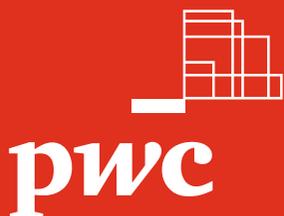


COVID-19: Summary of Pan-European Relief Measures for Commercial Tenancies

01 May 2020



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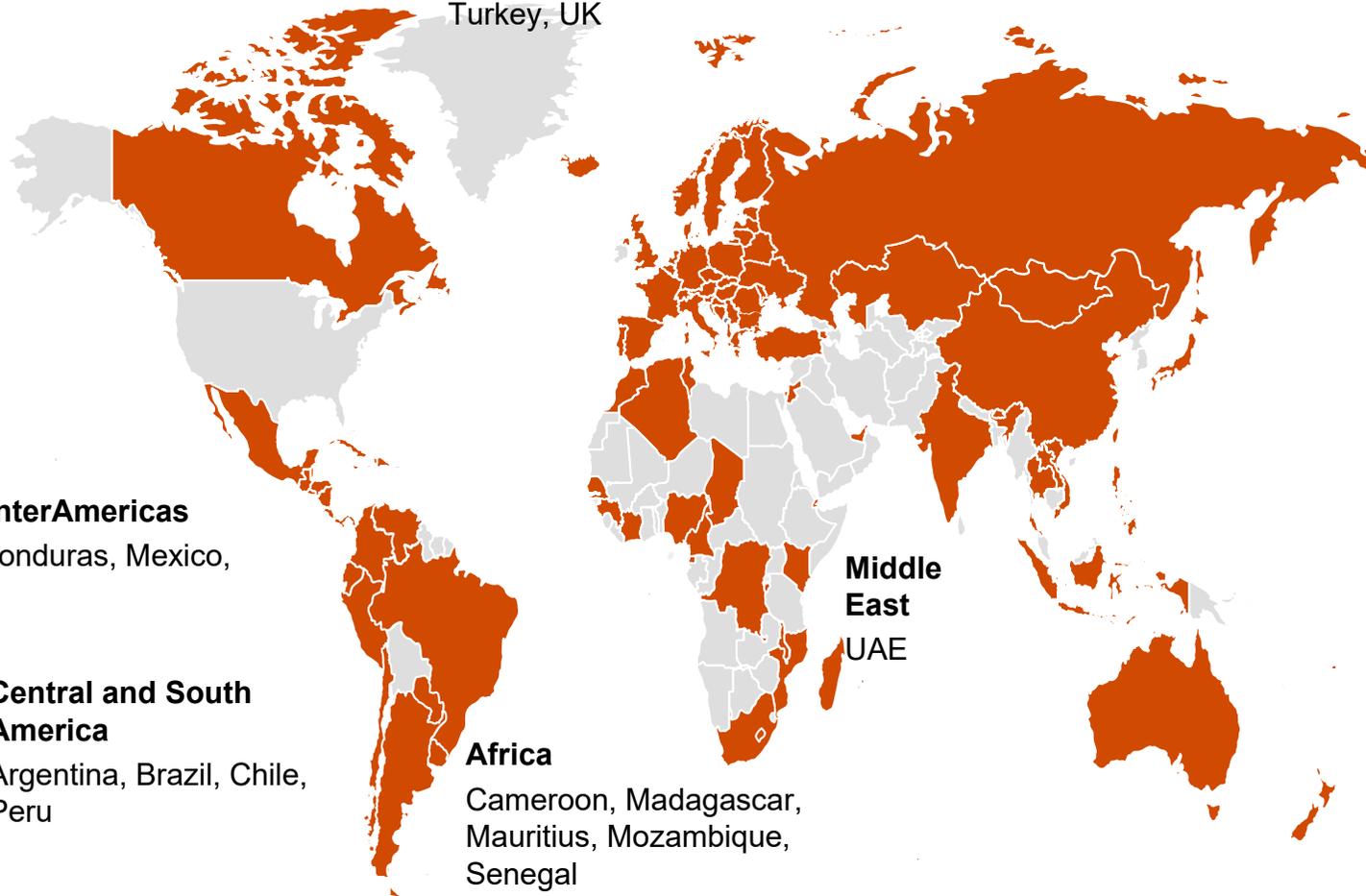
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Austria

Tenant relief measure

Currently Austria has not introduced new specific rent relief measures.

However, in the case of "extraordinary circumstances", making the premises fully or partially unusable (a concept similar to force majeure), the Austrian Civil Code already provides for rent reductions as high as 100%.

These provisions are not mandatory and, therefore, any lease agreement needs to be examined for any deviations from the Civil Code rules.

Key considerations in respect of the Civil Code are as follows:

- Currently, it is almost undisputed that COVID-19 constitutes extraordinary circumstances in the sense of the aforementioned provisions.
- However, the question whether or not, and to what extent, COVID-19 makes premises (partially) unusable is being extensively discussed.
- Subject to provisions of the specific lease agreement, the more premises are affected by the "lockdown ordinances" issued by the Ministry of Social Affairs and Health, the higher chance a lessee has for rent reductions.
- Such rent reductions need to be claimed by the lessee. Further rent payments by lessees should be subject to the condition of reclaiming, since any unconditional payments might be construed as a waiver of rent reduction claims.

Other government measures for corporates

• Governmental grants

- Hardship grants for small and one-man businesses (pre-conditions and details to be released soon).
- Bridging guarantees for SME (< 250 employees and < €50m turnover or €43m balance sheet total): to secure 80% of loans up to €2.5m and max duration 5 years.
- Bridging guarantees for SME in the tourism and leisure industry: to secure 80% of loans up to €400k and max duration of 3 years.

- **Bridging loans for exporting companies:** credit line of 10% (for large comp) or 15% (for SME) of all export revenues, max €60m and max duration 2 years, state guarantees 50-70% of credit facilities.
- Bridging loans and guarantees for other enterprises (pre-conditions and details to be released soon).
- Additional state aid of up to €38b announced (details to be determined).
- **Local subsidies:** in Vienna, rent subsidies of up to €600 per month (if sales declined by >50%) or general hardship subsidies (if decline >75%) of up to €1,000 per month.
- **Assistance in meeting tax payments and social security charges.** For example, deferred payments and other payment facilities, waiver of statutory interest, or suspension of audits and enforcement proceedings.
- **Subsidised short-time working:** reduction of average working hours between 10% and 90% for max 3 months (prolongation possible), whilst 80-90% of the former salary has to be paid to the employee. The employer is indemnified for average "non-working salary" (except times of annual / sick leave) plus ancillary wage costs. (*detailed compensation scheme has been published and can be provided*).
- **Deferred period for commencement of insolvency proceedings:** 120 days (instead of 60).

Lockdown measures

Social distancing measures that specifically relate to commercial real estate are based on ordinances issued by the ministry of health, which entered into force on or after 16 March 2020 and which, currently, remain in force until 30 April 2020:

- Entering of public spaces, generally, is prohibited unless exceptions apply, such as in order to meet the basic needs of daily life or to purchase goods or services as permitted by other ordinances (ie the partial lifting of lockdown measures as of 13 April 2020).
- If such an exception applies, a distance of 1 metre between people needs to be adhered to unless the risk of infection can be minimized by appropriate protective measures (eg masks).
- Since 17 March 2020, it is prohibited to enter customer areas of premises for trade and services for the purpose of purchasing goods or using services.
- Since 13 April 2020 the aforementioned provision does not apply to the customer area of “other business premises”, if the customer area inside does not exceed 400 m². “Other business premises” are to be understood as business premises which serve the sale, manufacture, repair or processing of goods. Further, the number of customers on the premises needs to be limited and protective measures (eg masks) need to be employed.
- Completely prohibited to enter the premises of all types of establishments in the restaurant industry, except take-away under certain circumstances.
- The use of hotels and similar for leisure purposes is prohibited, with certain limited exceptions.
- The use of leisure and sports facilities is still prohibited.
- The ordinances contain specific exceptions to these rules, such as for:
 - public pharmacies
 - food retailers (including the sales outlets of food producers) and farmers' direct marketers
 - drugstore
 - sale of medical and sanitary products, remedies and aids
 - health and care services
 - veterinary services
 - sale of animal foods
 - agricultural trade including auctions of animals for slaughter as well as horticultural business and trade in agricultural products such as seeds, feed and fertilizers
 - fuel stations incl car wash facilities
 - banks
 - administration of justice
 - delivery services
 - public transport
 - tobacco shops and newsagents
 - DIY markets and markets for building materials

Austria content as at 16 April 2020

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Belgium

Tenant relief measure

Currently Belgium has not introduced specific rent relief measures.

However there may be other remedies available, for instance:

Force majeure can be used to exonerate a party of its contractual liability for the duration of the event qualified as force majeure. Force majeure is generally defined as an unforeseeable and inevitable event occurring after the conclusion of a contract which renders the performance of the contractual obligations of a party to the contract impossible.

- Currently, it is almost undisputed that COVID-19 constitutes an unforeseeable and inevitable event in the sense of the aforementioned provisions.
- However, the question whether or not, respectively to what extent COVID-19 can be used to adjust, suspend or waive their payment obligations (rent and charges) is being extensively discussed. Some arguments could be used on tenants' side and the landlords' side to claim or refuse to adjust, suspend or waive the tenant's payment obligations.
- As the situation and the containment measures have no real precedent in Belgium, there is no black or white situation and there is room to argue and most likely negotiate.
- Tenants may argue:
 - The closure ordered by the government of non-essential shops and businesses which cannot comply with social distancing renders the rent payment obligation impossible for the period of the closure;
 - Even if not directly impacted by a closure measure, other measures (for example, limitations of travel, cancellation of public events) have a similar effect on the tenants' business, i.e. they render the performance of the payment obligations by the tenants impossible for the relevant period. Arguing differently would put these businesses and their stakeholders (in particular the workforce) at risk;

- Force majeure applies to payment obligations in contract based on reciprocal obligations (such as lease agreements) if the one which invokes it cannot benefit from the consideration. No application of *genera non pereunt* in this case (see below – landlords' argument).
- Landlords may argue:
 - Money being fungible, it is possible to substitute it with an equivalent (according to the principle *genera non pereunt*). Difficult financial situation (even insolvency) cannot constitute force majeure even if it is linked to external circumstances (whatever their characterization may be) (*application of the principle genera non pereunt*).
 - Force majeure, does not involve a suspension of the contractual obligations for its duration but rather a postponement of these obligations (e.g. by extending the contract by an equivalent duration (shift in duration));
 - Force majeure does not aim at transferring the economic risk entirely to the landlord;
 - A tenant cannot invoke force majeure in case of default on its side.

The commercial lease act (art. 6) provides that at the end of each 3 year period, a tenant can ask the judge to adjust the rent provided that, due to exceptional circumstances, the rental value of the property is at least 15% lower compared to the applicable rent. The new circumstances shall have a lasting effect justifying the rent adjustment. Such request must be made by the tenant during the last 3 months of the ongoing 3 year period.

Notwithstanding any contractual provision, a judge can grant moderate delays for payment and suspend proceedings. In doing so, the judge shall consider the situation of the parties (a.o. the delays already granted to the debtor) and use this power with great caution (article 1244 of the Belgian Civil Code).

Belgium

Other government measures for corporates

- Companies affected can use the system of temporary unemployment for their employees and the Federal Belgian government has already taken steps to simplify and streamline the application procedure in this respect.
- The Federal Belgian government has adopted a number of support measures for businesses that are facing difficulties directly resulting from the coronavirus spread, including on workforce-related topics. These support measures include:
 - an automatic deferment of wage-withholding taxes by two months;
 - additional payment arrangements for wage-withholding tax debts; and
 - the possibility to request payment by instalments for social security contributions of the first and second quarter of 2020.
- The Federal Belgian government also announced support measures such as lump sum compensatory allowance for retail shops and leisure facilities affected by a complete closure.
- Home owners who are having financial difficulties as a result of the Covid-19 crisis are allowed to postpone mortgage repayments until September 2020. The same postponement is being opened up to companies and the self-employed who have other types of loans to repay. This measure does not apply to consumer credit (*crédit à la consommation*).
- Regional Belgian Governments (Region of Flanders, Region of Brussels Capital and Region of Wallonia) also announced aid measures such as:
 - *In Flanders*: Aid to the tourism sector (€5m);
 - *In Brussels*: (i) Elimination of the city tax for the first half of 2020; (ii) Financial interventions (€20m) in favour of companies affected through the granting of public guarantees on bank loans; (iii) low interests' loans to key suppliers in the hotel and catering sector;
 - *In Wallonia*: (i) €115m to help the health, social and employment sectors; (ii) loans of up to €200k to support corporate cash flow; (iii) spreading of the payment of the water bill for businesses.

Lockdown measures

Until 3 May 2020, the following measures are applicable:

- Closure of all shops selling “non-essential goods”, libraries, playgrounds, indoor gyms, bars, restaurants, clubs and place of worship. As from 20 April 2020, DIY stores and nursery will be open.
- Closure of Universities and schools. Schools provide childcare for children whose parents work in (i) the care sector; (ii) essential public services ; or (iii) have no alternative care options other than with grandparents (regardless of their age). Kindergartens remain open.
- Only permitted to leave home for “essential movements”, such as
 - travelling to and from work, but only where this is absolutely necessary and cannot be done from home;
 - to buy basic necessities (such as food and medicine);
 - to access medical help;
 - provide care to the vulnerable;
 - for outdoor activities, it being understood that meeting in parks and sitting there is not allowed. People can only leave their homes for the duration of their physical activity.
- A 1.5-metre distance should be kept at all times when in public. Wearing a mask is recommended.
- All non-essential travel abroad is prohibited.
- All mass events (eg. festivals) are banned until 31 August 2020.

Belgium content as at 16 April 2020

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Tenant relief measure

Currently Cyprus has not introduced any specific rent relief measures.

However, there is some relief for tenants:

- Any eviction process shall be suspended (and new eviction orders will not be issued) until 31 May 2020.
- The suspension of eviction does not affect the right of the owner to bring legal action against the tenant for the unpaid rents (the tenants remain fully liable to pay the rent during the months of March, April and May).
- The above only applies to premises built before 31 December 1999.
- The suspension of eviction does not apply to tenants who have defaulted payment of rents before 29 February 2020.

Other government measures for corporates

- The anticipated increase in the special contribution for the General Healthcare System (both by employees and employers) is suspended for three months without an impact on the implementation of the second phase of the General Healthcare System. The suspension will apply for the months of April, May and June 2020. For the month of March 2020, the increased contribution rates applied.
- Temporary suspension of the obligation to pay VAT for reasons of business liquidity, without the imposition of any penalties and interest for the periods ending 29 February 2020, 31 March 2020 and 30 April 2020, until 10 November 2020, provided that the relevant VAT returns are submitted within the prescribed deadlines, unless, the activities of the taxpayer fall within certain categories (those categories do not include the real estate industry).
- The requirement to submit income tax returns has been extended until 1 June 2020.

- Any business required to suspend its operations as per the Order issued by the Ministry of Health and the relevant decisions of the Council of Ministers, can fall within the provisions of the Special Plan for the Suspension of Businesses' Operations and of a Special Unemployment Benefit so long as it does not perform any commercial activity (other than the administrative functions required from any entity).
- An additional plan is the Special Plan for the Partial Suspension of Businesses' Operations. A business can participate in the plan so long it has partially suspended its operations, i.e. present a reduction of more than 25% in their turnover in March 2020 and are projecting a corresponding drop in turnover for April 2020, as compared to the corresponding months of the previous year and the decline in turnover is solely due to the state of the business as a result of the COVID-19 Coronavirus Pandemic. In the cases of businesses that were not active during the corresponding period of the previous year, the basis for comparison will be the months immediately preceding March 2020.
- For the period which the Special Unemployment Benefit is payable, the employer is not required to pay the salary of the employees who are recipients of the benefit. In the event the employer has made payment of the salary, the part of the salary relating to the period for which the benefit will be payable can be used as set-off by the employer.
- Businesses the activities of which are directly linked with the activities of businesses under mandatory suspension can also participate in the Special Plan so long as their turnover incurred a reduction of more than 80% in their turnover in March 2020 and are projecting a corresponding drop in turnover for April 2020, as compared to the corresponding months of the previous year and the decline in turnover is solely due to the state of the business as a result of the COVID-19 Coronavirus Pandemic. In the cases of businesses that were not active during the corresponding period of the previous year, the basis for comparison will be the months immediately preceding March 2020.

Other government measures for corporations (cont.)

- For companies who employed up to 9 employees the unemployment subsidies will be available to all employees, including Directors.
- For companies who employed more than 9 employees the unemployment subsidies will cover the 90% of the number of employees. The remaining 10% who will not be able to claim the unemployment subsidies, includes first the directors shareholders, or shareholders holding more than 20% of the shares, general managers and executives who earn salary from the Company. To calculate the number of employees that make up 90% of all employees, the result of the mathematical operation is rounded to the nearest whole number.
- Any borrower is entitled to demand the suspension of payments in relation to their credit facilities which as at 29 February 2020 were not in arrears by more than 30 days (the **“Eligible credit facilities”**).
- Under this measure, a borrower may demand the suspension for each of their Eligible credit facilities on the proviso that the said borrower is now facing financial difficulties as a result of the consequences of the COVID-19 pandemic. The suspension of payments is effective from 30 March 2020 and for the period up to and including 31 December 2020.
- The amounts suspended (principal and interest) will become payable following the end of the suspension period through an appropriate revised repayment schedule rather than immediately.
- At the same time, any actions taken by financial institutions to recover the credit facilities covered by the measure are suspended and non-payment of installments during the suspension period does not constitute a breach of the terms of the contract between the borrower and the financial institution.

Lockdown measures

Work on construction sites shall be terminated, except construction works relating to public utility projects and subject to the relevant permission from the Minister of Transport, Communications and Works until 4 May 2020.

Cyprus content as at 30 April 2020

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Denmark

Tenant relief measure

Currently Denmark has not introduced specific rent relief measures.

Danish law does not in general provide for any rent relief in situations similar to the Covid-19 pandemic.

However, under Danish law, an event qualified as force majeure may under certain circumstances relieve a party of its contractual liability. In general, force majeure is defined as an outside and unpredictable event that makes it impossible for a contracting party to properly fulfil its contractual obligations and which the affected party could not foresee, prevent or overcome. Although, the Danish Courts generally interpret force majeure restrictively, we consider it likely that the Covid19 pandemic will be considered a force majeure event by the Danish Courts. There is, however, currently no case law supporting this.

The main effect of force majeure is exemption from liability, i.e. the party who fails to comply with its contractual obligations as a result of force majeure is not liable to pay damages to the other party. The party claiming force majeure has to prove that it is impossible to fulfil the contract, and that such impossibility is a result of the force majeure event.

We consider it likely that the parties to a rental agreement will be able to claim force majeure due to the Covid-19 pandemic, i.e. that it is impossible to fulfil (all) the parties' obligations under the rental agreement.

The relevant rental agreement may of course also include specific regulation covering a situation like the Covid-19 pandemic, but this is in our experience the exception rather than the rule.

Although, the Covid-19 pandemic may be considered a force majeure event; as a main rule, lack of funds is not considered force majeure (regardless of the reason), and a tenant will generally not be entitled to refuse to pay rent due to the Covid-19 pandemic. The fact that the tenant is obliged to close down its business and not use the premises (due to government orders) does not change this.

It may be considered that the tenant is entitled to terminate the rental agreement for cause due to not being able to use the premises as agreed (due to government orders). But this is highly uncertain, and a termination for cause by the tenant thus imposes a significant risk on the tenant. On the other hand, the landlord will most likely not be able to terminate for cause, due to the tenant (due to government orders) not fulfilling its contractual obligation (if any) to keep its business open.

As appears from the above, the tenant is in general not entitled to refuse to pay rent due to the Covid19 pandemic. Also, the general legal position of the parties to a rental agreement is somewhat unclear. It is thus our clear recommendation that the parties seek to find an amicable solution, such as a reduction or postponement of rent payments during the Covid19 pandemic, as this will in general be in the best interest of both parties.

Denmark

Other government measures for corporations

Some of the main government measures for corporations are:

- The filing deadline for corporate tax returns for FY19 are extended from 30 June 2020 till 1 September 2020. There is also a possibility for the postponement of the annual general meeting and submission of the annual report.
- An economic compensation for fixed costs (including rent costs) can be obtained if the company expects to realize a decrease in turnover of at least 35% because of the Corona Crises and the fixed costs for the period March 9, 2020 – July 8, 2020 amounts to at least DKK 12.500.
- Economic compensation for salary costs can be obtained if it has been necessary for a company to send at least 30% or minimum 50 of its employees on paid leave in the period March 9, 2020 to July 8, 2020 because of the Corona situation.
- The credit period for VAT for larger companies settling VAT on a monthly basis is temporarily extended with one month. This applies for the VAT periods March, April and May, but please note that the VAT period February must still be paid in March. Quarterly reporting companies are allowed - but not obligated - to combine VAT returns for Q1 and Q2 2020 and report/pay VAT no later than 1 September 2020.
- A temporary increase in the amount of credit balance allowed in the tax account has been enacted. This was previously raised from DKK 200k to DKK 10m, but it has now been proposed to allow for an unlimited credit balance. The temporary increase will be available in the period 25 March till 30 November 2020. Deposits on the online tax account are not charged with negative interest. It has further been proposed that the unlimited balance is possible for the period 4 May 2020 - 1 April 2021.
- that the unlimited balance is allowed for the period 4 May
- A company that have access to reimbursements of excise duties on electricity amounting to at least DKK 30,000 per year may obtain a cash flow advantage from having reimbursements of excise duties prior to its VAT payments becoming due. This is a continuous rather than a one-time cash flow benefit.

- Certain SMEs are allowed an extended credit period for special Danish payroll duty for the 2nd and 3rd quarter of the calendar year 2020.
- Certain SMEs may apply for a refund of VAT paid on 2 March or special Danish payroll duty paid on 15 April. Additionally, SMEs can apply for a refund of a quarter of the payroll duty paid in relation to the income year 2019.
- Guarantee to banks, leasing companies, etc. on 70% of new loans and operating credits to companies that have suffered or expect to lose revenue of min. 30%

Lockdown measures

- A distance of about 2 metres between people to be adhered to.
- From 14 March until at least 10 May, the Danish border will be closed to foreign nationals who do not have a 'worthy purpose' for entering Denmark. The Danish government announced on 17 March that everyone entering Denmark should stay at home for 14 days.
- Until at least 10 May, no more than ten people are allowed to gather either outside or inside (public transport, supermarkets, airport and work places exempt).
- The temporary ban on businesses having close in-person contact with clients, such as hairdressers, tattooists, etc., has been lifted as of 20 April 2020.

Denmark content as at 23 April 2020

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Estonia

Tenant relief measure

COVID-19 specific measures

The lessees of shopping centers will receive rent compensation from the Government upto 25% of the initial rent. The compensation will be paid only if the lessor has already decreased the rent, the lessee was ordered to close its premises (shop) due to COVID-19 and the turnover of the lessee's business has decreased by 30%.

Force majeure

In Estonia, as well as in other jurisdictions, *force majeure* can be used to excuse a party of its contractual liability for the duration of the event qualified as *force majeure*. However, the obligation to pay money cannot generally be excused by *force majeure*. Thus, in a situation where an undertaking's activities have been suspended by emergency measures, it does not have the right to refuse to fulfil its financial obligations on grounds of *force majeure*.

Other remedies

- right for application of **rent reductions** if there is an obstacle to the contractual use of the premises. Whether the spread of COVID-19 itself constitutes such obstacle is highly disputable. However, the lockdown measures applied by the government (for example, the mandatory closure of the sport centres) might be considered as such obstacle.
- the right to **cancel the contract** if there exists a good reason. A reason is good if, upon the occurrence thereof, a party who wishes to cancel cannot be presumed to continue performing the contract taking into account all the circumstances and considering the interests of both parties.

- possibility to require the other party to the contract **to amend the contract** in order to restore the original balance of obligations of the parties or, if this is not possible or reasonable, to terminate the contract. Such a right may arise in a situation where, the circumstances under which a contract is entered into change after the entry into the contract and this results in a material change in the balance of the obligations of the parties. Its implementation may be particularly relevant in the case of long-term contracts, such as leases. However, there are several restrictions on the exercise of this right.

These provisions are not mandatory and, therefore, any lease agreement needs to be examined for any deviations from the law.

Other government measures for corporates

No specific measures for corporates or SME's. Economic measures apply to all businesses.

- **Loans and guarantees.** Loan collateral amounting to €1b for bank loans have already been issued in order to allow for repayment schedule adjustments (maximum €600m for the surety collection).
 - Loan guarantees - to offer additional surety for new and existing bank loans.
 - Business loan - a revolving business loan to a company in order to overcome liquidity problems caused by the coronavirus, including, where necessary, the payment of bank loans. The maximum loan amount is €5m per company and the interest rate is approximately 4% per year.
 - Investment loan - loan to the company so it would be possible to take advantages of the business opportunities created by the COVID-19, and other new business opportunities. The maximum loan amount is €5m per company and the interest rate is approximately 4% per year.
- **Employment.** Companies whose turnover and income have fallen sharply and whose employees have no work will be compensated for 70% of employees' gross income for two months from March 2020 to May 2020. Companies must also participate in the compensation themselves.

Other government measures for corporates (cont.)

- **General tax measures.**
 - Suspension of the calculation of interest on tax arrears for the period of emergency with retroactive effect as from 1 March 2020 to 1 May 2020.
 - The tax interest applied on deferred tax payments, where a taxpayer has applied to pay tax liabilities in instalments, can be reduced by up to 100%.
 - Encouraging taxpayers to apply for payment of tax liabilities in instalments. Also, the list of companies owing taxes to the state will not be public available (which otherwise is public information)

Lock down measures

- As of 25 March 2020, social distancing measures have been taken and they remain in force at least until 1 May 2020. In public places (such as outdoor playgrounds and open-air sports facilities, beaches, promenades, hiking and biking trails) and indoor spaces (except at home), people must keep a distance of at least 2 meters from others. Only two people at most can gather in public places. This restriction does not apply to families moving around together and to people in official public functions (i.e. notaries).
- As of 27 March 2020, shopping centres are closed. The only shops that remain open in centres are grocery stores, pharmacies, telecommunication companies' sales representations, bank offices, parcel lockers and shops, that either sell or lease equipment for the disabled and medical devices based on the assistive equipment card or a medical device card. Eateries can only sell take-away food.

- Other stores must follow the principle of people moving only either alone or with one more person, and at least 2 metres of distance must be kept between people. Entrances and exits must be equipped with disinfectants. Shops must guarantee the following of these rules. Restaurants, bars and other entertainment establishments must close at 10pm, except for take-away and delivery of food.
- All educational institutions (excl. kindergartens), cultural institutions and sports facilities have been closed.
- Leisure and entertainment establishments are also closed (for example, bowling, pool, hookah cafes, adult entertainment clubs).
- Border controls in place at the border. The border control is similar to that which there has earlier been on the external land border with the Russian Federation, and because of the state of emergency it applies from 17 March 2020 to the internal border, which is the land border between Estonia and Latvia, the air border, and the sea border with other European Union member states.

Estonia content as at 30 April 2020

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Finland

Tenant relief measure

Currently Finland has not introduced any generally applicable rent relief measures. Individual landlords, including pension funds and municipalities, have introduced rent relief measures.

In the case where premises are fully or partially unusable, Finnish law provides rent reductions up to 100%. However, this provision is not based on mandatory law and its applicability to COVID-19 is unclear. In extraordinary circumstances, it may be possible to modify the terms of a lease agreement by a court ruling. All lease agreements must be assessed case-by-case.

Other government measures for corporations

- The Finnish state has allocated approximately €15b for governmental grants, subsidies and guarantees.
- The Finnish tax authority has launched tax liquidity support measures (e.g. tax payment deferrals).
- Changes to certain insolvency proceedings related to creditor filing rights are being considered.
- To ease lay-offs of employees, mandatory time periods have been shortened and procedures made easier. The provisions apply at least until 30 June 2020.

Lockdown measures

Social distancing measures remain in force at least until 13 May 2020:

- It is recommended to avoid entering public spaces, save for to satisfy the basic needs of daily life.
- A distance of about 2 metres between people to be adhered to.
- People in risk groups and over 70 are to stay at home.

- Construction sites have not been forced to close.
- No forced closures of businesses, apart from public premises and limitations to restaurants.
- Closure of public premises:
 - Kindergartens and elementary schools up to the third grade remain open for children whose parents cannot work from home.
- Restaurants are closed save for takeaways and home deliveries.
- Gyms are closed.
- Gatherings of 10 persons or more are prohibited.

Finland content as at 15 April 2020

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France

Tenant relief measure

Current law as per the civil code

In the case where premises are fully or partially unusable or have been destroyed, French law provides rent reductions or possibly lease termination. However, its applicability to COVID-19 is unclear.

Specific Covid relief.

Such rules have been introduced by the emergency Covid law allowing the French government to implement ordinances to address the Covid situation, the specific ordinance dated 25 March 2020 on the payment of rents and gas and electricity bills.

As per this ordinance certain companies may not incur financial penalties, interest for late payment, or damages, or termination of the lease due to non-payment of rent or rental charges.

The eligibility criteria for these provisions is set by a decree dated 31 March 2020 (as subsequently amended) and are reserved to small companies only. Indeed criteria include notably: (i) start of activity before 1 Feb. 2020, (ii) workforce up to 10 employees, (iii) turnover threshold of max. €1M for the last FY (and or companies having not closed a FY €83k for the period from the incorporation of the company until 29 February 2020), (iv) company must not be controlled by another company within the meaning of French company law, (v) and limited to entities that have been forced to close their premises (lockdown as per next slide) and have lost 50% of turnover compared to 2019 during the lock-up period.

Those pursuing their activity in the context of safeguarding proceedings, receivership or compulsory liquidation within the meaning of French insolvency and bankruptcy law may also benefit from these provisions.

These provisions apply to rents and rental charges for which the due date for payment is between 12 March 2020 and two months after the end of the state of health emergency (the date of cessation of the state of emergency is currently set at 24 May 2020).

Force majeure

Like in many jurisdiction, force majeure can be used to exonerate a party of its contractual liability for the duration of the event qualified as force majeure.

Force majeure is generally defined by the French civil code (article 1218) and case law as an unforeseeable and inevitable event occurring after the conclusion of a contract which renders the performance of the contractual obligations of a party to the contract impossible.

However, the question whether or not, respectively to what extent COVID-19 can be used to adjust, suspend or waive their payment obligations (rent and charges) is being extensively discussed.

Hardship clause

Article 1195 of the French civil code provides that if a change in circumstances which could not have been predicted at the time the contract was entered into renders performance of the contract excessively onerous (including the rent payments) for a contractual party who had not assumed such risk, such party may request its counterparty or the judge to renegotiate the contract.

However this hardship rule has only been introduced in French law in October 2016 and accordingly does not apply to leases entered into before that date, and moreover it only applies if the parties have not waived its application in the lease agreement.

Finally we cannot predict at this stage whether the French judges will consider that it would apply to Covid.

France

Other government measures for corporates

- Companies will benefit from €300bn of state guarantees for their credit, which banks have been encouraged by the ECB to “bridge”.
- Suspension of payments for some taxes have been delayed for three months.
- Those that can show that the consequences are a “direct threat to their survival” will be able to ask for tax rebates this year.
- Provisions deferring the deadline for the payment of employee profit sharing by employers.
- Emergency measures giving more flexibility to employers regarding paid leave of employees.
- Extended short time working measures.
- In the event of short time working, the employer remains obliged to compensate his employees for at least 70% of their gross remuneration (i.e. approximately 84% of the net salary). The allowance granted to the employer is increased in order to reduce the amounts left at his expense.
 - Currently, the partial activity allowance is a flat-rate hourly amount, the amount of which depends on the number of employees in the company concerned (€7.74/hour per employee for companies with fewer than 250 employees, €7.23 for companies with more than 250 employees). From now on, this allowance will be equal to 70% of the gross hourly wage for each employee concerned, up to a limit of 4.5 times the hourly rate of the SMIC, with a minimum of €8.03.
 - These new rules are applicable, retroactively, to all compensation claims made by employers for hours worked since 1 March 2020.
- Supplementary pension contributions (“Agirc-Arrco”) due on 25 March 2020 by all companies, whatever their size, can also be deferred.
- Support for the treatment of conflicts with customers or suppliers by the Business Mediator.
- Recognition by the State of Coronavirus as a case of “force majeure” for its public contracts. Consequently, for all State public contracts, the delay penalties will not be applied.
- Restriction to the payment of dividends for large companies having benefited from Covid emergency measures.
- Extension of time period to approve FY accounts (corporate law changes) etc increased flexibility to hold companies corporate meeting (via video conference, etc.)

France

Lockdown measures

Until 15 April 2020 any movement of persons away from their homes shall be prohibited except for the following reasons, avoiding any gathering of persons:

- Journeys between the home and the place(s) of exercise of the professional activity and professional journeys that cannot be postponed;
- Trips to make purchases of supplies necessary for the professional activity and purchases of basic necessities in establishments whose activities remain authorized by Article 8 of this decree;
- Travel for health reasons, with the exception of consultations and care that can be provided at a distance and, except for patients suffering from a long-term illness, those that can be postponed;
- Travel for compelling family reasons, for the assistance of vulnerable persons and for the care of children;
- Short journeys, within the limit of one hour per day and within a maximum radius of one kilometre around the home, related either to the individual physical activity of the persons, excluding any collective sporting practice and any proximity with other persons, or to walking with only the persons grouped together in the same home, or for the needs of pets;
- Travel resulting from an obligation to report to the national police or gendarmerie services or to any other service or professional, imposed by the administrative police authority or the judicial authority;
- Travel resulting from a summons issued by an administrative court or judicial authority;

- Travel for the sole purpose of participating in missions of general interest at the request of the administrative authority and under the conditions it specifies.
 - Persons wishing to benefit from one of these exceptions must, when travelling away from their home, carry a document enabling them to justify that the journey in question falls within the scope of one of these exceptions.
 - The State representative in the department is empowered to adopt more restrictive measures in respect of the travel and movement of persons when local circumstances so require.

France content as at 17 April 2020

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Germany

Tenant relief measure

Currently Germany has not introduced any specific rent relief measures.

German Government has introduced blocks on termination in tenancy law due to COVID 19 Mitigation Act from 27 March 2020, in force since 01 April 2020:

- Termination of leases for payment default in the period from April 2020 to June 2020 is excluded for residential and commercial leases where the non-payment is due to the COVID 19 pandemic, but the tenant will have to evidence (glaubhaft machen) the connection. This period may be extended by statutory order until the end of September 2020.
- The regulation is initially applicable until the end of June 2022. This will give tenants some two years to make up for rent arrears.
- The only relief for tenants is the exclusion of the statutory special right of termination for payment default. The Act does not provide whether the tenant's payment obligation – e.g. due to closure orders – is reduced because of property defects or under the principles of clausula rebus sic stantibus. Mutual agreements by the parties therefore is recommendable.
- In view of the considerable encroachments on landlord's rights – likely affecting the ownership guarantee under Art. 14 of the German Constitution – it will be essential how they are embedded into the planned public support measures.
- Publication of COVID-19 Code of Conduct on 06 April 2020: Rules of conduct between landlords and tenants of retail properties for the duration of the Covid 19 pandemic and the subsequent restart phase; a total of ten recommendations for action to which both parties can commit themselves.

Other government measures for corporates

• Financing package:

- Extension of risk cover for existing KfW loan programmes (“Unternehmerkredit” and “Wachstumskredit” programmes) from 50% to 80%;

- KfW Special Programmes 2020 with up to 90% risk cover for fronting banks, either (i) by way of refinancing fronting banks (up to €1b amount and 50% of debt) or (ii) as part of a syndicate;
- Various guarantee programmes by German support banks (Bürgschaftsbanken), federal states and the Federal government (depending on size);
- Umbrella programme “Economic Stabilisation Fund” (Wirtschaftsstabilisierungsfonds) similar to instruments in 2008 financial crisis
- €400m guarantee fund, €100m fund for acquisition of debt securities or equity, €100m back-up for KfW - aiming at larger enterprises and key industries.
- **Modification of insolvency law:**
 - Suspension of filing obligations (initially) until 30 Sept 2020, unless not Corona-caused or no prospect of removal of inability to pay;
 - Suspension of creditor filing rights, unless insolvency was prevalent before 1 March 2020
 - Limitation of liability for payments and new credit financing/collateralisation, rank lift-up for new shareholder loans.
- **Extension of possibilities to apply for short worker subsidies** (Kurzarbeitergeld).
- **Tax liquidity support measures** (such as deferrals of tax payments etc.).

Germany

Lockdown measures

- Comprehensive closure of retail and service businesses has now been suspended; retail businesses up to 800m² may reopen; this also applies in some federal states for shopping centres, department stores or outlet centres.
- Limitation up to 800m² does not apply to booksellers, car and bicycle dealers.
- Reopening of hairdressers, subject to strict infection control and hygiene requirements, is likely from 04 May 2020.
- Closure of all playgrounds, outdoor gyms, bars, restaurants, clubs and places of worship.
- The respective health and safety requirements (operator responsibility) vary significantly between the federal states.

Social distancing rules (applying at least until 10 May 2020):

- Public gatherings of more than two people will be banned. There will be exceptions for families and those living together;
- General contact with others should be reduced to a minimum;
- A 1.5-meter distance should be kept at all times when in public;
- Gastronomy businesses must close. Businesses offering food delivery and collection will be allowed to remain open; in some federal states canteens may reopen, subject to differing health and safety requirements;
- Service providers such as cosmetic, massage and tattoo studios where a 2-meter distance between people is not possible must also close. Businesses and centres offering medical treatments may remain open;
- Police and other law enforcement agencies will enforce any infractions of the new rules — Merkel did not state what the punishment would be for anyone not abiding by the new measures;
- Hygiene regulations must be implemented for staff in the workplace, or for visitors;
- Commuting to work, helping others and exercising alone outside will still be permissible, as long as the activities are carried out in abidance with the guidelines;

- Obligation to wear face masks in public areas and retail businesses in all federal states, in force since 27 April 2020 (at the latest);
- In addition some federal states like Bavaria have implemented statewide lockdowns.

We recommend to real estate owners with public access as well as tenants to enforce the hygiene regulations, in particular the obligation to wear face masks within their premises to avoid penalties and damage claims.

Court Decisions

COVID-19 related Administrative Courts (Verwaltungsgericht) decisions

Some retailers with retail stores exceeding the limitation of 800m² have taken legal action against this restriction with partly contradictory court decisions of the respective Administrative Courts of the relevant federal state, e.g.:

- OVG Hamburg, Order of 30 April 2020 – 5 Bs 64/20 (Sport Scheck): The limitation of the sales area of retail stores to 800m² is still valid. The court argues, among other things, that the legislator has a wide scope of decision with regard to the required measures when assessing complex hazard situations. The decision is unappealable.
- OVG NRW, Order of 29 April 2020 – 13 B 512/20.NE (Galeria Karstadt Kaufhof GmbH): Limitation of the sales area of retail stores to 800m² still applies. The sales area is likely to be a criterion which could justify a different treatment of individual retail stores in view of their relevance for the further occurrence of infections. The decision is unappealable.
- VGH Bayern, Order of 27 April 2020 – 20 NE 20.793: Due to the unequal treatment in comparison to smaller stores, the sales area regulation is to be seen as a violation of the principle of equality of the German constitution; however, the court did not repeal the regulation, but only questioned its compatibility with the German constitution. The questions was brought to the Federal Constitutional Court which denied it (see below).

Germany

Court decisions

Additionally, the obligation to wear masks in public areas and retail businesses was already subject to court decisions of some Administrative Courts, e.g.:

- VG Hamburg, Order of 28 April 2020 – 10 E 1784/20: Obligation to wear a mouth-nose cover does not constitute the general right of personality under the German constitution. The complainant citizens may appeal against the decision to the Higher Administrative Court.
- VG Mainz, Order of 28 April 2020 – 1 L 276/20.MZ: Obligation to wear a "mouth and nose cover" is currently considered justified in view of the constitutional rights of each individual.

COVID-19 related court decisions of the Federal Constitutional Court (Bundesverfassungsgericht)

Some statutory and official COVID-19 related measures were subject to court decisions of the Federal Constitutional Court, e.g.:

- Rejection of the application for a preliminary injunction suspending the Bavarian Ordinance concerning Coronavirus-Related Measures of Infection Prevention and Temporary Restrictions on Leaving One's Home (Order of 07 April 2020 – 1 BvR 755/20);
- No admission for decision of a constitutional complaint against a new rule that limits the grounds on which landlords can terminate rental contracts, which was introduced in the context of amended provisions on the COVID-19 pandemic, as the constitutional complaint did not meet the statutory requirement to provide sufficient reasons (1 BvR 714/20);
- Partially grant of an application for a temporary injunction against decisions of the Giessen Administrative Court and the Hessian Administrative Court in proceedings for interim relief against a prohibition of assembly and restored the suspensive effect of the complainant's appeal against the order of the City of Giessen (Order of 15 April 2020 – 1 BvR 828/20);

- Rejection of the application for a preliminary injunction suspending the Bavarian Ordinance concerning the limitation of the sales area of retail stores to 800m² or alternatively to interpret the relevant provision to the extent that the sales area can also be limited artificially (by means of barriers) to 800m² (Order of 29 April 2020 – 1 BvQ 47/20).

Germany content as at 30 April 2020

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Ireland

Tenant relief measure

Currently Ireland has not introduced any generally applicable rent relief measures.

The Health (Preservation and Protection and other Emergency Measures in the Public Interest) Act 2020 (the “Act”) was signed into law on Friday 20 March 2020. The Act sets out a non-exhaustive list of measures that the Minister for Health may introduce, including: a requirement that owners or occupiers of premises put safeguards in place in order to prevent, limit, minimise or slow the risk of infection, this could include a temporary closure.

The Emergency Measures in the Public Interest (Covid-19) Act 20 enacted on 27 March 2020 puts government measures to assist tenants of residential property on a statutory footing. The Act prevents the termination of residential tenancies and rent increases for an initial period of 3 months. In addition, Government will provide rent support for residential tenants struggling with rent payments due to COVID 19.

These provisions do not act as a ‘rent holiday’, and the tenants will still be liable for any unpaid rent.

A late amendment to the legislation has created uncertainty for landlords and tenants of commercial property around the ability of commercial landlords to terminate leases of commercial property. It is not clear whether the intention of the Act was to only impact residential tenancies rather than commercial tenancies as well.

The measures may be extended subject to government determination.

Other government measures for corporations

- **Working Capital Scheme:** A new €450m SBCI COVID-19 Working Capital Scheme for eligible businesses supports loans from €25,000 up to €1.5m (first €500,000 unsecured) with a maximum interest rate of 4%.
- **Credit Guarantee Scheme:** The purpose of the SME Credit Guarantee Scheme is to encourage additional lending to SMEs by offering a partial Government guarantee (currently 80%) to banks against losses on qualifying loans to eligible SMEs.

- **COVID-19 Online Retail Scheme:** A new COVID-19 Online Retail Scheme will be open to retailers employing over 10 people. The total fund size will be up to €2m under this scheme.
- **COVID-19 Business Loans:** Microenterprises can access COVID-19 Business Loans of up to €50,000 from Microfinance Ireland.
- **Business Continuity Voucher:** The Local Enterprise Office Business Continuity Voucher is designed for businesses across every sector that employ up to 50 people. The voucher is worth up to €2,500 in third party consultancy costs.
- **Commercial rates deferral:** The government has agreed support for businesses impacted by COVID-19 through commercial rates deferral currently until the end of May 2020.
- **Sustaining Enterprise Fund:** An EU approved €180m Sustaining Enterprise Fund in line with EU state aid rules, has been established to provide financial support to Irish companies affected by the coronavirus outbreak.
- **COVID-19 Wage Subsidy Scheme:** The COVID-19 Wage Subsidy Scheme enables employees, whose employers are affected by the pandemic, to receive significant supports directly from their employer through the payroll system.
- **Pandemic Unemployment Payment:** The Pandemic Unemployment Payment is a payment of €350 per week. It is available to all employees and the self-employed who have lost their job due to the COVID-19 pandemic.
- **Payment holidays:** Banks, retail credit and credit servicing firms and other financial intermediaries have introduced three-month payment breaks on mortgages, and personal and business loans for those affected by COVID-19.

Ireland

Other government measures for corporations (cont.)

Central Bank: The Central Bank has reduced the Countercyclical Capital Buffer from 1% to 0% to enable banks to use capital that they would otherwise have been required to put on hold in order to provide credit and facilitate loan restructurings and extensions for individuals and SME customers.

Tax

- Suspension of interest on the late payment of tax for VAT and PAYE.
- Current tax clearance status will remain in place over the coming months.
- Filing deadlines and notification periods are extended in respect of certain payroll obligations.
- All debt enforcement activity is suspended until further notice.
- Businesses can apply for a phased payment arrangement in respect of tax payments.
- No Benefit in Kind (BIK) will apply to travel expenses and the provision of equipment to employees to facilitate home working during the COVID-19 period.
- In determining corporate tax residence status - the presence of an individual in Ireland or another jurisdiction due to COVID-19 travel restrictions, will be disregarded by Revenue for a company in relation to which the individual is an employee, director, service provider or agent.
- Deduction date for stamp duty and credit cards extended to 1 July 2020.
- Deduction date for Local Property Tax (LPT) extended to 21 May 2020 for property owners paying by direct debit.

Lockdown measures

Lockdown measures which were introduced on 27 March 2020 and initially in place until 12 April 2020, have since been extended to 5 May 2020. Everyone must stay at home except in the following circumstances:

- to travel to and from work where the work is considered an essential health, social care or other essential service and cannot be done from home;
- to buy food and household goods for yourself, your family or someone who is vulnerable or 'cocooning';
- to attend medical appointments or collect medicines;
- for vital family reasons including caring for children, elderly or vulnerable people but excluding social family visits;
- to take brief individual personal exercise within 2km of your own home and adhere to two-metre physical distancing; and
- for farming purposes that is food production or care of animals.

Ireland content as at 17 April 2020

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Tenant relief measure

Art. 65 Law Decree no. 18 of 17 March 2020 ("**Cura Italia Law Decree**") provides for a tax credit equal to 60% of the rent for March 2020 (subject to possible further extension for the following months) for buildings falling under the Italian cadastral category C1 (i.e. shops and boutiques.). Please note that the application of the benefit needs to be verified on a case by case basis.

Moreover, **Art. 95** of the **Cura Italia Law Decree** provides, to the benefit of national sports federations or other sports clubs, companies or associations with registered office or fiscal domicile or operating headquarters in the Italian territory and which have public sports facilities under concession or lease agreement, the suspension of the payment of the rent for such sports facilities until 31 May 2020. The rents will be paid by 30 June 2020 (with the option of paying in five instalments).

Other government measures for corporates

Below is an outline of the major financial measures introduced by the *Cura Italia* Law Decree aimed at preserving a company's' liquidity, (application of each needs to be verified on a case by case basis):

- deferment of payment of VAT, withholding tax on the worker's incomes and related social security contributions;
- benefits related to bank credit facilities (e.g., inter alia, suspension of the revocation of the credit facilities; extension of loan contracts and suspension of payment of instalments for mortgage, loans of any kind and leasing fees);
- granting of ordinary pay supplement treatment or access to ordinary allowance for a maximum duration of nine weeks and in any case by August 2020 for workers who suspend or reduce their work activity due to COVID-19 epidemic;
- tax credit for the costs of workplace sanitation.

Moreover, Art. 28 of Law Decree no. 9 of 2 March 2020, introduced specific provisions for the reimbursement of travel tickets purchased through travel agencies or for the withdrawal from travel agreements (with the subsequent reimbursement or issuance of travel vouchers).

With the Law Decree no. 23 dated 8 April 2020 (so-called "Liquidità Decree"), the Italian Government adopted a series of measures aimed at supporting Italian companies and ensuring them the necessary liquidity to face the current emergency scenario. In particular:

- the *Liquidità Decree* contains urgent provisions, *inter alia*, related to access to credit; incentives to export, internationalization and investments; tax obligations (e.g. the suspension of the expiry terms of the notes and debt securities); special governative powers in strategic sectors; measures in the field of health and work; and extension of some administrative and procedural deadlines.
- With particular reference to loans, the *Liquidità Decree*:
 - provides the opportunity, for large companies based in Italy, to apply for loans secured by a public guarantee, to be allocated to support personnel costs, investment activities or increase the working capital aimed at supporting the production facilities and the business activities located in Italy;
 - extends the access to loans or other financing measures also to small and medium-sized enterprises with up to 499 employees;
 - confirms the provision of special loans for real estate investment operations in the tourism and hotel sectors and in real estate activities, with a minimum duration of 10 years and an amount greater than €500,000, with the possibility of cumulation with other forms of guarantee, including mortgages.

Italy

Lockdown measures

The **Italian Lockdown Decree** shall be effective until 3 April 2020 (please note that the lockdown measures have been further extended; on this regard, refer to the following slide).

- Closure of all industrial and commercial activities, except for those activities listed in Annex 1 of the Decree (see below). However, the activities which would be closed pursuant to the Italian Lockdown Decree may continue if organised through smart-working procedures.
- Closure of museums, other cultural institutes, schools, universities and other educational services (already disposed by previous Decrees).
- The following activities are still allowed:
 - public utilities and essential services;
 - production, transport, marketing and delivery of pharmaceuticals, health and medical-surgical devices;
 - production, transport, marketing and delivery of agricultural and food products;
 - other activities functional to the health emergency;
 - aerospace and defence industry;
 - strategic activities for the national economy (prior authorization of the competent authority);
 - industrial and commercial activities listed in Annex 1 of the Decree (e.g., inter alia, food industry, working clothes manufacturing, chemicals and pharmaceutical products, gas and electricity supply, maintenance and repair of vehicles or electronic devices, wholesale trade in food and beverages products, wholesale trade in books and magazines, postal services, public transport, hotels, information and communication services, financial and insurance activities, legal and accounting services, scientific research, cleaning activities, call centre, health care, social welfare services); activities functional at ensuring the continuity of the supply chains of the allowed activities listed above (prior notification to the competent authority).

- The Italian Lockdown Decree allows production plants, which could suffer serious damage due to the suspension, to continue their activities upon notification to the competent authority.
- As regard personal measures, people are forbidden to move to a municipality other than the one in which they are currently located, neither by public nor private transport, except for (i) urgent work reasons; or (ii) health reasons.

These lockdown provisions have been extended further:

- **On 1 April 2020** the Italian Government issued a new decree pursuant to which the lockdown measures have been extended up to 13 April, 2020 (open to further extensions depending on the evolution of the current health emergency). With the same decree the Italian Government has suspended all sporting events and competitions concerning any kind of discipline, both public and private, and any training session, both at a professional and non-professional level, within whatsoever sports facility
- **On 10 April 2020** (with a new Prime Ministerial Decree) the lockdown is extended from 14 April 2020 up to **3 May 2020**, with minor exceptions (e.g. the allowing the reopening of paper shops, bookshops and clothing stores for children and babies and some other production activities related to the wood industry). In addition, the Italian Government set up an experts' working group aimed at drafting and developing all the measures required for a gradual reopening, including the identification of new organizational models to contain and prevent the health emergency.
- **On 26 April 2020** the Italian Government issued a new Prime Ministerial Decree (DPCM) introducing the so-called **Phase 2**.

The DPCM contains several provisions aimed at promoting the restarting of certain industry sectors, which will be in force **from 4 May to 17 May 2020**.

In particular, the DPCM amended the list of the permitted activities, allowing the reopening of certain industries of the manufacturing and construction sectors (e.g. manufacture of motor vehicles, furniture construction, etc.).

Italy

Lockdown measures (cont.)

Industries and companies which will be allowed to restart from 4 May 2020 must comply with the safety measures imposed by the Italian Government and aimed at containing the spread of the COVID-19 epidemic.

In particular, several Official Protocols have been drafted and attached to the DPCM, containing the guidelines regarding the major security measures that companies will have to adopt in order to reopen:

- (i) a Protocol for safety in the workplace, addressed to companies and professional offices;
- (ii) a Protocol for safety on construction sites; and
- (iii) several Protocols for the transport and logistics sector.

In addition, other technical documents have been drafted, aimed at classifying the risk of contagion in the various industries sectors.

Such technical documents classify the risk of contagion according to 3 variables:

1. **exposure** (which refers to the probability of coming into contact with sources of contagion during the work);
2. **proximity** (which assesses whether the work allows or not the distance between people);
3. **aggregation** (concerning potential contact with other people. This risk index is very high, for example, for the hotel sector).

The higher is the risk the stricter will be the measures to be adopted by the company, in order to organize the activity, prevent the spread of the COVID-19 epidemic and ensure the safety of the workers.

Failure to implement the above-mentioned Official Protocols shall result in the suspension of the activity until safety conditions are restored.

In addition, the DPCM slightly reduces some of the personal restrictions for individuals, allowing movements between different municipalities, but not between different regions (save for proven work or health reasons) .

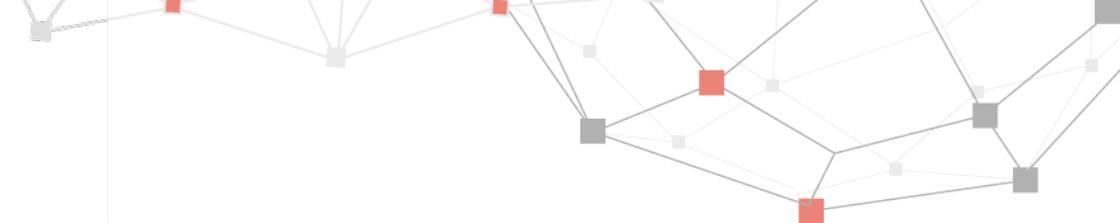
Please note that Italian law framework is constantly changing according to the development of the COVID-19 pandemic.

Italy content as at 1 May 2020

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Luxembourg



Tenant relief measure

Currently Luxembourg has not introduced any specific rent relief measures.

Current law as per the civil code

In the case where premises are fully or partially unusable or have been destroyed, Luxembourg law provides rent reductions or possibly lease termination. This provision is by extension applicable to the commercial lease and some precedents confirm the possibility to reduce the rent.

However, its applicability to COVID-19 is unclear and especially the point to know if the administrative closure of the premises can constitute a “partial legal destruction” of the premises.

Specific Covid relief.

Two draft bills are currently being considered by Luxembourg parliament:

- On transitory dispositions for the rental agreements with regard to the sanitary crisis;
- On the suspension of the rents of the commercial and for a professional use leases during all the state of crisis.

However their adoption is hypothetical and since the texts of the bills are not available as of today.

Force majeure

Like in many jurisdiction, force majeure can be used to exonerate a party of its contractual liability.

Force majeure is a concept included in the Luxembourg civil code (article 1148) and the case law defines it as an unforeseeable and inevitable event occurring after the conclusion of a contract which renders the performance of the contractual obligations of a party to the contract impossible. But in Luxembourg the question of the force majeure being temporary is discussed and it is a case by case approach.

Also the fact that the rent is a monetary obligation can be a barrier to the force majeure because of the adage *genera non pereunt*. The tenant may however invoke the risk theory and the impossibility for the landlord to fulfil the obligations of the lease contract.

In addition, the question whether or not, respectively to what extent COVID-19 can be used to adjust, suspend or waive their payment obligations (rent and charges) is being extensively discussed.

Hardship clause

The Luxembourg civil code does not include any provision about the hardship clause in the contract.

However, even if this concept has been rejected by the case law for a long time, some recent precedents considered the criteria of the hardship (without recognizing it). Indeed, to verify the possibility of an hardship the judges required at least a contract with reciprocal obligations and that an economic modification which could not have been predicted at the time the contract was entered into by the parties. The modifications must be significant enough to justify the modification of the contract by a judge.

Moreover, before this the tenant may try to renegotiate the contract with the landlord by using the obligation to execute the contract in good faith.

Finally it is impossible to draw conclusions now on the question of whether the Luxembourg judges would consider that the hardship clause would apply to Covid.

Other specific measure

Suspension of the forced execution of evictions ordered for residential leases as well as those ordered for commercial leases.

Luxembourg

Other government measures for corporates

The Luxembourg government has decided to take exceptional measures to support companies in particular:

Social measures

- Regime of short-time work (“*chômage partiel*”) due to a situation of force majeure, has been made easier and adapted subject however to committing not to make employees redundant.
- Extensions of conditions and payment of an advance on extraordinary family leave to take care of children.
- Creation of a family support leave to provide care for an adult who is disabled or elderly, following the closure of a day-care centre or a training or work structure.
- Temporary derogations to the provisions governing work disability of employees notably any day shall be fully covered by the National Health Fund from 1st April 2020.
- Derogation to working hours and possibility to refuse/cancel holidays in essential sectors of activity.
- Probation period applicable to permanent, fixed-term, apprenticeship or assignment contract is automatically suspended for certain companies.
- Suspension of deadlines for negotiating a social plan.
- Increased flexibility in the payment of social security contributions.

Corporate Governance

- Measures regarding the holding of meetings in companies and other legal entities (remotely or written resolutions) without impact on the substance.
- Specific measures regarding the timing for approval and filing of financial statements.

Financial Sector

- Bill of law extending certain deadlines provided for in the sectorial laws of the financial sector during the state of crisis.
- The regulator (CSSF) has also allowed certain extensions regarding certain regulatory reporting.

Tax

- Postponement of the filing date for tax returns to 30 June 2020.
- All judicial deadlines have been suspended as from 26 March 2020, except in very limited cases.
- **Income Tax:**
 - Cancellation of tax advances normally due in relation to the first and second quarters of 2020.
 - 4 month deferred payment of corporate income tax, municipal business tax and net wealth tax abilities due.
- **VAT:**
 - No fines will be levied for late filing of VAT returns.
 - authorities will automatically and speed up pay back all VAT credit balances below €10,000
- **Personal Tax**
 - Amended taxation of telework for Belgian, French and German cross-border commuters.
- **Other direct or indirect financial measures**
 - Suspension of the obligation to make an admission of cessation of payments leading to bankruptcy.
 - State grant financial aid of up to €500,000 in the form of a repayable advance to cover operating costs.
 - Moratorium on loan repayments by certain banks to better cope with cash-flow difficulties.
 - Suspend principal repayment at 31 March 2020 and 30 June 2020 maturities for direct and indirect loans granted by public bank.
 - Anti-crisis financing covering the financial needs in the context of the current crisis through indirect loans ranging between €12,500 and €16.6 million collectively by private and public banks.
 - State-backed guarantee facility for new bank loans for up to a maximum of 6 years.

Luxembourg

Lockdown measures

The Grand Ducal Regulation of 18 March 2020 introduced a series of measures in the context of the fight against COVID-19. As a consequence, the state of crisis has been declared on the national territory, in accordance with article 32(4) of the Constitution.

The following measures are applicable:

- Individuals are only permitted to leave home for “essential movements”, such as:
 - buying food, pharmaceutical products, and items of absolutely necessity,
 - travelling to a health center,
 - travelling to the workplace to carry out professional or commercial activities,
 - assisting and providing care for the elderly, minors, or dependent, disabled, and particularly vulnerable people,
 - travelling to a bank or insurance company, or to postal services in an emergency,
 - because of *force majeure* or necessity.
 - As a general rule, the gathering of people on public roads is not permitted. Individuals may pursue outdoor leisure activities as long as they remain alone. Otherwise, they must respect the requirement of a distance of two meters between people.
 - As of 20 April 2020, face masks have to be worn in all spaces where the mandatory two meters physical distance cannot be respected. This for instance includes supermarkets, other stores, and public transport.
 - All commercial activities (including shops in shopping malls) and in the service and craft sector (including driving schools, beauty salons, hairdressers) normally accessible to the public remain closed. Playgrounds are closed. As per the last announcement, construction companies will however be able to resume work as of 20 April 2020 in the framework of a first phase of normalization. Schools will partially and gradually reopen between 4 and 25 May 2020.
- Activities essential to protecting the vital interests of the population and the country are maintained. These include the following sectors and activities:
 - public services necessary for the proper functioning of the State and public authorities,
 - the production and distribution of energy and oil products;
 - the health sector, including hospital activities and medical analysis laboratories;
 - the food sector;
 - water distribution;
 - collection and processing of waste water;
 - removal and management of waste;
 - public transport;
 - postal and telecom services;
 - surveillance, security, cash transport and cleaning services
 - those activities essential to the functioning of the financial, insurance and reinsurance sector;
 - systems for currency exchange, payments, and the settlement of financial transactions.

Luxembourg content as at 16 April 2020

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Netherlands

Tenant Relief measure

Rent relief: Currently the Netherlands has not introduced any specific rent relief measures.

Some arrangements have been made after negotiations between sector organisations and retailers, but these are only applicable between those parties. These measures include:

- quarterly rents are converted into monthly rents;
- if necessary, retailers will be allowed postponement of payment from 1 April 2020 until 20 April 2020;
- rental invoices will not be collected until 20 April 2020;
- no fines or interests will be charged in case of postponement of payments; and
- retailers do not have to comply with the obligation to operate.

Retailers without a substantial drop in turnover (at least 25%) are not entitled to these measures.

Contractual provisions: Under Dutch law the (contractual) terms and conditions agreed by parties are decisive (as far as these do not conflict with mandatory law). In the Netherlands most commercial lease agreements are based on templates established by the Dutch Real Estate Council ("**ROZ**") and the applicable general terms and conditions ("**GT&C**"). Under these GT&C a tenant is not allowed to suspend its payment obligations. In general, reduction of rent can only be claimed in the event of a defect to the leased space. Even in the event a defect occurs, the commonly applicable GT&C rules out any claim based on a defect, unless the defect is attributable to the landlord.

Please note that this is based on the "standard" ROZ lease agreements and GT&C, but parties may agree otherwise in the lease agreement.

Legal concepts: Dutch law, also provides for some legal concepts like (i) force majeure, (ii) unforeseen circumstances and (iii) the standards of reasonableness and fairness, which may be used as a remedy (provided that the criteria are met).

Force majeure indicates a non-attributable impossibility to fulfil a contractual obligation. Generally, if a party (such as a tenant) would fail to perform its contractual obligations, that party may (i) be obliged to perform its obligations under the agreement anyway and (ii) may also be obliged to compensate the counterparty's loss(es). In case the failure to perform is not attributable to that party, there may be a situation of force majeure (if so, the party invoking force majeure cannot be obliged to perform and will not be liable for losses of the other party).

Unforeseen circumstances are circumstances that occur after the commencement of an agreement, which circumstances were not included in the agreement. At the request of a party the court can amend the agreement or (wholly or partly) dissolve the agreement if the unforeseen circumstances are of such a nature that the other party may (taking into account the reasonableness and fairness) not expect unchanged continuation of the agreement. The court will not amend or dissolve an agreement in the case where the unforeseen circumstances where a risk remains, and instead account of the party that requested amendment or dissolution.

The standards of reasonableness and fairness is a concept which stipulates that a rule - such as a clause in a contract - is not applicable insofar this, given the circumstances, would be unacceptable to standards of reasonableness and fairness. Furthermore, an agreement does not only have the legal effects which parties agreed upon, but also those which arise from law, usage (common practice) or the standards of reasonableness and fairness.

Since the current circumstances, as a result of COVID-19, are extraordinary and unprecedented, it is unsure how judges/courts will decide in such cases. Given this uncertainty, many landlords and tenants are discussing with each other in order to see whether they can reach a workable solution. There are, however, increasing signs from the market (i) that the financial consequences as a result of COVID-19 should be shared as much as possible between parties and (ii) that the government should take measures (for example rent relief measures).

Netherlands

Other government measures for corporates

- **Expansion Guarantee SME (GSME):** To enable entrepreneurs to pay their bills (on time) and avoid payment arrears, entrepreneurs can borrow money on more favourable terms from their bank (up to a maximum of one and a half million euro). The State is the guarantor of this loan.
- **Extension Business Finance Guarantee Scheme (“GO”):** In order to provide large companies - and not just small/medium-sized enterprises - rapid access to loans and guarantees, they can make use of the GO scheme. In this way, the State provides a 50% guarantee on bank loans/guarantees, enabling the company to receive the necessary loan/guarantee on more favourable terms. This applies to facilities from one and a half million euro up to a maximum of fifty million euro per guarantee.
- **Interest discount for small entrepreneurs Qredits (microcredits):** In order to give small and starting entrepreneurs access to financing as well, the government has relaxed the Qredits scheme. Repayments have been postponed and the interest rate has been reduced to two percent.
- **Temporary guarantee for agricultural businesses:** In relation to possible liquidity problems in the agricultural sector, the government initiated a temporary guarantee for working capital under the scheme Guarantee SME-agricultural credit (“BL”) guarantor for credit of agricultural entrepreneurs.
- **Wage cost subsidies & fiscal measures:** In addition to the above measures, the government has also made facilities available so that entrepreneurs can receive a wage cost subsidy or a tax payment deferral.
- **Compensation scheme for affected sectors:** An emergency counter will be set up for sectors that have been severely affected by government measures to combat the coronavirus and which, as a result, see their turnover disappear entirely or to a large extent. This is the case for businesses in hospitality, travel, events and some parts of the cultural sector. Companies in these sectors will receive compensation in the form of a one-off lump sum of four thousand euros. The compensation is currently being devised and urgently submitted to the European Commission for (lawful) State aid assessment.

Lockdown measures

Below is an overview of the lockdown measures that are currently in force in the Netherlands. For now, all measures apply until 28 April 2020. The only exception is that events that require a permit are banned until 1 June 2020.

- General contact with others should be reduced to a minimum by staying home as much as possible. Public gatherings of three or more people will be banned, with exceptions for families and those living together. At home, the number of visitors is limited to three and sufficient distance (1.5 meter / 4.9 feet) should be kept.
- A 1.5-meter distance should be kept at all times when in public.
- Events and gatherings for which organizers would normally be required to apply for a permit or notify the authorities are banned until 1 June 2020. All other gatherings are banned until 28 April 2020, with a small number of exceptions, being (i) funerals and marriage ceremonies (max. 30 people)*, (ii) religious or ideological gatherings (max. 30 people)*, (iii) gatherings that are required by law, such as municipal council meetings and meetings of the States-General (max. 100 people)*; and (iv) gatherings that are necessary to ensure the continued daily operations of institutions, businesses and other organizations (max. 100 people)*.
**The gatherings listed above can only take place if all recommended hygiene measures to combat the spread of coronavirus are taken and participants stay 1.5 meters away from one another.*
- All public places (such as casinos, museums, concert halls, theatres, bars, cafés, restaurants, coffee shops, saunas, sex clubs and sports clubs) are closed until 28 April 2020. Meal delivery and takeaway services may remain open.

Netherlands

Lockdown measures (cont.)

- Personal care professionals and other contact-based roles, who cannot keep 1.5-meter distance from their clients, cannot execute their profession until 28 April 2020. This includes masseurs, hairdressers, nail stylists, escorts and driving instructors. An exception has been made for those providing treatment in medical or paramedical roles, but only if there is a specific medical reason and the hygiene measures are followed.
- Shops that cannot guarantee their clients and staff that they can keep 1.5-meter distance from each other, are closed until 28 April 2020.
- Primary and secondary schools, schools for secondary vocational education and childcare centres are closed until 28 April 2020. Universities and institutions of higher professional education (HBO) shall also remain closed until 28 April 2020. Educational institutions are requested to offer online lectures instead of large-scale lectures.
- People in so-called 'vital professions' may still go to work. Special arrangements are made for the schooling and day-care needs of the children of people in so-called 'crucial professions'.
- Mayors can take measures (based on local emergency legislation) and fines can be imposed in order to enforce measures.
- Lastly, as of 19 March 2020, there are travel restrictions in place for travel into the Netherlands. The restrictions apply to all non-EEA travellers without valid residence permits or visa, and will be in place for at least thirty (30) days.

Netherlands content as at 06 April 2020

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Norway

Tenant relief measures

Currently Norway has not introduced any specific rent relief measures.

However, the government has proposed to establish a cash benefit scheme. The government will cover a part of the fixed costs for companies that experiences a significant decrease in turnover due to COVID-19 and the following infection control measures. It is estimated payments of NOK 10-20B per month. The conditions for and the implementation of this cash benefit scheme is still to be determined.

Other government measures for corporates

- The government has implemented a guarantee arrangement with a limit of NOK 50B. This arrangement is intended for SMB and implies that the state will guarantee for qualifying loans up to 90% of the loan amount:
 - the loan amount should not exceed twice the company's salary costs in 2019, including social security fees and hired personnel costs;
 - alternatively, the loan amount may constitute 25% of the company's turnover in 2019;
 - the loan amount cannot exceed NOK 50M and the term cannot be longer than 3 years;
 - the company may not have been in financial trouble as of 31 December 2019, and the company must be in an urgent need for liquidity as a result of COVID-19;
 - loans should only be given to companies that are expected to be profitable under "normal market conditions";
 - all loans must be published in the public register of public support.
- The government has also implemented The Government Bond Fund. This implies that the fund will act as a market investor in the bond market and invest in bonds issued by Norwegian companies on market terms.

- The government has proposed a new legal framework which will help to facilitate socially beneficial acquisitions and restructuring in listed companies. The legal framework allows for a regulation that allows capital to be raised by listed companies without the offer price for bound offers being based on market prices that do not reflect the current situation.
- The right to arrange digitally board meetings and general meetings has been extended.
- The government has implemented the following in order to reduce the financial strain for companies with employees:
 - the obligation to pay salary in case of temporary redundancy is reduced from 15 to 2 days;
 - the obligation to pay sick pay is reduced from 16 to 3 days;
 - the obligation to pay care benefit is reduced from 10 to 3 days;
 - the obligation to pay employers' national insurance contributions is postponed indefinitely.

Tax/VAT:

- the deadline for payment of first instalment of VAT is postponed to June 2020;
- reduced VAT rate for certain businesses (from 12% to 7%) from 14 April 2020 to 31 October 2020
- the deadline for payment of advance payment of tax is postponed to September 2020;
- it is possible to reverse deficit in 2020 against taxed profits the previous two years. An amount limit of NOK 30M will apply.

On April 17 2020, regulations were passed for a temporary cash compensation scheme for companies with a significant decrease in turnover. The regulations gave several clarifications regarding the scheme, and you will find 10 important updates on the next slide. We also refer you to our previous [blog post](#) and our webinar.

Norway

Other government measures (cont.)

Deadline

- A deadline has been implemented to applications for compensation under the scheme. The deadline for submitting an application is June 30 2020.
- The application portal opened April 18 2020 for applicants that were required to shut down by the state. On April 20 2020 the portal opened for applicants who have experienced a decrease in turnover but haven't been shut down by the state. You can find a link to the application portal [here](#)

Information regarding the group structure and the beneficial owners

- Companies that apply for compensation must be able to document the group structure, including to disclose who owns the company and provide information about both direct and indirect beneficial owners.

Up-to-date delivery of annual accounts and tax returns

- It is also a requirement that the corporate income tax return and annual accounts for 2018 must have been filed.

Insolvency and disqualification period

- Companies in financial difficulties will not be entitled to compensation under the scheme. This includes companies that were insolvent prior to the virus outbreak, and companies that, due to a basis for enforcement of debt or an agreement, have creditors who would be entitled to a share of the compensation.
- It is also a requirement that key individuals associated with the enterprise are not placed on a period of disqualification from running a business after bankruptcy. A comprehensive list of what is regarded as key individuals has been made available.

Calculation of compensation and growth indicator

- Each company must themselves assess if they have incurred costs that are covered by the scheme. Monthly accounts for March 2019 and March 2020 must also be prepared in which both income and expenses are accrued.

- The Tax Authorities have prepared a calculator that can be used to calculate a company's right to compensation. A link to this can be found [here](#).
- The compensation will be based on a decrease in turnover in 2020 compared with the same period in 2019. In addition, an increase of or a decrease of turnover prior to the corona epidemic must be taken into account. The compensation will therefore be adjusted in relation to changes in turnover for the months of January and February 2020 compared to 2019. This means that growth companies will receive more support than companies which have had a decrease in turnover.
- There are also rules that can limit compensation based on any deficits in previous years.

The maximum limit for the compensation

- This has been increased to NOK 80M per month and the regulations also contain a limit for amounts over NOK 30M.
- In the regulations, the maximum payment limit has been increased to NOK 80M per month.
- Compensation up to NOK 30M will be paid in full. Compensation exceeding NOK 30M will be reduced by 50%. The maximum grant per month is NOK 80M for an enterprise. Accordingly, a company entitled to NOK 30M in compensation will be paid NOK 30M. However, a company entitled to NOK 70M will be paid NOK 50M, as it is only entitled to 50% of the NOK 40M that exceeds NOK 30M.

The group must consolidate before an application can be sent

- If companies in a group wish to apply for compensation, and the total amount of their applications exceeds NOK 30M, the group must submit a single application.
- The companies in a group can apply for compensation together as if the group were one enterprise. In such an application, turnover and costs shall be based on the consolidated accounts for the Norwegian part of the Group. According to section § 3-3 in the regulation the amount limits and deductions applies as if the group were one enterprise.

Norway

Other government measures (cont.)

- For a group, one company cannot submit an application until all the companies in the group have completed their respective applications.
- There are no requirements for formally consolidated accounts. The group definition under the compensation scheme differs slightly from the one in the Norwegian Private Limited Liability Companies Act.

Hiring out real estate

- The proposition to the Norwegian Parliament proposed that landlords should not be included under the compensation scheme. However, according to the regulations, rental income from property is now covered. This means that companies that experience a decrease in turnover caused by loss of rental income from its real estate are included.

Responsibility and documentation

- It has been emphasized by the government and the tax authorities that it is important that the applicants familiarise themselves with the compensation scheme. When applying, a statement must also be made by the applicant, declaring that the applicant: (i) has familiarised itself with the regulations, (ii) views itself as eligible under the scheme, (iii) confirms the information in the application can be documented at a later stage, (iv) confirms the information can be confirmed by an auditor or authorised accountant, (v) is aware that it is punishable to give incorrect or incomplete information.
- The applicant is responsible for the accuracy of the information they provide in the application. It has been emphasised that inspections will be carried out both during the application process and subsequently.
- The company applying for compensation must prepare a statement supporting the figures and calculations that formed the basis for their application. The statement must also contain a reference to the relevant accounting material.

Confirmations and disclosure

- Applicants must be able to provide a confirmation of the content of the application from an auditor or authorised accountant upon request.

- The applicant shall nevertheless submit such a confirmation when filing the annual accounts for 2020. An applicant who is not liable to prepare accounts shall submit such a confirmation when filing the corporate income tax return for 2020.
- Information of companies granted compensation, will be made public..

Lockdown measures

Closure of businesses that provide the following services: physical therapy, chiropractic, optician, pedicure, speech therapy, psychology and other non-health businesses that provides services which involves human contact within less than two metres and with a duration of more than 15 minutes (hairdressers, dentists etc).

Closure of Universities, schools, kindergartens, sports facilities, waterparks etc.

Social distancing rules:

- public gatherings of more than five people are prohibited. There are exceptions for families who live together;
- general contact with others should be reduced to a minimum;
- stay home if possible;
- a 1 metre distance should be kept at all times when in public;
- avoid public transportation;
- hygiene regulations must be implemented for staff in the workplace, or for visitors;
- if there are reasons to believe that a person has been exposed to or infected with the virus, that person will be “placed” in home quarantine for two weeks.

Norway content as at 24 April 2020

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Poland

Rent relief measure

The “**anti-crisis shield 1.0**”, was adopted on 31 March 2020. In respect of lease agreements, the anti-crisis shield includes:

- **Expiration of the mutual obligations of the parties to the lease agreement:**
The parties to lease agreements in shopping centres with the sale area above 2,000 sqm are exempted from their obligations under the agreements. The regulation is not clear. However, as we understand:
 - the waiver applies to the tenants who have been prohibited from conducting their activities under the regulations issued by the Minister of Health and the Council of Ministers;
 - the waiver seems to mean, in particular, that the tenants are not obliged to pay the rent and other charges;
 - the waiver is retroactive and effective from the moment of imposing the above listed prohibitions;
 - the tenants will be obliged, within 3 months from lifting the prohibitions, to submit a binding offer for prolongation of the lease for the period of prohibitions increased by 6 months;
 - the failure to submit the offer seems to mean that the landlord is not bound by the waiver, and, in particular, the tenant may be invoiced for the period of the prohibition;
 - the landlord is not obliged to accept the offer.
- **Prolongation of the lease:** the tenants may prolong the lease agreements (under the existing terms and conditions) by 30 June 2020. The right to prolong may be exercised with respect to leases which period ends on 30 June 2020 at the latest and provided that the tenant is not in a default under the agreements (the “default” has been defined under the draft bill).

- **Termination of the lease:** the landlords are prohibited from terminating the lease agreements or terminating the amount of the rent by 30 June 2020. The prohibition does not apply, in particular, if the termination is justified by the tenant's breach of the lease agreement or law provisions regulating the way of use of premises.

Other government measures for corporates

Below is an outline of the most important regulations introduced by the anti-crisis shield, aimed at preventing the negative effects of the COVID-19 epidemic:

- **Perpetual usufruct:** Postponement of the deadline for payment of the annual perpetual usufruct fee until 30 June 2020 (this period may be prolonged by means of an ordinance). Postponement of the deadline for payment of the conversion fee for 2020 until 30 June 2020 (the fee for conversion of the perpetual usufruct into ownership).
- **Property tax:** the municipal council may introduce by way of a resolution: (i) exemption from property tax for part of the year 2020 (regarding land, buildings and structures related to business activities), (ii) extension of the payment dates of property tax instalments payable in April, May and June 2020, until 30 September 2020 at the latest, to business groups whose liquidity has deteriorated due to negative economic consequences due to COVID-19.
- **Remote meetings of the bodies:** changes in the Commercial Companies Code: possibility of remote operation of management boards, supervisory boards and shareholders meetings of the companies (remote participation in the meeting, adoption of resolutions at a distance) - by means of long-distance modes of communication.
- **Financial statements:** On 31 March 2020, the Ordinance of the Minister of Finance was published, pursuant to which, in particular, the deadline relating to the preparation of the statement of turnover and balances of the main book accounts for the financial year 2019, is extended by 90 days, and in case of entities subject to the supervision of the Polish Financial Supervision Authority - by 60 days.

Other government measures for corporates (cont.)

- **UBO register:** postponement of the deadline for submitting information to the Central Register of Beneficial owners until 13 July 2020.
- **Bank loans:** the Bank may change the terms and conditions or dates of loan repayment specified in the agreement (appropriate application to the loan granted by the bank).
- **Maximum prices and margins:** possibility of setting maximum prices or maximum wholesale and retail margins in the sale of goods or services that are significant for the protection of human health or safety or for household maintenance costs by way of ordinance.
- **Other regulations:** which include:
 - The ban on trade on Sundays is partially lifted during the period of epidemic threat status or epidemic status, and within 30 days following the statuses. The lifting applies to unloading, receiving and displaying necessities and entrusting employees with such tasks. It does not apply to remaining activities, in particular, to the sale as such.
 - The starost may grant the entrepreneur a part of the costs of employees' salaries and social security contributions due from those salaries in the event of a decrease in economic turnover following the occurrence of COVID-19.
 - The starost or president of the city with district rights shall be entitled to redeem, defer, and distribute in instalments the amounts due from lease, rent, and usufruct for the period of an epidemic threat and epidemic without the consent of the voivode, as well as to refrain from pursuing these amounts due from an entrepreneur whose financial liquidity has been threatened by COVID-19.
 - New state-aid instruments allowing business rescue and restructuring enterprises. The aid will be primarily granted through preferential loans. However, in case of restructurings the support may be granted also by taking up shares, stocks and bonds of the restructured enterprises.

Lockdown measures

Closing of shopping centres

- On 13 March 2020 first prohibitions were introduced, becoming more restrictive over time. As of 1 April 2020 until further notice, in commercial facilities with a sales area of more than 2000 sqm, there is a ban on retail trade, selling food, cosmetic products, toiletries, cleaning products, medical products, medical devices, groceries for special dietary purposes, newspapers, pet products fuels, or construction or renovation articles (with respect to the construction or renovation articles, retail trade is prohibited on Saturdays and Sundays in commercial facilities with a sales area of more than 2000 sqm, where the predominant activity consists of the sale of construction or renovation articles).
- There is also a prohibition of providing services in commercial facilities with a total sales area of 2000 sqm, except for provision of medical, banking, insurance, postal, laundry or catering services consisting solely in the preparation and supply of food.
- Additionally, in commercial facilities with a total sales area of 2000 sqm, there is a ban on retail trade or providing services on commercial stands.

Temporary ban on different kinds of business activities

- As of 1 April 2020, there is a ban on the business activity involving in particular: the preparation and serving of food and drink consumed locally, excluding take-away and delivery services; the organisation, promotion or management of events such as fairs, exhibitions, congresses, conferences, meetings; the operation of the hotels and other accommodation (operating on a short-term rental basis); creative activities relating to all collective forms of culture and entertainment; cinema, open-air or other indoor film or video projection and activities of film clubs; consumption and serving of beverages; hairdressers and other beauty parlours; tattoo and piercing salons; casino operations, excluding online casinos; and library, archive, museum and other cultural activities.

Poland

Lockdown measures (cont)

Closing of schools and universities

From 12 March 2020 to 26 April 2020 (as for now) classes in schools and universities are suspended. Classes can be conducted remotely.

Social distancing - restrictions on movement

The imposed regulations became more restrictive with time. From 1 April 2020:

- there is an automatic quarantine for relatives of the person under quarantine;
- there are strict restrictions on the number of customers in shops, at fairs, at the post office;
- between 10:00 and 12:00 a.m., shops and service points may only serve persons over 65 years old; and
- 2 meter minimum distance between pedestrians.

Additional provisions

- As of 2 April 2020, commercial or service facilities shall provide disposable gloves or hand disinfectants and are obliged to disinfect the service station or cash desk after each client.
- Moreover, from 16 April 2020 until further notice there is an obligation to wear masks (or to cover up the mouth and the nose in any other way) in public places.
- Violation of the prohibitions will be punished by fines in the amount of 5 to 30 thousand zlotys.

Home office - improvement of the labour law flexibility

- The employer may instruct the employee to perform, for a fixed period of time, the work specified in the contract of employment, outside the place of its permanent performance (remote work).
- As of 2 April 2020 until further notice, if an employee does not work remotely, the individual workstations must be at least 1.5 meters apart (as a rule).
- Employees must wear gloves or have access to disinfectants.

In Poland, there is a **plan to gradually reduce the lockdown measures** in 4 stages.

- In accordance with the Ordinance of Council of Ministers dated 19 April 2020, the first reduced lockdown measures took effect from Monday 20 April 2020.
- The Polish government has announced that the reopening (with considerable restrictions) of currently closed stores in shopping centres is going to be part of the third stage, nevertheless, the remaining stages will be determined on an ongoing basis based on the dynamics of new infections.

Poland content as at 22 April 2020

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Portugal

Tenant relief measure

Tenants are allowed to not pay the rent during the state of emergency period and in the first month thereafter, provided that they settle such payment within 12 months as from the end of that period, in monthly instalments of not less than one twelfth of the total due amount, to be paid with the rent of each month.

Failure to pay the rent due during the said ban and the first month thereafter may not be invoked by the landlord to terminate the agreement, nor as grounds for an obligation to vacate the property.

This regime shall apply:

- To establishments open to the public for retail trade and service provision activities that are closed or have their activities suspended by legislative or administrative order, including in cases where they maintain the provision of electronic commerce activities, or the provision of services at a distance or through an electronic platform; and
- To restaurants and similar establishments, including in cases where they keep their activity for the exclusive purpose of take away or home delivery.

This regime is applicable to rents due as from 1 April 2020.

The effects of any type of termination of the lease agreements are suspended until 60 days after the cessation of the measures to prevent, contain, mitigate and treat the epidemiological infection by SARS-CoV-2 and COVID-19 disease.

Other government measures for corporates

Tourism sector

The Government has approved exceptional and temporary measures concerning the tourism sector, namely a specific regime regarding holidays organized by travel agencies, the cancellation of bookings in tourist developments and local accommodation establishments and the relations between travel agencies, tour operators and tourist developments and local accommodation establishments.

The main measures are:

- As per holidays organized by travel agencies that would take place between 13 March 2020 and 30 September 2020 and that, due to the outbreak of the COVID-19 pandemic, have not occurred or are cancelled, the affected travelers may opt between:
 - i. Request the issuance of a voucher of equal value to the payment made by the traveler and valid until 31 December 2021; or
 - ii. Reschedule the trip until 31 December 2021.
- If the traveler does not use the voucher or the rescheduling referred to in paragraph ii. above is not made until 31 December 2021, the traveler is entitled to the reimbursement, which shall be made within 14 days.
- If the traveler is in a situation of unemployment, the same is allowed to request, until 30 September 2020, the reimbursement of the entire amount spent, which shall occur within 14 days.
- Non-refundable reservations of accommodation services in tourist developments and local accommodation establishments located in Portugal made directly by the guest with the developments and establishments or through online platforms, for the period from 13 March 2020 to 30 September 2020, which do not occur or are cancelled due to a fact related to the declaration of a state of emergency ordered in the country of origin or in Portugal or, also, due to the closure of borders attributable to the outbreak of the COVID-19 pandemic, grant, exceptionally and temporarily, the guests the right to opt for:
 - i. The issuance of a voucher of equal value to the payment made by the guest and valid until 31 December 2021; or
 - ii. The rescheduling of the reservation until 31 December 2021, by agreement between the guest and the tourist development or local accommodation establishment.
- If the voucher is not used or the rescheduling referred to in ii. above is not made prior to 31 December 2021, due to a lack of agreement between the tourist resort or local accommodation establishment and the guest, the tourist development or local accommodation establishment shall reimburse the guest within 14 days.

Portugal

Other government measures for corporates (cont.)

- If the guest is in a situation of unemployment, they can request, until 30 September 2020, the reimbursement of the total amount spent, which shall also occur within 14 days.
- Non-refundable reservations of accommodation services in tourist developments and in local accommodation establishments located in Portugal, for the period from 13 March 2020 to 30 September 2020, concluded by Portuguese or international travel agencies or touristic animation operators operating in Portugal, which do not occur or are cancelled due to a fact related to the declaration of a state of emergency in the country of origin or in Portugal or to the closure of borders attributable to the outbreak of the COVID-19 pandemic, grant, exceptionally and temporarily, to these operators a credit corresponding to the unused amount paid with the reservations.

Taxes

- Deferral of PIT and CIT withholding taxes and VAT due in April, May and June 2020:
- Payment in 3 or 6 monthly instalments, upon electronic request, no interest due or need to present a guarantee.
- Deferral of social security contributions due in March, April, May and June 2020:
 - Entities that did not pay the social contributions due on 20 March 2020 with reference to February 2020 can make the respective payment until 31 March 2020.
- Social contributions due in April, May and June 2020:
 - payment of 1/3 of the amount of the social contributions due by the employer, to be made in the month in which they are due;
 - the remainder 2/3 of the social contributions can be made in 3 or 6 monthly equal instalments, starting in July 2020, interest-free. It is not necessary to file a request to have access to this measure, however, in July 2020, the employer should inform the Social Security authorities which instalment period (3 or 6 months) will be implemented;

- entities that paid the total amount of the social contributions due in March 2020 and related with February 2020, can initiate the deferred payment in April 2020 ending in June 2020.

Credit lines

- The Government approved a set of credit lines to support the economy, amounting to 6,200 million Euros, guaranteed by the State and made available through the banking system to the most affected sectors, notably restaurants, tourism and industry (limit of €1.5m per company/beneficiary. In some cases the limit is of €2m).
- The Government has also created a special credit line in the amount of €60m for microenterprises operating in the tourism sector and other in the amount of €20m for the fisheries and aquaculture sector.

Labour

The main measures adopted are:

- creation of a simplified lay-off regime consisting of extraordinary support for maintaining employment contracts in a company in a business crisis:
 - This regime applies to employers in a situation of proven business crisis, arising from the total or partial closure of the company or establishments due to the closing of facilities and establishments or as a result of the interruption of global supply chains, suspension or cancellation of orders or reservations, or even in the case it occurs an abrupt drop of at least 40% in invoicing in the 30-day period preceding the application.
 - It allows the employers to suspend the employment contracts in force within the company or reduce the normal working periods (NWP) of employees, for the period of one month, and exceptionally, it can be extended monthly, up to a maximum of 3 months.
- In case of suspension: the employee will receive a compensation payment equal to 2/3 of the employee's gross salary. Minimum of 1 x RMMG (i.e. €635 in mainland Portugal) and up to a maximum of 3 x RMMG (i.e. €1,905 in mainland Portugal). 70% of the support is provided by the Social Security and 30% by the employer. The employer advances the total amount corresponding to the 2/3 of the gross remuneration (applying the abovementioned limits). Subsequently the social security reimburses 70%.

Portugal

- In case of reduction: The employee receives a salary equivalent to the work done, which is reduced in the exact proportion of the reduction verified in the NWP. The remuneration resulting from the effective provision of work is fully supported by the employer, and social security will only ensure, and only if necessary, 70% of the difference between that remuneration and the amount necessary to guarantee the employee a value equivalent to 2/3 of his gross normal remuneration - with a minimum of 1 x RMMG (i.e. €635 in mainland Portugal) and a maximum of 3 x RMMG (i.e. €1,905.4 in mainland Portugal).
- temporary exemption from the payment of social security contributions by the employer;
- extraordinary financial incentive to support the normalization of the company's activity.

Lockdown measures

- Restrictions necessary to reduce the risk of contagion and to prevent the epidemic, including in particular:
 - compulsive confinement at home or in a healthcare establishment to those already infected or under surveillance with the effect of preventing the spread of the virus;
 - the establishment of sanitary fences;
 - a ban on leaving home or travelling if not justified (travel related to professional activities, obtaining healthcare, assistance to third parties or the supply of goods and services will be justified).
- Border checks on persons and goods.
- Retail trade activities are suspended, exception made to those providing basic necessities or other goods considered essential (notably, closure of all shops selling “non-essential goods”, libraries, playgrounds, bars, restaurants and clubs).

We would like to advise that the Government has been adding and amending these measures on a daily basis, as such, the above may be subject to modifications.

Portugal content as at 30 April 2020

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Romania

Rent relief measure

Art. X para. 1 of the Emergency Government Ordinance 29/2020 (“**EGO 29**”) provides for the rent payment deferral for the building destined for registered offices and secondary offices in the case of small and medium-sized enterprises (“**SME**”). Such facility applies only for a SME meeting the following conditions:

- a. the SME has fully or partially interrupted its activity based on the decisions taken by the competent authorities during the state of emergency; **and**
- b. the SME holds an Emergency Situation Certificate (“**ESC**”) issued by the Ministry of Economy, Energy and Business Environment.

A wider spectrum of real estate related measures is pursued through a legislative proposal currently on the agenda of the Romanian Parliament. As of 1 April 2020, the measures were not approved. Should the draft law enter into force, the following measures are intended to be applied during the state of emergency period, but no more than 90 days:

- *tenants, economic entities, professionals, public authorities and private legal entities* having their activity interrupted or limited based on the decisions taken by the competent authorities during the state of emergency, may suspend the rent payment, at their specific request, without any interest or similar penalties for the building destined for registered offices or working points.
- the *landlords* are exempt from VAT payment related to uncollected rents during state of emergency and from the taxes on lands and buildings due for the state of emergency period and rent payment suspension.
- the extension of the duration of the *lease agreements*, with a duration corresponding to the period for which the exemptions mentioned above were applied.

Other government measures for corporates

- **General tax measures:** The payment of fiscal obligations can be postponed up to 30 days from the end of the emergency situation. Interest rates and penalties for late tax obligations due from the date of entry into force of the emergency and unpaid for up to 30 days as of the end of the state of emergency period, are not calculated and due. These are not recorded as overdue tax liabilities.
- Forced execution by appropriation of the budgetary debts is suspended or not started, except for the forced executions that are applied for the recovery of the budgetary debts established by judicial decisions pronounced in criminal matters. The suspension of forced execution on the following amounts representing income and money availability is applied, through the effect of the law, without other formalities from the fiscal bodies.
- **Property tax:** The deadline for payment of taxes on lands and buildings is extended until June 30, 2020.
- **Corporate Income Tax:** 5% bonuses are granted to large taxpayers and 10% to medium and small taxpayers to pay the income tax for the first quarter of 2020, respectively for the advance payment for the first quarter, until April 25, 2020 inclusive.
- Taxpayers applying advance payments have the option to make quarterly advance payments of income tax at the level of the current result (and not the one of last year).
- **VAT and Customs:** The customs authorities do not require VAT for imports of medical products and medical equipment referred to in the Annex of Government Emergency Ordinance 33/2020.

The aforesaid measures apply under specific conditions.

- **Supporting measures for small and medium size companies (SMC):** Subject to specific conditions, SMC may benefit from supporting measures such as:
 - state guaranteed loans for investments / working capital, within specific limits and thresholds;
 - Subsidies for interests;
 - Subsidies for payment of the technical unemployment indemnity; and
 - Postponement of the payment date for of utilities.

Romania

Lockdown measures

As of 16 March 2020, the state of emergency was stated in Romania. Several lockdown measures have followed such as:

- **Closing of shopping centres:** Retail activities within shopping centres have been temporarily suspended, except for sale of food, veterinary, pharmaceutical and cleaning services, as well as medical optics services and retail of electronic and home appliances.
- **Closing of bars and restaurants:** Activity of bars, restaurants and similar facilities has been suspended, except for activities that do not require the clients to remain indoors, such as drive-in, room-service or home delivery activities.
- **Closing of indoor activities:** All cultural, scientific, artistic, religious, entertainment and other indoor activities have been suspended.
- **Restriction on outdoors activities:** People are prohibited to leave their accommodation except for limited purposes such as: traveling to work, traveling for procuring food, medical assistance that cannot be delayed, assisting elderly, physical activities near the domicile and other limited reasons. All persons outdoor should carry a signed statement declaring its destination address, and purpose of travel. People aged 65 years and above are allowed to go outdoors only between 11,00-13,00 and only for strict reasons, with few exceptions.
- Groups of more than 3 people walking outdoors have been banned.
- **Travel ban:** Flights toward a large number of countries have been suspended, except for flights operated by the state, flights for merchandise and mail transportation as well as flights for emergency medical services.

Romania content as at 06 April 2020

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Tenant Rent Relief measure

Current law as per the Civil Code

Russian law provides for such legal concepts as (i) unforeseen circumstances, (ii) act of authorities, and (iii) force majeure, which can be used as a remedy for tenants. Applicability of these concepts to COVID-19 is yet to be tested. All lease agreements must be assessed case-by-case.

• Unforeseen circumstances

Unless otherwise set out in a contract, an essential change of the circumstances, from which the parties have proceeded when concluding the contract, shall be the ground for its amendment or cancellation. The change of the circumstances shall be recognized as essential, if they have changed to such an extent that in case the parties could have wisely envisaged it, the contract would not have been concluded by them or would have been concluded on the essentially different terms. If the parties fail to agree to amend or cancel the agreement, the dispute shall be settled in court.

• Act of authorities

If as a result of an act of authority, the performance of the obligation has become impossible in full or in part, the obligation shall be terminated in full or in the corresponding part. The parties, which have suffered losses as a result of this, shall have the right to claim their compensation. If the act is cancelled, the obligation shall be restored, unless otherwise set out in the contract or the creditor has refused from performing the obligation.

• Force majeure

A person, who has failed to perform the obligation, while performing the business activity, shall bear responsibility, unless it proves that the proper performance has been impossible because of a force-majeure, i.e., because of the extraordinary circumstances, which it was impossible to avert under the given conditions.

Some acts of Russian authorities declared COVID-19 and measures taken to prevent virus spreading as force-majeure. However, in case of a dispute, a decision on whether a particular event can be qualified as force majeure shall be made by court. The main issue that courts will study is the cause and effect link between the circumstances and inability to perform the contractual obligations.

Specific COVID-19 relief

• General rules

Rules have been introduced by the emergency COVID-19 Law dated 1 April 2020. The rules are applicable to lease contracts signed before the "high alert" regime was introduced.

Under this law landlords shall (i) postpone rent payments; and (ii) decrease the rent.

Eligibility of the rent postponement measures were further clarified in the Russian Government decree dated 3 April 2020. They apply to tenants of commercial real estate representing most negatively affected areas of business (tourism, hotels, restaurants, sports, culture, transportation, etc). In general, these companies are allowed to pay the sixth-months rent accrued in 2020 during 2021 – 2023 in equal installments. No interest shall accrue.

In the case where the premises are unusable due to the public authorities act, the COVID-19 Law provides for tenant's right to request the rent reduction in 2020. The rent reduction is still at the landlord's discretion, however, the tenant can challenge the landlord's decision in court.

The question whether or not, and to what extent, COVID-19 and measures taken around it make premises unusable is under discussion.

• Specific rules for public property lease

Special regulation was adopted on rent postponement for SMEs leasing state property (in fact, it means payment transfer from 2020 to 2021). In Moscow tenants, whose activity was suspended by "lockdown ordinances", have a right of exemption from rent for the period of suspension.

Russia

Other government measures for corporates

Russian Government has adopted a wide number of measures to support business. Majority of these measures apply to SMEs and businesses that are most negatively affected by COVID-19. These measures, in particular, include:

- Suspension of inspections by authorities;
- Suspension of tax and customs field audits;
- Postponement of deadlines to file and pay taxes;
- Decrease of social security payments;
- Bankruptcy moratorium;
- Loan “vacations” and preferential loans;
- Relief from some administrative fines;
- Support measures for residential real estate developers.

Lockdown measures

The lockdown measures may differ from the region to region. In Moscow the following measures are applicable until 1 May 2020:

- Ban of all public gatherings and events;
- Suspension of work of all non-essential retail businesses;
- Most of public authorities transferred in a distance working mode;
- Closure of kindergartens, schools and colleges;
- Recommendations on limiting attendance of religious objects;

- Implementation of self-isolation rules for certain category of citizens (e.g., people over 65);
- Implementation of social distancing rules;
- Ban of all non-essential travel within the city.

Russia content as at 09 April 2020

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Spain

Tenant relief measure

The Spanish Government has recently approved commercial tenant relief measures for individuals and small-to-medium-sized companies (“PYMES”)¹ by virtue of Royal Decree-Law 15/2020 of 21 April 2020 on urgent complementary measures to support the economy and employment.

Pursuant to this Royal Decree-Law, individuals and PYMES who lease a property for use other than as a dwelling, or for industry, and:

- a. whose business has been halted as a result of the measures approved; or
- b. whose monthly turnover has fallen in 75%,

may apply to the lessor within 1 month of the Royal Decree-Law, where the lessor is a public housing company or entity, or a large owner - meaning the natural or legal person who owns more than 10 urban properties, excluding garages and storage rooms, or a constructed area of more than 1. 500 m².

The granting of a moratorium on the payment of rental income will be applied automatically. It will be effective for the period of time that the state of alarm and its extensions lasts, as well as the following monthly payments, if that period is insufficient in relation to the impact caused by the COVID-19 (which may be extended consecutively, without exceeding 4 months,).

This rent will be deferred, without penalty or interest, from the next rental payment, by dividing the instalments over a period of 2 years, which will be counted from the time when the state of alarm is overcome, or from the end of the 4 month period mentioned above, (and always within the period during which the rental contract or any of its extensions continues to be in force). The lessor will have to accept this moratorium as long as the parties do not a prior agreement for the deferral or reduction of the rent.

¹ Companies which, for two consecutive financial years, meet at least two of the following circumstances at the closing date of each financial year: (a) That the total assets do not exceed €4m. (b) That the net amount of their annual turnover does not exceed €8m and (c) That the average number of workers employed during the year does not exceed 50.

In the case of leases for use other than that of housing whose lessor is different to those defined above, the lessee may request from the lessor, within 1 month from the entry into force of this Royal Decree-Law, temporary and extraordinary deferment of the payment of rent, provided that such deferment or a reduction in rent has not been agreed to voluntarily by both parties. In this case, the use of the deposit is allowed so that the lessee can pay the rent with more solvency.

With regard to other types of lessees (large companies) the terms and conditions expressly agreed by the parties to the lease in relation to extraordinary situations or force majeure must be considered.

In the event that the parties have not agreed upon any measures in the event of extraordinary measures or force majeure, Spanish Law includes the form of force majeure and sets out (with exceptions) that *“no one shall be liable for those events which could not have been foreseen, or which, if foreseen, were unavoidable”* It is unclear whether this can be directly applicable to the COVID-19 situation, and in any event would need to be reviewed on a case by case basis.

Additionally, case law has recognised the *rebus sic stantibus* clause, similar to the international hardship clause, which allows for the modification of the obligations of an agreement, and even the termination in some cases, when, due to supervening circumstances, the economic balance of the contract is broken and it is impossible or very burdensome for one of the parties to comply with it. The *rebus sic stantibus* clause is an exceptional and extraordinary remedy which is rarely accepted by courts and, again, would have to be analysed on a case by case basis.

Other government measures for corporates

Foreign Investments:

- Suspension of the regime of liberalisation of certain foreign direct investments in Spain

Financial measures:

- **State guarantee line (“línea de avales”)** – *deadline: 30 Sep 2020* –:
 - €100,000M state guarantee line to provide liquidity to companies and to guarantee (subject to limitations) the granting by different credit institutions of new loans and refinancing of existing loans;

Spain

Other government measures for corporates (cont.)

- On 24 March 2020, launched the first tranche of the state guarantee line was for an amount of €20,000M for loans formalised or renewed after 17 March 2020;
 - Beneficiaries for the first tranche: both SME(s) and large companies with registered office in Spain suffering in their relevant balance sheets the consequences of the extraordinary situation caused by the COVID-19 and that were not under a default situation on 31 December 2019 nor a bankruptcy proceeding/situation by 17 March 2020;
 - First half (i.e. €10,000M) reserved to secure/guarantee loans granted to SMEs and guaranteeing up to 80% of the amount of new loans granted, as well as any relevant renewals and/or extensions of the existing loans that may be requested by SMEs;
 - Second half addressed to the rest of the companies (that do not qualify as SMEs) guaranteeing up to 70% of the amount of new loans granted and up to 60% of the amount of any renewals and/or extensions that, from time to time, may be requested;
 - The State guarantee line applies irrespective of where the funding of the credit institution granting the loan comes from;
 - The line will be managed by the Spanish Official Credit Institute (“ICO”), a public credit governmental institution) through collaboration agreements with the relevant Spanish financial entities.
- **Official Credit Institute indebtedness (ICO):**
 - On 18 March 2020 the Spanish Government announced an increase in €10,000M of the debt capacity of the ICO in order to attend and provide liquidity to the different companies operating in Spain. These ICO lines are operative irrespective of the COVID-19 crisis;
 - Both SME(s) and large companies can qualify as eligible for one or more of the ICO funding lines;

- The ICO lines shall be applied through the relevant credit entities that have entered into a collaboration agreement with the ICO;
 - The conditions for request are those agreed upon by the ICO with each credit entity. In this sense, please note that ICO has been authorized to adopt any measures that it may consider appropriate to make more flexible the current specific requirements to access any of the ICO funding lines.
- **Extraordinary line of insurance coverage/guarantee – deadline: 18 Sep 2020**
 - The Spanish Government has increased in €2,000M the capacity of the Spanish Export Credit Agency (“CESCE”) to provide insurance coverage/guarantee to companies affected by the COVID-19 crisis.
 - Beneficiaries: both SME(s) and large companies provided that: (i) are not listed companies; (ii) their international business represents at least one third of their last turnover; (iii) have liquidity difficulties arising from the COVID-19; and (iv) are not currently under a bankruptcy or pre-bankruptcy situation or a default situation with any public company/administration bodies.
 - The insurance coverage shall be directly requested by each relevant company to CESCE. Please note that the specific procedure has not been published by CESCE yet.

Lockdown measures

On 14 March 2020 the Spanish Government approved strict lockdown measures were taken to reduce the spread and impact of the COVID-19. On 29 March 2020 the lockdown measures were heavily increased for a 15-day period, including the cease of all economic activity except for (i) those economic activities essential for the maintenance of the productive activities of the manufacturing industry that offer the supplies, equipment and materials necessary for the correct development of essential activities for the society, (ii) public transport activities; (iii) home delivery restaurants; etc.).

During this period, for all those economic activities whose employees cannot perform their work remotely and their job is not included in the referred Annex of

Spain

Lockdown measures (cont.)

essential economic activities shall immediately stop. The employees affected by this measure received a “recoverable paid leave”.

Currently, the measures implemented on 14 March 2020 have been prolonged until 10 May 2020, and include, among others:

- **Home quarantine obligation for all individuals until 11 May 2020** (except for those individuals carrying out an activity listed in the Annex of essential activities). Individuals will only be allowed to leave their homes, among other cases of force majeure, to go to the grocery stores, to go for medical assistance, to take care of elderly relatives, etc.).
- **Closing of schools and universities.** Classes in schools and universities were suspended and they shall be conducted, if possible, remotely.
- **Heavy restrictions on the transport of passengers by land, air and sea.** With regards to those connections with third countries (outside the Schengen area), the Spanish Government has prohibited its entry into Spain -except in some specific cases-.
- **Border checks on persons and goods.**

Spain content as at 23 April 2020

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Switzerland

Tenant relief measures

On 27 March 2020, the Federal Council extended the deadline for payment arrears for residential and commercial rents from 30 to 90 days. This extension applies to rents due between 13 March and 31 May 2020 (rent for April and May). However, no waiver of rent during this period is planned.

The Swiss tenant law stipulates that a rent reduction can be requested if there is a defect in the rented property (art. 259d of the Swiss Code of Obligations ["CO"]). There is currently a debate as to whether the effects of the state-imposed lockdown qualify as such a defect in the rented property.

The question also arises whether the current situation leads to the impossibility of providing a performance according to art. 119 CO. The legal consequence of which would also be a rent reduction. Opinions are currently divided on these matters. It is also important to note that a contractual deviation from these rules is permitted. For this reason, the individual rental contracts must be considered on a case-by-case basis.

Other government measures for corporates

On 25 March 2020, the Federal Council issued the Ordinance on the Granting of Credits and Solidarity Guarantees (COVID 19 Solidarity Guarantee Ordinance) to provide companies with short-term liquidity. Loans granted in this way must be repaid in full within five years.

The ordinance recognizes two categories of loans:

- Loans of up to CHF 500,000 will be paid out unbureaucratically within a short period of time by a bank and are 100% guaranteed by the government. The interest rate on these bridging loans is currently 0%.

- Loans exceeding the amount of CHF 500,000 are 85% secured by the government. The lending bank contributes 15% of the loan. Such loans can amount to up to CHF 20 million per company and therefore require a more comprehensive bank assessment. For these loans, the interest rate is currently 0.5% on the loan secured by the government.

Furthermore, any debt enforcement actions are suspended until 19 April 2020. This should provide Swiss companies with some relief in this area.

Lockdown measures

The Federal Council has issued the following measures in response to the current corona crisis:

- It is advised to stay at home and only leave the house if it is absolutely necessary.
- Groups of more than five people are prohibited in public places. A distance of at least two meters must be kept from other people.
- Public and private events remain prohibited. Everything except pharmacies and grocery stores remain closed.
- To better protect employees, employers are also obliged to prevent gatherings of more than five people.
- All persons except those from the Principality of Liechtenstein are denied entry into Switzerland.

Switzerland content as at 16 April 2020

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Ukraine

Tenant relief measures

The following tenant relief measures have been introduced by Law No.540-IX, dated 30 March 2020 (as amended):

- Non-residential property, (other than land), owned by individuals and legal entities is not subject to real estate tax for the period from 1 March 2020 until 31 March 2020.
- Land tax for land plots used in business activity shall not be accrued and paid for the period from 1 March 2020 until 31 March 2020.
- Tenants of non-residential premises may request exemption from rent or respective rent reduction, in case they are not able to use respective property due to quarantine (incl. ban on usage of leased property; prohibition to access to the leased property by third parties etc.). Due to vague wording and absence of clear definition of the concept “use of property” it is not clear which tenants would enjoy such extension or reduction. It seems obvious to exempt from rent payments for shopping and entertainment facilities, fitness centers, etc., since such restriction is directly stipulated by the Cabinet of Ministers Resolution No.211, dated 11 March 2020 (as amended), which established the quarantine. However, it can be argued that Law No.540-IX, dated 30 March 2020 (as amended) exempts tenants from paying for the use of office space in business centers.

Some local municipal authorities also introduced specific measures on certain territories, such as rent payment reduction for use of communal property in Kyiv city.

Other government measures for corporates

Ukrainian Parliament adopted three laws aimed at supporting businesses during the quarantine period in Ukraine (Law No.530-IX, dated 17 March 2020, Law No.533-IX, dated 17 March 2020, Law No.540-IX, dated 30 March 2020) that introduce, *inter alia*, other relief measures:

- Banks are not allowed to raise interest rates.
- Remote (home-based) work and flexible working hours are officially allowed.
- Employers are not allowed to cut salaries for the period of remote work.
- Employers are obliged to pay at least 2/3 (two-thirds) of the employee's salary during the shutdown of business operations/idle time.
- Quarantine may be recognised as force majeure.
- Transactions with drugs and all goods needed for struggle with coronavirus were released from taxation.
- The process of large privatisation is stopped.
- Restrictions on the provision of services by public authorities were introduced.
- The general shareholders meetings on the results of the fiscal year 2019 shall be rescheduled and held no later than three months after the quarantine has ended.
- The powers of supervisory board members (if expired) shall be fully extended until the date of the general meetings of shareholders convened after the quarantine has ended.
- Deadlines for disclosing the 2019 annual information about the issuers have been extended until 5 working days after the general meeting of the issuer held after the quarantine has ended.
- A number of tax measures, including postponing of tax reporting/tax payments and exempt from taxation of certain goods etc.

Ukraine

Lockdown measures

As of 29 April 2020, full lock down measures were not introduced in Ukraine.

The Cabinet of Ministers of Ukraine adopted Resolutions No.211, dated 11 March 2020 (as amended), No.338, dated 25 March 2020 (as amended) introducing “quarantine” regime and “emergency situation” which include, *inter alia*, such restrictions:

- closing of shopping and entertainment establishments (restaurants, cafes, shopping and entertainment malls, fitness centers, cinemas etc.), non-essential retail stores (with clear exceptions including supermarkets and pharmacists), accommodation (including hotels and B&B’s), non-residential institutions (including libraries and places of worship).
- ban on attending educational institutions.
- ban on carrying out all mass events involving more than 10 people.
- restrictions on public transport (only employees of crucial enterprises are allowed to use), subways are suspended in major cities.
- railway transport between the cities is currently on pause.
- ban on attending outdoor recreation areas (parks, squares etc.).
- all scheduled flights are cancelled.
- strict mask regime is introduced etc.

Exceptions include food, fuel, hygiene, medical, communications, banking and insurance establishments, as well as commercial and catering activities with targeted delivery.

Currently, the Cabinet of Ministers of Ukraine has begun easing the above quarantine restrictions. On 29 April 2020 the Cabinet of Ministers of Ukraine amended Resolution No.211, dated 11 March 2020; open food markets are no longer under the ban, their work (in strict compliance with mask regime and certain compulsory sanitary measures) is now resumed.

Ukraine content as at 29 April 2020

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United Kingdom

Tenant relief measure

Currently the UK has not introduced any specific rent relief measures.

However measures were passed through parliament as a emergency legislation to tackle many of the impacts of COVID-19. These include:

- Until 30 September 2020, the extension of the notice requirements for eviction relating to all **residential tenancies** to 3 months.
- Temporary relief measures from forfeiture to **commercial tenants** as a result of non-payment of rent for an initial fixed period of approximately 3 months, ending on 30 June 2020.

On 23 April 2020 the government announced it will introduce measures to extended the commercial tenant relief to also prevent landlords from taking other actions in order to claim unpaid rent, such as using statutory demands, Commercial Rent Arrears Recovery (**CRAR**) or issuing orders to begin winding up proceedings.

The relevant periods that will be covered are as follows:

- Statutory demands that are served between 1 March - 30 June 2020;
- Winding-up petitions that are issued between 27 April - 30 June 2020; and
- The CRAR processes will temporarily prevent landlords to pursue tenants unless they are owed 90 days of unpaid rent.

These provisions do not act as a 'rent holiday', and the tenants will still be liable for any unpaid rent.

The measures may be extended subject to government determination.

Other government measures for corporates

- The Coronavirus Act provides temporary relief measures from forfeiture to commercial tenants, as a result of non-payment of rent. The legislation restricts commercial landlords from evicting commercial tenants for non-payment of rent during an initial fixed period of around 3 months, expiring on 30 June 2020 (with scope for the government to extend this period).

- £330bn government backed loans and guarantee will be made available to businesses of all sizes, including:
 - Support for liquidity in large firms via a new short-term lending facility agreed with the Bank of England (CCFF) which will help corporates bridge Covid-19 related disruption to their cash flows e.g to help cover rent and other property-related liabilities.
 - Support for SMEs via guarantees provided to commercial lenders to allow them to make loans to businesses which would be viable were it not for the impact of the Covid-19 pandemic (CBILS for businesses with turnover up to £45m; CLBILS for businesses with turnover between £45m and £500m).
- Business rates holiday for the next 12 months for retail, leisure and hospitality businesses. Further similar provisions are being reviewed by the government specifically in relation to the tourism industry, but this has not yet been released.
- The Bank of England cut interest rates to 0.1%.
- IR35 delayed until April 2021. This provides relief for businesses employing contractors in terms of ensuring compliance with new pay related tax.
- The government will pay 80% of salary for staff who are kept on by their employer, covering wages of up to £2,500 a month. It is understood that the wage subsidy will apply to firms where employees have already been laid off due to COVID-1, and the work usually done by those employees can no longer be done as a result of the virus.
- The government will allow self-employed persons to claim a taxable grant worth 80% of trading profits up to a maximum of £2,500 per month for the next 3 months.
- All businesses in distress with outstanding tax liabilities may be eligible for support and deferral with outstanding tax liabilities (corporation tax, VAT and PAYE), under the government's Time To Pay policy.

United Kingdom

Other government measures for corporates (cont.)

- The government has confirmed its advice is sufficient for businesses to claim on their insurance where they have the appropriate interruption cover for pandemics.
- Temporary suspension of wrongful trading rules for 3 months, retrospectively from 1 March 2020, aimed at assisting directors to keep businesses going without the threat of personal liability.
- The High Court is giving a blanket adjournment of at least 3 months to any creditor winding up petitions on foot requiring special pleadings to pursue a petition.

Lockdown measures

The lockdown measures were introduced on 23 March 2020, with the government announcing on 16 April 2020 that it expects the measures to last at least a further three weeks. It will reassess again after another 3 weeks, and relax them if the evidence shows this is possible. The measures include:

The closure of the following:

- non-essential retail stores (with clear exceptions including supermarkets and pharmacists);
- accommodation (including hotels and B&B's), non-residential institutions (including libraries and places of worship);
- Bars and restaurants;
- Assembly and leisure (including museums and cinemas); and
- Outdoor recreation areas.

Home lockdown

People are only permitted to leave home in certain circumstances, such as:

- to buy basic necessities (such as food and medicine);
- for one form of exercise per day;
- to access medical help;
- To provide care to the vulnerable; or
- travelling to and from work, but only where this is absolutely necessary and cannot be done from home.

Conveyancing delay

Buyers and renters are urged to delay moving whilst stay-at-home measures are in place.

Moving is permitted where the property being moved into is vacant. Where the property is occupied, the government urges parties to do all they can to agree alternative dates to move.

In the new emergency enforcement powers that the police have been given to respond to coronavirus, there is an exemption for critical home moves, in the event that a new date is unable to be agreed.

UK content as at 24 April 2020

Contact

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