that are eligible for 100% property tax rebate, the reduction of the rental cost for the tenants will be equivalent to more than one month's rental.

IRAS will directly inform owners of qualifying properties on their property tax rebates by 31 May 2020.

Owners are not required to submit any claims for the rebate. Owners of qualifying properties can expect to receive their refunds by 30 Jun 2020

Rental relief schemes for SME

For SME tenants (i.e. with not more than \$100 million in annual turnover) with qualifying leases or licences commencing before 25 March 2020, the Government will provide a cash grant to offset their rental costs (In addition to the Property Tax Rebate for 2020

Specifically:

- For qualifying SME tenants of qualifying commercial properties (e.g. shops), the Government will provide a new government cash grant of about 0.8 month's of rent.

- For qualifying SME tenants of other non-residential properties (e.g. industrial and office properties), the Government will provide a new cash grant of about 0.64 month's of rent. Together with the Property Tax Rebate announced earlier for 2020, this brings total government support to about one month for SME tenants of other non-residential properties.

Employment law

- What are the main measures to help companies paying employees' salaries?

The Jobs Support Scheme (JSS) will help enterprises retain their local employees during this period of uncertainty. It is a temporary scheme for 2020. All active employers, except for Government organizations (local and foreign) and representative offices, are eligible for the JSS.

After the first 3 budget releases, the Jobs Support Scheme has been enhanced, as follows:

- **A grant of 25%** for the salary paid in the months of October to December 2019 and February to March 2020
- **A grant of 75%** for the salary paid in the months of April and May 2020.
- **A grant of 25% for the salary paid** for the months of June, July and August 2020

There are three main JSS payouts in April, July, and October 2020 to help companies with their cash flow needs.

With the release of the latest budget on the 26th of May 2020, The ministry of finance announced that there will be additional support for companies operating in the most affected services.

For instance, Retail and F&B companies will be eligible to receive a 50% cash grant on the salary already paid for the period October 2019 – March 2020 (excluding January 2020) and for the salaries to be paid for the period June 2020 - August 2020 instead of the standard 25%. (topping up the grants already received)

For companies that will not be able to resume business after the circuit breaker, they will still receive a cash of 75% of the salary payables of local Singaporean until their business will resume. (Pro-ration will be applied if operations resume in the middle of the month)

Beside the Jobs support scheme, there are 2 other important measures to support Singapore companies with employee's costs:

- **Wage Credit Scheme**
- **Foreign Workers Levy and Rebate**

The Wage Credit Scheme supports enterprises embarking on transformation efforts and encourages employers to share productivity gains with workers, by co-funding wage increases.

Under this scheme the government Government will co-fund 20% of the total qualifying wage increase¹ given in 2019, and 15% of the total qualifying wage increase in 2020.

To give an example, If an employer increases the gross monthly wage of an eligible employee by \$100 each year from 2017 to 2020, and sustains these wage increases through 2020 the Government will co-fund 20% of the total qualifying wage increase of \$300 in 2019, and 15% of the total qualifying wage increase of \$400 in 2020.

In order to ease foreign labour cost, employers are given a **Foreign Worker Levy (FWL)**² rebate of \$750 for each S Pass or Work Permit holder employed as of 29 February 2020.

In addition, levies due to be paid in April 2020 have been waived. The Government will extend these measures by providing:

- FWL rebate of \$750 for each S Pass or Work Permit Holder employed as of 1 May 2020
- Waiver of FWL due in the month of May 2020
- Is there any specific measure to protect employees' job?

The Singapore Government did not issue any specific measures to disallow companies to fire their employees during the Covid 19 pandemic. However, every company must notify the Ministry of Manpower if they decide to adopt any cost saving measures

The approach followed by the Singapore Government and the ministry of Manpower consists of 4 main steps aiming to

1. provide companies with cash grants to covers employees cost (Jobs support scheme)
2. issue guidelines with the alternatives to retrenchment
 - a. training partially co-funded by the Government
 - b. shorter work week
 - c. temporary lay-offs
 - d. no pay leaves
3. support employees who lost their job
 - a. by giving up 800 SGD cash grant per month
 - b. solidarity utilities credit
4. introducing hiring incentive
 - a. The Government will provide a hiring incentive to employers to hire local workers who have gone through eligible traineeship and training schemes.
 - i. For eligible workers aged 40 and above: the incentive will cover 40% of their salary over six months, capped at \$12,000 in total.
 - ii. For eligible workers under 40: the incentive will cover 20% of their monthly salary over six months, capped at \$6,000 in total

- Which are the Government main guidelines to resume business operations?

The Singapore government has identified 3 main phases:

1. Safe reopening

¹ Increases in gross monthly wage of at least \$50 given to Singaporean employees in the qualifying year, up to a gross monthly wage level of \$5,000, will be co-funded.

² the foreign worker levy, commonly known as "levy", is a pricing mechanism to regulate the number of foreign workers in Singapore.

The levy liability will start from the day the Temporary Work Permit or Work Permit is issued, whichever is earlier. It ends when the permit is cancelled or expires.

- a. Gradual re-opening, from the 2nd of June, of some economic activities with lower risk of transmission
- b. Everyone must remain home and leave only for essential activities, wear mask when outside
2. Safe transition and
 - a. More Businesses re-open with safe management measures
 - b. All students fully return to school
 - c. Sports & recreation facilities re-open with safe management measures
3. Safe Nation
 - a. Phase Three will be the “*New normal*” until an effective vaccine or treatment is developed
 - b. All business will be re-opened
 - c. Social, cultural, religious and business events would resume

During the Safe Reopening phase, only the business included in the list of low risk of transmission will be allowed to resume operation.

Those business will have to implement a 6 steps approach:

1. **Implement a system of Safe Management Measures**
 - a. Implement monitoring plan
 - b. Appoint a Safe Management Officer
2. **Reduce physical Interaction and ensure safe distancing**
 - a. Applying telecommuting to the maximum extent
 - b. Staggering working and break hours (“reporting” and “ending times” should not coincide with peak hour travel)
 - c. Split employees into teams
3. **Support contact tracing requirements**
 - a. Record proximity data on phones (Encourage employees to download the TraceTogether app)
 - b. Control access at workplace
4. **Require personal protective equipment and good personal hygiene**
 - a. Employers must ensure that all onsite employees, visitors, suppliers, contractors to wear masks
 - b. Employers must encourage employees to observe good personal hygiene
5. **Ensure cleanliness of workplace premises**
 - a. Regularly clean of common spaces and equipment during shift and split team changeovers
 - b. Disinfecting agents must be available at stoppage points (entrance, reception lobbies)
 - c. Cleaning agents must be available at hand-wash stations
6. **Implement health checks and protocols to manage potential cases**
 - a. Conduct twice a day temperature screening
 - b. Require that employees to submit their medical certificates COVID-19-related conditions
 - c. Put in place evacuation plans for suspected cases and follow-up plans in the event of confirmed cases

Credit access

- What are the main measures implemented to help companies credit needs?
- Will the government guarantee financial loans up to certain amounts?

The Singapore Government has put in place different measures to help companies access credit to support their cash flows, finance their working capital and trade activities. The government will also provide risk sharing to further support companies.

The main measures can be summarized as follows:

- Temporary Bridging Loan Programme (TBLP)
 - Financing support to alleviate cashflow needs of enterprises affected by the COVID-19 outbreak.
 - Eligible enterprises may borrow up to \$5 million under the TBLP, with the interest rate capped at 5% p.a.,
 - The Government will provide 90% risk-share on these loans
- SME Working Capital loan
 - To finance SME's working capital up 1 million of SGD
 - The Government will provide 90% risk-share on these loans

Contacts:

Salvatore di Chiara

Head of Account Management

Email: Salvatore.DiChiara@hawksford.com

Hawksford Singapore

16, #32-03 Raffles Quay, Hong Leong Building, 048581

www.hawksford.com

Italy

Introduction

Italy is the first European country who faced the rising of Covid-19 and one of the most affected with approx. 240,000 confirmed cases and 34,000 deaths.

At the beginning of March 2020, the sudden rise of cases in the northern regions and the possible spread to other regions prompted Italian governmental authorities to adopt emergency measures to safeguard public health and avoid an outbreak. These emergency measures included the Prime Minister's decree published on March 8th, 2020, which provided for restrictions in movements of physical persons in the Lombardy Region and 14 neighboring Provinces. On March 9th, 2020 these measures were extended to the entire country and concerned, among other things (i) movements and mobility of persons, and (ii) lockdown of industrial production and commercial services, including retail activities and non-essential services. On March 11th, after the World Health Organization declared Covid-19 as a pandemic, another Decree provided for the closure of all retail activities, restaurant services and personal care services, with limited exceptions.

The so called Phase 2 began on May 4th, 2020 and has been characterized by an easing of the lockdown restrictions previously adopted allowing the reopening and resumption of certain activities. The full reopening of retail shops, food & beverage activities, museums, exhibitions and libraries occurred on May 18th, 2020. Italy started Phase 3 on June 3rd, 2020 allowing all citizens to freely move within the country and opening its borders to EU citizens. On the economic side, the Italian Government issued several Law Decrees aimed at supporting the Italian economy. The main novelties were provided by Law Decree 17 March 2020, no. 18 ("**Decreto Cura Italia**"), Law Decree 8 April 2020, no. 23 ("**Decreto Liquidità**") and Law Decree 19 May 2020, no. 34 ("**Decreto Rilancio**") (together the "**Emergency Legislation**").

A. Financial and Tax support

- Does the Government provide any financial grants to companies?

The Emergency Legislation provides for a financial grant in favour of companies (also for those which are active in the agricultural sector) and for autonomous workers (not including certain categories).

The release of the financial grant is subject to the following conditions (i) 2019 revenues lower than 5mln; or (ii) compensation/invoicing related to the month of April 2020 lower than 2/3 of the amount related to April 2019.

The amount of the grant is calculated in percentages through the following scheme:

- 20% for subjects with revenues not higher than 400K;
- 15% for subjects with revenues between 400K and 1mln;
- 10% for subjects with revenues between 1mln and 5mln.

Finally, there is the provision that foresees the payment of an amount equal to:

- 1K for subjects;
- 2K for all the non-subjects.

- Which main tax measures have been implemented to support companies' cash flows?

- *Tax payment deferment?*

The Italian Government has provided for the deferment of tax payment deadlines to support companies particularly affected by the Covid emergency. More specifically, the deferment concerns: i) certain sectors (e.g. activities related to tourism or food) and areas particularly affected by the emergency (the so-called "red zone"); ii) companies that have recorded a decrease in turnover (decrease of 33% for SME, decrease of 50% for other companies); iii) companies with a turnover not exceeding EUR 2 million; and iv) start-ups.

The deferment relates to the deadlines for VAT payments, withholding taxes, social security contributions due in the period March-May 2021.

○ *Tax credits?*

i. Tax credits for sanitization/protective and safety equipment

These include a tax credit in relation to the following expenses by companies (equal to 60% of the expenses incurred, up to a maximum amount of EUR 60K): i) the sanitization of the workplace and the protection of the health and safety of workers in the workplace, ii) the purchase of personal protective equipment (such as, among others, surgical masks Ffp2 and Ffp3, gloves, protective visors and goggles, protective clothing), iii) the purchase and installation of other safety equipment to protect workers from the exposure to biological agents and/or to ensure a safety distance (e.g. barriers and protective panels), (iv) the purchase of hand sanitizers and disinfectants.

ii. Tax credit for rental fees and business leases

A tax credit equal to 60% of the monthly rental fees for the buildings used for industrial, commercial, artisan, agricultural and tourist activities (when some specific requirements are met).

iii. Tax credit for equity injections in SME

The Italian Government provides for a tax credit equal to 20% of the contribution in cash that entities and individuals make in companies with a turnover that ranges between EUR 5mln and EUR 50mln (and that meet some specific requirements). The contribution in cash cannot exceed EUR 2mln and the shares issued as a consequence of such contribution must be held until 31 December 2023. After the approval of the financial statements for 2020, the Beneficiary Companies are granted a tax credit equal to 50% of the losses exceeding 10% of their net equity. The tax credit cannot be higher than 30% of the equity injection.

iv. Increase in tax credits

The Italian Government increases the tax credit for companies investing in advertising campaigns related to, *inter alia*, daily and periodical press (including online), on television and radio. In particular, for the year 2020 the tax credit has been raised from 30% to 50% of the value of the investments made. Furthermore, an increase of the tax credit for research and development activities has been provided for investments in companies operating in the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia and Sicily. The credit measure must be increased from 25%, 35%, 45%, according to the size of the enterprise.

○ *Tax reliefs?*

The Italian Government has provided for the exemption from the payment of the Regional Tax on Productive Activities (IRAP) for the companies with a turnover not exceeding 250mln (i.e. exemption from IRAP due for fiscal year 2019, and first IRAP advanced payment for fiscal year 2020).

● Is there any specific measures for business leases?

Except for what is described under above paragraph 2)b)ii, there are no specific rules under the Emergency Legislation. However pursuant to some of the general principles

included in the Italian Civil Code we could argue that for lease agreement for purposes other than living, if the activity carried out in the relevant premises:

- (i) has been forbidden, there is a high chance that a delay in the rent payment by the tenant would be justified;
- (ii) has been allowed to continue, there is a lower chance that a delay in the rent payment by the tenant can be justified.

In case (i) the lease agreement may be resolved if the ban of the relevant activity goes on for a period which can be considered substantial taking into account the length of the lease, while in case (ii) above such scenario is unlikely.

- What are the main measures to help companies paying employees' salaries?

The main measures provided by the Emergency Legislation are the so called "social shock absorbers" (*ammortizzatori sociali*) which are dedicated to the private sector and applicable to the generality of employers. Employers can avail themselves of the so called "**CIG in Deroga**" if they do not qualify for access to any other social schemes provided under the ordinary legislation. While employers who can access to ordinary social scheme such as *Cassa Integrazione Guadagni Ordinaria (CIGO)* and *Fondo Integrazione Salariale (FIS)* can utilize such schemes with simplified procedures.

CIGO and FIS main features:

- Maximum term 18 weeks (9 weeks + 5 weeks for employers who already used the 9 weeks to be used within August 31st, 2020 + further 4 weeks);
- It applies to employees employed as of February 23rd (or March 25th for the additional 5 weeks) regardless of the 90-days seniority;
- Special terms for filing the application;
- No additional contribution on employers.

CIG in Deroga main features:

- Financial aid granted by Regions/Provinces decree subject to Unions agreement;
- Maximum term 18 weeks (9 weeks + 5 weeks for employers who already used the 9 weeks to be used within August 31st, 2020 + further 4 weeks);
- It applies to employees employed as at February 23rd (or March 25th for the additional 5 weeks) regardless of the 90-days seniority;
- No additional contribution on employers;
- Paid directly by INPS.

- Is there any specific measure to protect employees' job?

Among other measures, the Emergency Legislation provides for a stop to employment termination due to justified objective reasons both on individual and collective basis for a period of five months starting from March 17th, 2020. All the procedures currently ongoing have also been suspended and all terminations carried out between February 23rd, 2020 and March 17th, 2020 may be revoked at any time (without sanctions for the employer) provided that a request to be admitted to the dedicated CIG has been submitted.

- Which are the Government main guidelines to resume business operations?

The Government issued several measures to be complied with by employers to continue their activities most of which are included in the Health and Safety Protocol (**H&S Protocol**) plus specific guidelines for the resumption of some businesses. The H&S Protocol provides different provisions regulating many aspects of the work life, including the following areas:

- Access to the premises which includes the obligation to stay home in case of fever higher than 37,5 Celsius degrees and a mandatory temperature checking before entering the workplace;
- Regulated and controlled access by external suppliers;

- Management of common areas such as canteens, smoking areas and snack dispensers through pro-quota access and safety distance of 1 meter between persons;
- Remote working to be always privileged and, when not possible, implementation of rotation plans among employees, reallocation of work stations, use of different schedules and other innovative measures that employers can put in place in order to ensure safe distance among employees and avoid gatherings;
- Staggered entry/exit time.

This general guidelines have been further detailed for certain business such as (among others):

Retail business: retail business activities are allowed provided that (among others):

- the "interpersonal distance" of at least one metre is ensured;
- access takes place on a deferred basis; and
- it is prohibited to stay inside the store for longer than the time necessary to purchase the goods.

Catering business: catering business activities are allowed provided that (among others):

- catering service activities (including bars, pubs, restaurants, ice-cream shops, bakeries) are permitted provided that the Regions and autonomous provinces have (i) first verified the compatibility of the above activities with the development of the epidemiological situation in their territories and (ii) identified applicable protocols or guidelines suitable to prevent or reduce the risk of infection;
- canteen and permanent catering activities remain permitted, provided that interpersonal safety distance of at least one metre is maintained;
- home delivery and take-away activities remain permitted;
- food service activities located in hospitals and airports remain open, provided that interpersonal distance of at least one metre is maintained.

Personal-care activities (i.e. estheticians, beauty farms, hairdressers etc.) are permitted under the application of the same requirements as the catering business.

Accommodation activities: accommodation activities are permitted provided that:

- social distancing is guaranteed, ensuring the interpersonal safety distance of one metre in common areas; and
- activities are carried out in compliance with the protocols and guidelines adopted by the Regions or the Conference of Regions and autonomous provinces, appropriate to prevent or reduce the risk of contagion.

- What are the main measures implemented to help companies credit needs?

Among other measures, the Emergency Legislation provides for:

- Allowing CDP (*Cassa Depositi e Prestiti*) to create a separate asset which resources are provided by the Ministry of Economic and Finance. This asset will be used to help share companies matching certain criteria (registered office in Italy, non active in the banking or insurance sector and with an annual income higher than 50mln) mainly through the subscription of convertible bonds and capital increases or through the purchase of listed shares on the secondary market;
- The participation of Italy to the Pan-European Guarantee Fund;
- The establishment of a special fund for technology transformation for an amount of EUR 500mln;
- The establishment of a special fund for keeping the occupancy level and guaranteeing the prosecution of business activities for an amount of EUR 100mln;
- State aids managed by Regions, Autonomous Provinces and other national entities such as chambers of commerce in the favour of companies which are active in the research, study and development of measures to prevent Covid-19 or in the production of drugs and vaccine against it.

- Will the government guarantee financial loans up to certain amounts?

SACE Guarantee: until 31 December 2020 SACE can issue first demand, explicit and irrevocable guarantees for a total maximum amount of EUR 200 billion, of which at least EUR 30 billion is intended to support small and medium-sized enterprises (SMEs) having their registered office in Italy (SMEs can access the SACE Guarantee only after having fully exhausted the Central Guarantee Fund for SMEs – please see below). The guarantee is issued for loans granted to beneficiary companies aimed at funding costs or investments in business activities in Italy and cover the principal amount, interest and other charges, up to the maximum amount guaranteed. The SACE guarantee covers the following amounts:

1. 90% of the amount of the loan, for business with less than 5,000 employees in Italy and with a turnover up to EUR 1.5 billion;
2. 80% of the amount of the loan, for businesses with a turnover from EUR 1.5 billion to EUR 5 billion or with more than 5,000 employees in Italy;
3. 70% of the amount of the loan, for businesses with a turnover of more than EUR 5 billion.

The SACE guarantee can be released only if certain criteria are met and only if the following specific commitments have been assumed by the beneficiary (*inter alia*):

- no dividends distribution or shares buyback (*riacquisto di azioni*) may be approved by the beneficiary (as applicable), or by any other business with registered office in Italy belonging to the same group, in 2020;
- the beneficiary of the SACE guarantee must manage any redundancies through agreements with Trade Unions (*accordi sindacali*).

Central Guarantee Fund for SME: the Emergency Legislation has broadened the scope of application of the measure by giving access to the guarantee schemes to companies with up to 499 employees, and extends the scope of application of the measure also to companies which, as of 31 January 2020, had exposures towards the relevant lender classified as "*unlikely to pay*" or "*past due*", excluding in any case those ones which have exposures classified as "*non-performing*" (*sofferenze*). The guarantee may also be issued in favour of beneficiaries, in relation to which a business crisis settlement procedure (*procedura di composizione della crisi di impresa*) is pending, provided that they are in a situation of substantial regularity of payments and the lender may reasonably assess that full repayment of the existing exposures is likely to occur at the relevant maturity.

The Fund's guarantee is issued free of charge and the maximum guaranteed amount for each business is increased to EUR 5 million.

Contacts:

Smeralda Mazzei

Associate

Email: smazzei@gop.it

Alessandro Zalonis

Partner

Email: Azalonis@gop.it

Gianni, Origoni, Grippo, Cappelli & Partners

Milan - Piazza Belgioioso, 2 20121

www.gop.it

China

Financial and tax support

- Financial & Credit measures for businesses

The government at various level (national, provincial and municipal) has not stepped in with direct financing or channels of credit for private enterprises but has acted via the People's Bank of China in order to allow local banks to increase their exposure towards SMEs and avoid any early repayment, cancellation or delays for loans to micro and small businesses.

In these regards the PBOC has:

- Reduced interest rates and backed 184 billion yuan of loans extended by banks as of March 13; and
- Set up a special low-cost refinancing facility of 300 billion yuan to provide funds to major national banks and some local corporate banks, giving targeted support to enterprises directly involved in the fight against the epidemic.

Local commercial banks in turn have issued another 107.5 billion yuan in loans at cheap rates to small firms and agricultural companies.

This has resulted in China's bank lending and credit provision hitting record levels in March with new loans from banks as the biggest driver of the credit expansion, jumping to about 3 trillion yuan from 720 billion yuan in February 2020. Previous measures enacted to soften the impact of the China-US commercial war, like the reduction of general VAT rates on goods from 17 to 13%, have limited the specter of the initiatives available at local and national level given the impact these had on tax revenues and their collection.

- Which main tax measures have been implemented to support companies' cash flows?
 - *Tax payment deferment?*
- Municipal governments, including Beijing, Shanghai, Guangzhou, Shenzhen and Suzhou have announced measures to provide rent subsidies and exempt manufacturing enterprises from paying property tax and urban land use tax;
- Monthly & Quarterly tax declaration deadlines for VAT, local surcharges and CIT have been postponed of 5-8 days starting with February and ending with May, once payables were declared, no additional deferment has been implemented on those amounts.

On May 22, Premier Li Keqiang delivered the 2020 Government Work Report at the third session of the 13th National People's Congress, unveiling that the payment of corporate income taxes by micro and small businesses and self-employed individuals will be postponed to 2021

- *Tax credits?*
- No Tax credit scheme is in place for either import duties, VAT and corporate income tax payables during the first half of the year.

- *Tax reliefs?*
- The Ministry of Finance and the State Administration for Taxation have not laid out specific measures in this field.

- Is there any specific measures for business leases?

At a national level the Commission for State Owned Assets has ordered its commercial premises not to ask for any rental payment from lessees for February and March 2020 waiting for a full business resumption. The Beijing Municipality has provided subsidies for commercial building and shopping mall operators who offered rent exemption for small and medium tenants, in Suzhou, SMEs that rent state-owned assets for business purposes were exempt from paying rentals for one-month rent with a 50% discount applied for the following two months.

Employment law

- What are the main measures to help companies paying employees' salaries?

For companies that have maintained their current headcount or those that have minimised layoff rates in 2020, 50 percent of the unemployment insurance they paid in the previous year shall be refunded. Enterprises facing difficulties in paying social insurance contributions in time can apply for an extension and defer the payment within 3 months after the epidemic ends. No overdue fines shall be charged. SMEs are allowed to suspend the payment of endowment insurance, unemployment insurance and work-related injury insurance for up to six months. The same reduction is instead cut by 50% for large companies with a validity period of 3 months.

Contribution reduction policies introduced for SMEs early this year that are due to expire by June appear to be extended till the end of the year as a result of Premier Li Keqiang Work Report presented at the 13th National People's Congress.

- Is there any specific measure to protect employees' job?

During the lockdown phase, companies that have organized online vocational training , 95% of those fees shall be subsidized by the districts where the companies are registered. The development of new business models and the activation of secondary channels for sales, such as e-commerce platforms, can also be included in the same subsidy plan.

Businesses were requested to pay salaries to any employees facing movement restrictions by the isolation period or any staff not able to resume work on time due to issues like sealed cities or transportation problems. For employees with covid19 and related symptoms and expiring contracts, enterprises were demanded to extend employment contracts until medical treatment was completed.

The Work Report at the 13th National People's Congress also mentioned a special move to transfer 2 trillion yuan, from both fiscal deficit government bonds for COVID-19 control, to local governments. The funds shall directly benefit businesses workers through selected bonus schemes for employment, basic living needs, and market entities.

- Which are the Government main guidelines to resume business operations?

After the Chinese New Year Schedule, any enterprise seeking to resume work before the dates indicated by the government was obliged to file an application of work resumption to the relevant authorities in China, namely the PRC State Council and local municipal governments, to explain their reasons.

4 provinces and cities in China announced a further extension of the current Lunar New Year holiday.

These were: Anhui, Chongqing, Fujian, Guangdong, Guangxi, Guizhou, Hebei, Heilongjiang, Henan, Hunan, Inner Mongolia, Jiangsu, Jiangxi, Jilin, Liaoning, Ningxia, Shaanxi, Shandong, Shanghai, Shanxi, Suzhou, Xi'an, Yunnan, and Zhejiang.

All have stated that non-essential businesses need not re-commence their operations until **Monday, February 10**. The government has also encouraged China-based businesses to maintain routine operations by enabling staff to work from home and to use teleworking/distance working technology where possible.

Companies were and are still requested to implement security measures that all staff should respect when working in the office, these include constantly monitoring the temperature of staff, giving guidelines about hygiene practices and collecting information about places staff have recently visited.

Contacts:

Salvatore Di Chiara

Head of Account Management

Email: Salvatore.DiChiara@hawksford.com

Hawksford Singapore

16, #32-03 Raffles Quay, Hong Leong Building, 048581

www.hawksford.com

France

Mid-March 2020, due to Covid-19, schools and universities, non-essential public places such as shops and restaurants had to close and mandatory home confinement started. Production activities remained authorized, but some closed the time to get reorganised and to install sanitary measures.

France began progressive deconfinement from May 11, depending on the health situation of the regions. Since this date, shops have reopened, provided that sanitary measures (such as physical distancing) are respected.

As of July 3, France has reported over 166,000 confirmed cases of Covid-19, 29,875 related deaths; and 76,802 recoveries after hospitalization.

The Minister of Economy announced that the French economy will shrink 11% this year, the state deficit will reach EUR 220 billion and that of Social Security EUR 52.2 billion.

During the lockdown the French Government urgently adopted measures to support companies. The key aspects of these measures are presented below.

The Government has also provided specific support plans for companies of some particularly affected sectors in order to assist companies in resuming their activities. The concerned sectors are automotive, tourism, high-tech, aeronautic, construction, book, local commerce sectors. These measures will not be discussed here.

A. Financial and tax support

- Does the Government provide financial grants to companies?

A Solidarity Fund of EUR 7 billion has been created to support the smallest micro-enterprises and autonomous workers particularly affected by Covid-19 having a turnover up to EUR 1 million and an annual taxable income up to EUR 60,000.

These companies will benefit from a monthly contribution of up to EUR 1,500 for the months of March to June 2020. For the most critical situations, a complementary monthly aid from the Regions of up to EUR 5,000 could be granted.

- Which main tax measures have been implemented to support companies' cash flows?
- **Tax payment deferment?**

From March to June, the Government provided for the deferral of up to 3 months without penalty for:

- the payment of employees' and social security contributions as well as supplementary pensions;
- the payment of direct taxes (advance on corporate tax, payroll taxes), businesses' real estate contribution (*Cotisation foncière des entreprises*) and property tax.

However, VAT payments had to be made within the usual deadlines.

The CCSF (Commission of the heads of financial services of the tax service) can grant companies facing financial difficulties additional terms for the payment of tax debts and social security contributions.

French Government asks large companies who want to benefit from the deferral of contributions and taxes not to distribute dividends to their shareholders and not to purchase their own shares in 2020. This concerns firms employing at least 5,000 employees or whose turnover in France is greater than 1.5 billion.

○ **Tax credits?**

An accelerated procedure has been established for the refund of corporate tax credits repayable in 2020. Companies can request a refund of their credit balance, after deducting the corporate tax due for 2019, without having to wait for the filing of the income statement. Companies can also request the refund of any VAT credits.

○ **Tax reliefs?**

If the tax debt payment plan agreed between the company and the tax administration is not sufficient to cope with the difficulties related to Covid-19, it is possible to request a tax relief for direct taxes (tax on company benefit, territorial economic contribution ...).

The Government will take into account the overall situation of the company and its financial difficulties before granting any tax relief.

Is there any specific measures for business leases?

Various measures relating to the payment of rent, utilities, and rental charges in favour of micro-enterprises have been adopted in order to obtain a deferral of the payments.

The Minister of Economy appointed a mediator for rental payment issues. The mediator published an official document on June 3 containing non-binding rules. They essentially provide for the suspension of 3 months of rents and possibly a reduction of up to 50% of rental charges due during the closure period. These measures should be negotiated with landlords depending on the situation and needs of the tenants. However, various trade federations refused to sign this document because it does not sufficiently protect their members.

Moreover, on April 25, the second amending financial law provided for the tax deduction of the rent and expenses in favour of landlords who renounce obtaining rent payments.

B. Employment Law

• What are the main measures to help companies paying employees' salaries?

The employer can impose a temporary interruption of the activity maintaining part of the remuneration to its employees with the financial support of the Government.

This measure already existed but was greatly facilitated with the health emergency.

For the months of March, April and May, the employer paid to non-working employees an allowance equal to 70% of the gross salary (about 84% of the net salary). This allowance has been reimbursed in full by the Government up to EUR 6.900 per monthly gross salary.

Starting from June the allowance reimbursed by the Government is reduced. Consequently, Companies will be reimbursed for 60% of the employee gross salary instead of the 70% paid by the companies to their employees.

The Government announced that EUR 1 billion would be allocated in the form of exceptional and immediate aid to companies hiring young apprentices.

- Is there any specific measure to protect employees' job?

Layoffs, dismissals and contractual terminations remain possible during the state of health emergency. However, the Government is working on a social recovery plan.

- Which are the Government main guidelines to resume business operations?

Several general measures have been adopted:

- Physical distancing of at least one meter;
- Hygiene measures (regular hand washing, use of a hydroalcoholic solution etc.);
- Obligation to wear a mask when physical distancing cannot be guaranteed, for example in public transport.

The Government has also published a national protocol for companies to ensure the health and safety of employees and customers in public places.

In addition, the Ministry of Labour has drawn up specific safety guidelines for each sector of activity (e.g. guidelines for retail businesses, guidelines for construction sites).

Companies can introduce temperature control when entering the workplace providing that they respect privacy. For instance, temperature control is not mandatory, and the employee has the right to refuse it; it is forbidden to keep track of these controls and/or carry out the operations of collection or dissemination of the data obtained.

A « StopCovid » app is available from June 2, and aims, on a voluntary basis, to trace people who have tested positive for Covid-19, in order to detect and alert whoever has come in contact with an infected person. The use of the app is not mandatory and cannot be imposed by an employer or when entering shops.

C. Credit access

- What are the main measures implemented to help companies credit needs?

The Government obtained from banks to consider the postponement of the payment deadlines for 6 months. Companies are therefore invited to negotiate with their bank to adjust the repayment schedules of their loans.

Any company that encounters difficulties with a financial institution to renegotiate the deferral of loan repayment deadlines can solicit the Credit Mediator. The mediator can bring together the company's financial partners to identify and resolve the deadlocks and propose a solution; this service is free. The request should be sent through an online form and the mediation should take place within 3 months.

Furthermore, the French public investment bank Bpifrance provides several guarantees and loans for small and medium size companies (for instance unsecured loans, purchase of credits and specific guarantees for export projects).

Bpifrance also announced the creation of an investment fund of EUR 4.2 billion intended to invest in large listed French companies in order to strengthen and protect their capital.

A new discretionary system of repayable advances or subsidized rate loans has been put in place at the beginning of July to help strategic companies with 50 to 250 employees that have real prospects for recovery. Different factors are taken into account to determine the beneficiaries: their industrial and economic positioning, their know-how and their importance in terms of local employment.

- Will the Government guarantee financial loans up to certain amounts?

The French Banking Federation and BpiFrance created a guarantee facility that allows to support bank financing of companies up to EUR 300 billion to finance loans in order to help companies face their cash flow problems due to Covid-19. This Government guaranteed loan is available until the end of 2020.

It may represent up to 3 months of the annual turnover of 2019 (i.e. 25% of the 2019 turnover) or, for innovative companies or companies created from January 1, 2019, two years of wages.

The loan benefits of the Government guarantee through BpiFrance from 70% to 90% of the amount, depending on the size of the company.

The Ministry of Economy specified that companies that do not comply with their payment deadline obligations should not have access to the Government guarantee.

Contacts:

Alexandra Arigoni
Avocat

38 avenue Hoche 75008 Paris
T + 33 (0) 1 53 75 79 07
F + 33 (0) 1 53 75 00 15
arigoni@arigoni-avocat.com
www.arigoni-avocat.com
www.impreseitalianeinfrancia.com

Switzerland

Introduction

Switzerland is among the countries most affected by the pandemic in Europe, with around 31,000 positive cases and about 1,670 deaths (as of 29 June 2020). With thousands of tests being carried out per day, Switzerland has one of the highest per-capita rates of testing in the world. The rate of new coronavirus cases, however, began to slow over around mid-April, and with it the number of people admitted to hospitals. However, it has decided not to impose a general obligation to wear protective face masks. On 16 March 2020 the Government declared an “extraordinary situation,” and banned all private and public events and ordered restaurants and bars to close. On 25 March 2020, the Swiss government imposed entry restrictions on residents of all European Union Schengen and non-Schengen states. Two days later, military police officers and a militia battalion were sent to the borders to support the Federal Customs Administration. Supermarkets and pharmacies have remained open throughout the crisis.

The Economic Research Centre of the Swiss Federal Institute of Technology Zurich (KOF)¹ expects economic growth to fall by 5.5% this year due to the coronavirus crisis. However, Swiss GDP is expected to recover by 5.4% in 2021. Exports, the backbone of the Swiss economy, are expected to fall by 7.3% by 2020 and private consumption, which is crucial for GDP, is expected to fall by 1.9%.

Support for business

The Federal council has adopted a package to support the Swiss economy maintaining employment and securing wages. The measures are aimed at target groups most vulnerable to the corona pandemic such as self-employed the cultural/sport sector and alike.

Here a summary of the measures adopted:

1. Cash flow support for companies
 - Guaranteed COVID-19-bridging-loans
 - Deferred payment for social security contributions
 - Cash flow buffer in the tax area and for federal suppliers
 - Legal standstill in accordance with the Federal Act on Debt Recovery and Bankruptcy (SchkG)
2. Extending and simplifying short time working
3. Compensation for work losses for the self-employed
4. Compensation in the event of an employee’s work losses

A. Financial and tax support

- Do the Government provide any financial grants to companies?

The Swiss government at this stage is not providing any grant to companies. Private non-profit foundations are instead supporting particularly in the health sector.

- Which main tax measures have been implemented to support companies’ cash flows?

In general, for companies, the below are the main tax measures:

- a. The interest rate on late payment is reduced to 0.0% for VAT, certain customs duties, special consumption taxes and incentive taxes between 20 March and 31 December 2020;

¹ <https://kof.ethz.ch/en/>

- b. Companies that are currently unable to pay final federal, cantonal and communal taxes due to the effects of COVID-19 can apply for an extension of the payment deadline or instalment payments. By special decree, late payments of the federal tax due in the period as from 1 March 2020 to 31 December 2020 will not incur any default interest;
- c. Upon request, companies affected by the crisis can be granted a temporary deferral of payments for social security contributions.
- d. Legal standstill in accordance with the Federal Act on Debt Recovery and Bankruptcy (SchkG) where from 19 March to 4 April 2020, debtors may not be debt enforced throughout Switzerland. At its meeting on 18 March 2020, the Federal Council ordered the corresponding so-called legal standstill in the enforcement system.

- Are there any specific measures for business leases?

At this difficult time, the Federal Council is urging all parties involved (tenants, landlords, property managers, associations, etc.) to work towards finding constructive and pragmatic solutions in specific cases. The Federal Parliament decided to endorse a motion (still to be approved) where restaurateurs and other commercial activities who had to suspend their work due to the coronavirus lockdown² should pay only 40% for the entire period in which the closure has been ordered by the authorities (for a maximum of CHF 20 thousand rent per month).

B. Employment law

- What are the main measures to help companies paying employees' salaries?

The short-time work compensation is a measure to compensate employers for temporary falls in activity while preserving jobs. The measure is also provided to employees with a fixed term contract, trainees and to those who are in the service of a temporary employment agency³. Basically, the employees' salaries will be covered on the magnitude of 80% of total lost hours for a maximum annual gross salary of CHF 148'200. Furthermore around 10% of social contributions will be compensated to the employer.

- Is there any specific measure to protect employees' job?

No specific measures to protect employees' job.

- Which are the Government main guidelines to resume business operations?

- On **27 April**, first phase kicked off and businesses such as beauty salons and florists could re-open with precautionary measures in place, such as the use of face masks.
- The second phase began on **11 May**, when compulsory schools re-opened, as well as all shops and several leisure facilities. Public transport returned to the standard timetable, with the recommendation that people wear face masks at rush hour.
- Since **6 June**, further measures have been eased. Many of the previously restricted leisure, entertainment and sports activities are now once again permitted as long as attendance lists are taken, and precautionary measures and rules on hygiene and social distancing are observed.
- The government re-opened the country's land borders with Germany, Austria, France and Italy on **June 15**.
- Events with more than 1,000 people – notably festivals and sporting events – will not be allowed until the end of August at the earliest. Many of Switzerland's biggest

² Art. 6 cpv. 2 Ordinanza Covid-19 (21.3.2020)

³ <https://www4.ti.ch/dfe/de/sdl/servizi/indennita-per-lavoro-ridotto/>

business and cultural events have been cancelled or postponed. It is not clear when smaller events can resume.

C. Credit access

- What are the main measures implemented to help companies credit needs?

Immediate assistance in the form of specific transitional credits is part of the Swiss Confederation guarantee program with a volume of about CHF 40 billion (as of 18 June 2020 only CHF 14 billion have been requested and accepted). These funds ensure that affected SMEs (sole proprietorships, partnerships and legal entities) may obtain transitional bank credits demonstrating minimum requirements until 31 July 2020⁴.

- Will the government guarantee financial loans up to certain amounts?

Requests for such loans can be made by the Swiss banks where the requestor has its bank account since 26 March 2020. The credits have a term of 5 years. The aim is that the companies with less than CHF 500 million turnover in 2019 concerned are able to access credits of up to 10% of their turnover or up to CHF 20 million quickly and simply. Amounts up to CHF 0.5 million are paid out immediately by the banks. These credits are issued interest-free but are subject to an annual amendment based on the market developments and are fully covered by the federal guarantee. For amounts exceeding this ceiling, the guarantee is reduced to 85%, which is therefore subject to a brief review by the banks. An interest of 0.5% is charged on those credits. Amounts up to CHF 0.5 million should cover the needs of more than 90% of the companies affected by the consequences of the coronavirus epidemic.

Contacts:

In Switzerland:

Samuele Lombardini
Assistant to CEO
Email: samuele.lombardini@fidinam.ch

Fidinam SA
Via Maggio 1
6900 Lugano
Switzerland
www.fidinam.com

In Singapore:

Raffaella Piccoli
Managing Director
Email: raffaella.piccoli@fidinam.com.sg

Fidinam Singapore Pte Limited
190 Middle Road
Fortune Centre #12-07
Singapore 188979
www.fidinamgw.com

⁴ <https://covid19.easygov.swiss/it/>

Viet Nam

Introduction

On 1 April 2020, Vietnam government announced the National Epidemic status and imposed social distancing in national scale until 22 April 2020. Vietnam did not implement lockdown of entire country. Instead, schools and “non- essential” businesses, such as karaoke, bars, tourism, movie theatres, restaurants closed temporarily, festivals and activities for large crowds were cancelled, and authorities encouraged people to stay home to minimize exposure and transmission. At the end of April 22, Vietnam lifted its social distancing measures, but continues to take precautions by limiting the gathering of people. Recently, after weeks without new community transmission case of coronavirus, the Prime Minister has declared that Vietnam has basically contained COVID-19, almost schools and businesses reopened. However, Vietnam still maintains tight migration control, all permitted people enter Vietnam must undergo medical checks and 14-day quarantine upon arrival.

In response to the financial and economic crisis, Vietnam have introduced timely policies supporting for businesses against COVID-19. Most noticeably measures worth mentioning are 30% reduction of CIT; VAT, CIT and land rental payment deferment; and cutting various fees by 20-50 percent; exemption of business license tax; import tax exemption for medical equipment; deferment of pension and death fund contributions without interest penalty. The State Bank of Vietnam (SBV) cut its benchmark policy rates and issued guidelines to commercial banks to reschedule loans, reduce/exempt interest, and provide loan forbearance. The government also approved a cash transfer package for affected workers and households with monthly cash transfers provided for no more than 3 months, from April to June 2020. More than 10% of the population is estimated to benefit from this program.

A. Financial and Tax support

- Does the Government provide any financial grants to companies?

Affected firms are eligible to concessional loans from Vietnam Social Policy Bank (VSPB) with no interest for making salary payment to their workers who temporarily stopped working. Please refer to section “**Measures to help companies paying employees’ salaries**” for further information.

- Which main tax measures have been implemented to support companies’ cash flows?

i. Tax payment deferment

Enterprises affected by coronavirus¹ can defer their VAT and CIT payment. Specifically, enterprises affected by coronavirus can defer their VAT amount payable for the assessment periods of March, April, May, June of 2020 (for monthly tax declaration cases) or the first two quarters of 2020 (for quarterly tax declaration cases) for five months.

¹ Enterprises effected by coronavirus include enterprises operating in agricultural, forestry and fishery manufacturing; food processing and manufacturing; garment and textile manufacturing; wooden, metal, paper, plastic and rubber products manufacturing; metallurgy, mechanical engineering; electronic products, computers and optical products manufacturing; automobile manufacturing; and construction; operating in transportation and storage services; accommodation and catering services; training and education; medical and social assistance activities; real estate businesses; labor and employment services; travel agents, tour businesses and supporting services relating to tour promotion; artists, recreational activities, sport activities, museums and cinemas; and producing auxiliary and key mechanical products; micro and small-sized enterprises; credit organizations, and branches of foreign banks which support their customers affected by COVID-19 pandemic.

Additionally, eligible companies are able to defer their 2019 final CIT payment (which was in fact due at the end of March 2020) for 5 months and will also be able to defer their 2020 Quarter 1 and Quarter 2 CIT provisional payments for 5 months from their existing due dates.

Taxpayers must submit a pro forma request to the local tax authorities before 30 July 2020 to be considered for the extension of deadlines for relevant taxes payment.

The recent Resolution 84/NQ-CP permits the enterprise to extend of the time limit for the special consumption tax payment for domestically manufactured or assembled cars for amounts payable arise from March 2020; the extended time shall no later than December 31, 2020.

ii. Tax credits

No specific measures are in place as of the date of this document.

iii. Tax reliefs

(1) Reduction of CIT

30% reduction of Corporate Income Tax ("CIT") in 2020 for businesses with turnover of less than VND 200 billion. This measure shall take effect after 45 days upon the signing date and will be applied to the tax year 2020.

(2) Exemption from business license tax²

SMEs transformed from household businesses shall be exempted from the business license tax within 03 years from the date of issuance of initial enterprise registration certificate. Newly established companies (*i.e.*, companies legally formed from 25 February onwards) shall be exempted from the business license tax for the first year.

(3) Exemption from import tax for medical equipment serving for the prevention of novel Coronavirus epidemic

(4) Recently, the government has allowed contributions and support in activities of Covid-19 prevention and control, so reasonable costs and expenses deducted when calculating CIT.

(5) Furthermore, from February 7 2020 till the day the epidemic ends, commodities will enjoy import tax exemption including medical masks; antiseptic dry hand sanitizer; raw materials for manufacturing medical masks (including non-woven fabrics, antibacterial filters, elastic bands, nasal splint strips); antiseptic water; epidemic prevention suits (including clothing, glasses, helmets, shoes, gloves, medical masks) and other necessary medical supplies.

Is there any specific measure for business leases?

The Enterprises effected by coronavirus leasing Land Use Right from the State directly under a Decision or a Contract in form of annual rent payment can defer the first instalment of their annual land rental payment of the year 2020 for five months as from 31 May 2020.

Payers must submit a pro-forma request to the local tax authorities before 30 July 2020 to be considered for the extension of deadlines for land rental payment.

² Business license tax (BLT) is an indirect tax imposed on entities that conduct business activities in Vietnam and are paid by the enterprises themselves on an annual basis. The amount of this tax varies in terms of the total investment capital amount. Specifically, if the capital is more than VND 10 billion then the BLT shall be VND 3 million per year, otherwise it shall be VND 2 million per year. VND 1 million is the amount applied for branches, business location, etc.

Additionally, to continue to remove difficulties for production and business, support entities affected by Covid-19 pandemic, the government recently has offered the following financial assistance:

1. To reduce 15% of land rents to be paid in 2020 for enterprises renting land directly from the Government according to decisions and/or contracts with competent authorities in form of annual rents that must suspend business operations due to the Covid-19 epidemic;
2. To reduce by 50% the price take-off, landing ships flying and operating services prices fly away, come for flights flying inland from March to the end of September, 2020; to apply minimum rates of VND 0 for aviation specialized services on the list of the services which price bracket be set by the State from March to the end of September 2020;
3. To reduce by 50% the registration fee when registering cars produced or assembled in the country to the end of 2020 in order to stimulate consumption in the country.

B. Employment Law

- What are the main measures to help companies paying employees' salaries?

Employers meeting the following criteria shall be eligible to take collateral- free and interest-free loan from the VSPB to pay wages for their employees who have been suspended:

4. Have 20% or 30 or more employees who are participating in social insurance and are forced to stop working for 01 or more consecutive months; already paid at least 50% of the job-stopping wage in advance for employees during the period from April 01, 2020 to the end of June 30, 2020.
5. Be in financial difficulties, unable to balance the financial sources to pay the job-stopping wage for the employee, have used up the wage reserve fund to pay for employee stopped working.
6. Have no bad debt at any credit institution, branch of foreign bank as of December 12, 2019.

Term of the loan is 12 months maximum.

- Is there any specific measure to protect employees' job?

Enterprises affected by the impact of the Covid-19 pandemic have been offered a few lawful options to handle employment arrangements during the Covid-19 epidemic. We highlight here below the most popular:

OPTION	DESCRIPTION
Option 1 – Temporary job transfer	In case the Employer faces difficulties regarding materials supply or markets, causing redundancy, employers may temporarily transfer employees to perform work that is different than that agreed in the labor contract.
Option 2 – Work Pause	The employer and employee discuss about payment of a reduced salary, not to be lower than the applicable regional minimum wage (with no work duties to be performed) for a specific period.
Option 3 – Temporary Delay of Labor Contract Implementation	In case the work pause period under Option 2 lasts a long time and affects the employer's ability to pay salaries, the employer and employee may agree to temporarily delay implementation of the labor contract.

Option 4 – Employment Termination	In case the enterprise must scale down its production causing redundancy, the employer may conduct procedures in the law to: (i) unilaterally terminate employment; or (ii) Implement formal redundancy/ retrenchment.
--	--

- Which are the Government main guidelines to resume business operations?

In the meeting on COVID-19 prevention and control on 7th May 2020, after three weeks without new community transmission case of COVID-19, Vietnam Prime Minister Nguyen Xuan Phuc has decided to allow non-essential service establishments to resume operations; however, they have to maintain preventive measures. He asked each citizen and business to get used to “new normal” in order to gradually restart socio-economic activities as usual. Mask wearing remains mandatory at public places and on crowded transport vehicles. Regarding customs clearance, it is decided to reopen some minor border checkpoints and border crossings in Lang Son and Quang Ninh at the proposals of the two provinces that share borderline with China. For other border provinces, the local authorities can decide themselves in a cautious and meticulous provided that measures and procedures for COVID-19 prevention and control are strictly observed.

C. Credit Access

- What are the main measures implemented to help companies credit needs?

The SBV has recent move to cut a number of interest rate policies, the second time in the year, after the first cut in March 17 as the following:

- Reducing the benchmark refinance rate to 4.5% per annum from 5% and the discount rate to 3% per annum from 3.5%. The overnight lending rate in the inter-bank market will be lowered to 5.5% per annum from 6%.
- Reducing the maximum short-term lending interest rate in VND of credit institutions for borrowers looking to meet capital needs to serve a number of sectors and economic sectors from 5.5% per year to 5.0% per year. The People's Credit Funds and microfinance institutions also reduced this rate to 6% per year from 6.5% per year.
- Reducing the maximum yearly interest rate for non-term deposits and deposits with terms of less than 1 month from 0.5% to 0.2%; reducing the maximum yearly interest rate for deposits with terms from 1 to less than 6 months from 4.75% to 4.25%; the maximum yearly interest rate for deposits with terms from 1 to less than 6 months at People's Credit Funds³ and Microfinance Institutions⁴ will decrease from 5.25% to 4.75%.

Additionally, the SBV issued Circular No. 01/2020/TT-NHNN directing the credit institutions, the foreign bank branches to restructure the repayment periods, waive and reduce the interest and fees, maintain the debt classifications in order to support those customers affected by Covid-19 epidemic. As of May 8, banks have registered a credit package totally VND 300 trillion (about 3.8 percent of GDP) at lower interest rates, and supported more than 660,000 customers (with outstanding loans of about VND 1,520 trillion), by rescheduling repayment, exempting, and reducing interest on existing debts, and extending new loans. Financial institutions are also exempting and reducing fees.

³ People's Credit Fund means a credit institution established voluntarily by legal entities, individuals and households as a cooperative to conduct some banking operations under Law on Credit Institutions and the Law on Cooperatives for the main purpose of mutual assistance in production and business development and life.

⁴ Microfinance institution means a type of credit institution which mainly conducts some banking operations to meet the needs of low-income individuals and households and super small-sized enterprises

Furthermore, affected firms are eligible to concessional loans from VSPB with no interest for making salary payment to their workers who temporarily stopped working as mentioned above.

Lastly, the Government has passed the proposal of a 2% reduction of interest rate of direct and indirect lending taken by SMEs from medium and small enterprise development fund⁵.

- Will the government guarantee financial loans up to certain amounts?

No specific measures are in place as of the date of this document.

Contacts:

In Singapore:

Raffaella Piccoli

Managing Director

Email: raffaella.piccoli@fidinam.com.sg

Fidinam Singapore Pte Limited

190 Middle Road

Fortune Centre #12-07

Singapore 188979

www.fidinamgw.com

In Vietnam:

Bui Phuong Thao

Head of Corporate Advisory

Email: phuong.thao@fidinam.com.vn

Fidinam (Vietnam) Company Limited

Level 21, Vietcombank Tower,

05 Me Linh Square, Ben Nghe,

District. 1, Ho Chi Minh City, 700000

Vietnam

www.fidinamgw.com

⁵ Small and medium enterprise development fund is an out-of-budget state financial fund operating for not-for-profit purposes which is established by the Prime Minister.

Questions	China	France	Italy	Singapore	Vietnam	Switzerland
Grants to businesses	No, however firms can access concessional loans	Yes, for the smallest Micro enterprises a monthly contribution of up to EUR 1 500 for the months of Mar - June 2020. Complementary contribution up to EUR 5 000 from the Regions for the ones most severely affected	Yes, Small enterprises (up to 5 Millions of turnover) are eligible to receive up to 20% of the revenue lost in Apr 2020 vs Apr 2019	A grant up to 10.000 SGD is available for companies that adopt digital and innovative measures	No, however firms are eligible to concessional loans, interests free, to pay salaries	No
Tax measures						
Tax payment deferment	Yes, Vat payments and Corporate income tax payments up to only 8 days	Yes, corporate and withholding taxes, Social security contribution (no VAT deferment)	Yes, VAT payments, withholding taxes, social security contributions due in the period March-May 2021	Yes, 3 months deferment for Corporate income taxes	Yes, VAT payments and Corporate income tax up to 5 months; special consumption tax payment for domestically manufactured or assembled cars can be deferred no later than December 31, 2020.	No, however interest payments on late filing have been lowered to 0%. Companies more affected can apply for social contribution payments deferment
Tax credits	No	No, but quicker procedure to claim tax credits	Yes, among others: 60% of the monthly rental fee and 20% of the equity contribution for SMEs	No	No	No
Tax reliefs	No	Yes, corporate and withholding tax but only on a case by case basis for businesses severely affected	Yes, exemption from the payment of the Regional Tax on Productive Activities (IRAP) for SMEs	Yes, a 25% tax rebate for all companies	Yes, Exemption for business licence tax and import tax on medical devices and 30% reduction on corporate income tax	No
Measure for business leases	Yes, 2 months rental waiver for tenants in Government's buildings	Yes, payment deferral for the smallest Micro enterprises. Further non-binding rules have been also released	Yes, 60% tax credit of the monthly rental fees for the buildings used for industrial, commercial, artisan, agricultural and tourist activities.	Yes, all landlords received a property tax rebate from 30% to 100% that has to be passed to the tenants to reduce the rental cost. Moreover SMEs tenants will receive a cash grant up 80% of 1 month of rents. Finally, tenants in government building will receive up to 4 months of rental waiver	Yes, Enterprises leasing Land Use Right from the State can defer the first instalment of their annual land rental payment for 5 months as from 31 May 2020. 15% reduction of land rents to be paid in 2020 for enterprises renting land directly from the state that must suspend business operations due to the Covid-19 epidemic	No, but some measures are still under discussion
Employment law						
help companies paying employees' salaries	Yes, reduction and/ or deferment of the social security payments	Yes, the employer pays to non-working employees an allowance equal to 70% of the gross salary. From March to May, it has been reimbursed in full by the Government up to EUR 6.900 per months. From June, it is reimbursed up to 60 % of the gross salary	Yes, the Government is contributing up to 80% of the gross salary (capped at 1200 Euro per month)	Yes, local firms are eligible to receive a cash grant up to 75% of the salaries paid from Oct-19 to August 20. Moreover the Government is co-funding up to 20% of employees' salary increment	Yes, the employer shall be eligible to take collateral-free and interest-free loan to pay salaries	Yes, a short-time work compensation is given to employers.
protect employee's Job	No	No, however some measurement are still under discussion	Yes, a stop to employment termination due to justified objective reasons for a period of five months	No, however the Government issued some non binding guidelines	No, however the Government issued some non binding guidelines	No
Guidelines to resume business operation	On the 10th of february non essential businesses could resume operatios The government encouraged the use of teleworking/ distance working technology where possible. In offices, it is mandatory to constantly monitoring the temperature of staff, and collecting information about places staff have recently visited.	The Ministry of Labor has drawn up specific safety guidelines for each sector of activity. Mandatory to wear masks when physical distance is not guaranteed. Temperature control is not mandatory	The Government has drawn up specific safety guidelines for each sector of activity. Mandatory to wear masks when physical distance is not guaranteed and mandatory temperature control	on the 2nd of june business with low-risk of trasmission could resume operation. Those business should impleme a 6 steps approach that include, among others, wearing masks at all time, mandatory temperature control and apointment of a Safe management officer	on the 7th of may non-essential service establishments resumed operation. Madatory for all individua to wear masks	on the 27th of May non essential businesses could resume operations. Schools restarted on the 8th of May everyone should wear masks
Credit access						
credit needs	No	Yes, possibility to negotiate with the banks the payment deadlines for 6 months. Different loan schemes to support companies (unsecured loans, purchase of credits and specific guaranties for export projects)	Yes, the Government can "directly" subscribe convertible loans or share capital increase in selected companies.	Yes, different loan schemes to support their cash flows, finance their working capital and trade activities	Yes, concessional loan for affected business. Moreover The central Banks has cut the interest rates on short term lendings	yes, affected SMEs can obtain transitional bank credits demonstrating minimum requirements.
guaranteed financial loans	No	Yes, up to 90% and capped at 25% of company's turnover	Yes, for all SMEs up to 90% guaranteed loans capped at 25.000 Euro. Other guarantees up to 90% are given to large companies for specific investments	Yes, up to 90% capped at 5 millions of SGD	No	Yes, for SMEs up to 100% capped at 20 Millions CHF or 10% of turnover. 85% for higher amount