

GREECE: THE HANDLING OF COVID-19

APPENDIX – additional information

GREECE – The three packages of measures announced by the government in detail (last updated April 3rd, 2020)

1. What was included in the first package of measures announced?

On March 13, the Ministries of Finance, Development and Investment, and Labour and Social Affairs announced the first set of measures for firms and employees affected by the coronavirus crisis, focusing on three key areas:

1. Strengthening the health system by at least EUR 200 million in addition to the existing budget of the Ministry of Health, including EUR 70 million for the hiring of 2,000 health professionals for hospitals, health centres and the National Emergency Aid Centre (EKAV)
2. The possibility of a special purpose leave, the cost of which will be shared between the State, the firm and the employee, as well as the legislation on facilitating access to work, through flexibility in working hours and facilitation of remote work.
3. The possibility of suspending firms' payments of tax and social security liabilities, as well as suspension of payments for due instalments arranged by tax authorities and social security funds, for firms closed due to a state decision.

2. What does the second package of measures include?

On March 18, the Ministries of Finance, Development and Investment, and Labour and Social Affairs announced a second package of measures for businesses and workers affected by the coronavirus crisis:

1. Suspensions of taxes and levies for businesses, freelancers and the self-employed, as well as suspension of payments for due instalments of previous debts to the tax authorities and social security funds.
2. Business financing in the form of a refund for a total amount of EUR 1 billion.
3. Banks' lending amounting to EUR 2 billion in new business loans through European Investment Bank
4. Creation of a guarantee mechanism for lending to small and medium-sized enterprises, up to EUR 3 billion, and for investment loans up to EUR 500 million.
5. Hellenic Development Bank's Entrepreneurship Fund raised EUR 250 million to grant new loans to firms affected by the coronavirus crisis with a 100% interest rate subsidy for two months.
6. Interest rate subsidy for performing business loans, for 3 months, for the sectors of the economy that are directly affected by the coronavirus.
7. Compensation from the State Budget of EUR 800 per employee for employees temporarily suspended from employment, while their social security contributions will be covered by the state.
8. Allowance of EUR 800 for self-employed, freelancers and individual businesses affected for the period 15 March-30 April.
9. Explicit prohibition of employee dismissals for companies suspended by order of a public authority. In case of dismissals, they will be considered invalid.

10. Job retention clause in all businesses that were not suspended, as a condition of suspension of social security and tax liabilities and use of emergency financial support tools.
11. Extension of the regular unemployment benefit payment, as well as extension of the long-term unemployment benefit and the unemployment benefit to freelancers and self-employed workers, for two months.
12. A 40% reduction in commercial rent, for March and April, paid by firms that are obliged to halt their operations. The same applies to primary residence rent for employees whose employment contract is suspended.
13. VAT reduction to 6%, from 24%, for products necessary for coronavirus protection.
14. Suspension of the revision of the real estate property values. The 2020 ENFIA tax will be based on the current regime and the new objective values will come into force next year.
15. Immediate repayment of all outstanding state liabilities to individuals and businesses, up to EUR 30,000.
16. Suspension of loan repayments until September for firms with performing loans.

3. What does the third package of measures include?

On March 20, the Ministries of Finance, Development and Investment, and Labour and Social Affairs announced a third package of measures for businesses and workers affected by the coronavirus crisis:

1. Banks and Credit Servicing Firms (CSFs) will support individuals and businesses affected by the coronavirus crisis by facilitating the instalment payments of their performing loans.
2. Individuals, free-lancers and sole proprietors that will receive the subsidy of EUR 800 may suspend loan instalment payments for three months.
3. Employees of firms affected by the coronavirus crisis, who are under suspension of their labour contract, will receive the allowance of EUR 800. This also applies to self-employed and freelancers affected by the coronavirus crisis.
4. The social security contributions of 1.4 million employees, self-employed and free-lancers hit by the coronavirus crisis will be covered by the state. The total cost of this intervention stands above EUR 2 billion for April.
5. The allowance of EUR 800 will be also granted to those already laid off or forced to resign between March 1 – 17.
6. The Easter bonus in the private sector may be paid by the employers at a later stage, along with the holiday bonus in summer.
7. A total of 108,000 public servants working in hospitals, EKAV, National Organisation of Public Health will receive an (extraordinary) Easter bonus.
8. The Ministry of Finance will submit a supplementary budget increasing ordinary reserve by EUR 4 billion.

4. Specification of measures

On March 24, the Minister of Finance noted that the already announced three packages of measures total 4.7 billion euros, corresponding to 2.5% of GDP, above the EU average of 2%. Specifically, the cost of suspension of tax obligations amounts to 2 billion and the payment of the 800-euro allowance coupled with the payment of the social security contributions by the state amounts to 2 billion. Overall, the cash burden of those measures amounts to 6 billion for March and April, while the fiscal cost stands at 3.5 billion. The remaining fiscal burden of 1.2

billion stems from the business financing in the form of refund (1 billion), the additional health expenditure (at least 200 million euros) and the payment of Easter bonus (80 million euros) to health professionals.

It was also stressed that the initiatives undertaken so far cover 600,000 firms, 1.2 million employees (corresponding to 60% of the private-sector workforce) and 550,000 self-employed, freelancers and individual businesses.

Business financing via guarantees and EU funds

1. A guarantee mechanism will be implemented in cooperation with the European Commission for granting of working capital for SMEs up to 3 billion
2. The European Investment Bank (EIB) will provide liquidity to banks to grant new business loans up to 2 billion.
3. A guarantee mechanism will be created in cooperation with the EIB for investment-purpose loans up to 500 million.
4. The sources of the Entrepreneurship Fund of the Hellenic Development Bank will be increased by 250 million for granting new loans (with 100% interest rate subsidy for 2 years) to businesses affected by the coronavirus crisis.

5. Integrated plan

On March 30, the Ministers of Finance, Development and Investment, and Labour and Social Affairs presented an integrated plan of measures for businesses and workers affected by the coronavirus crisis:

1. Extension of the 800-euro allowance to 1.7 million private sector workers (81% of private sector employees).
2. Discount of 25% on tax obligations, if they are paid on time, for those employees eligible to the 800-euro allowance.
3. The part of the Easter bonus (for private sector employees) that corresponds to the time period of their labour contract suspension will be covered by the state budget.
4. Extension of the announced measures (suspension of VAT and instalments of due tax obligations) payments to support businesses to 800,000 firms, corresponding to 76% of legal entities. For those companies, a 25% discount is applied on their tax obligations for April, if they are paid on time.
5. Discount of 25% on social security contributions for self-employed and free lancers for February and March, if they are paid on time.
6. Extension of the announced measures to 700,000 self-employed, freelancers and owners of very small firms (less than 5 employees), corresponding to 75% of total.
7. The announced measure of business financing in the form of refund for immediate support of SMEs will amount to 1 billion for April.
8. Economic support in the form of a training voucher of 600 euros for six scientific sectors (economists/accountants, engineers, lawyers, doctors, teachers and researchers). If the crisis is extended in May, these professionals will receive the 800-euro allowance.
9. Support of the primary sector of the economy with 150 million to the Ministry of Rural Development and Food. Additional initiatives will be undertaken for other sectors such as tourism, maritime/shipping, transport, energy etc.

10. The interest payment on performing loans of corporates affected by the coronavirus crisis for April, May and June will be paid by the state conditional to firms maintaining their job positions.
11. Banks and Credit Servicing firms have committed to 3-month suspension of loan payments for all those eligible to the 800-euro allowance as well as to firms affected by the coronavirus crisis.
12. Cost of measures: a) Suspension of tax obligations: 2.1 billion, b) Suspension of social security obligations and coverage of employee and self-employed social security contributions: 1.6 billion, c) Payment of 800-euro extraordinary allowance: 1.4 billion. Additional cost of 1.7 billion stemming from: a) additional expenditure for public health (200 million), b) business finance in the form of tax fund (1 billion), c) support of the primary sector (150 million), d) coverage of the part of private sector employees' Easter bonus for the time period of their labour contract suspension and e) extraordinary support of public health professionals.
13. The total cost of measures amounts to 6.8 billion, corresponding to 3.5% of GDP, above the EU average (presented by the European Commission last week) of 2% of GDP.

Updated business financing via guarantees and EU funds

1. An amount of 1.8 billion will be used from the Special European Investment Fund created to tackle coronavirus crisis.
2. A guarantee fund of 1 billion with National Strategic Reference Framework (ESPA) and Hellenic Development Bank funds will be implemented to guarantee working capital loans of more than 3.5 billion to SMEs and large corporates.
3. The European Investment Bank (EIB) will provide liquidity to banks to grant new business loans up to 2 billion.
4. A guarantee mechanism will be created in cooperation with the EIB for investment-purpose loans up to 500 million.