

Support measures in Russia due to COVID-19

The Government and the Central Bank of the Russian Federation are taking prompt measures against the economic impact of the coronavirus and aimed at supporting businesses. The Russian Government has prepared a plan to support the economy in connection with COVID-19 (please see the *Plan of priority measures (actions) to ensure sustainable economic development in the face of a worsening situation due to the spread of the coronavirus infection – on the website of the Russian Government: <http://static.government.ru/media/files/vBHd4YRxpULCaUNNTFLVpPSZbMCIA2Zq.pdf>*)

I. General measures

1. Creation of a financial reserve fund of up to 300 billion rubles;
2. Creation of a guarantee fund for loan restructuring;
3. Support measures for public state contracts;
4. Etc.

II. Business support measures

1. Measures were taken in relation to all business entities:
 - until May 1, 2020, all on-site scheduled and unscheduled tax inspections are postponed at the Federal level (with some exceptions), and inspections that have already been initiated have been suspended;
 - the Russian Ministry of Economic Development was instructed to (i) submit a draft Federal Law to the Government of the Russian Federation by April 1, 2020, providing for the possibility of introducing a moratorium on bankruptcy applications, and (ii) speed up the approval, and submit to the Government of the Russian Federation, a draft Federal Law introducing a procedure for restructuring the debts of organizations;
 - the possibility to be released from liability for non-repatriation of currency proceeds due to COVID-19 (to be considered in each particular case).
2. Measures for certain industries: aviation, transport, tour operators, developers, pharmaceutical companies, etc.
3. Measures to support small and medium-sized enterprises: concessional lending, deferred lease payments for three months (for tenants of state or municipal property), refinancing of small and medium-sized enterprises' loans, tax deferral benefits, and measures to stabilize their financial state during the pandemic. It is planned to introduce a mechanism for non-application of penalties, the possibility of extending the terms and adjusting prices in 2020 for public procurement, etc.
4. Measures for other industries and sectors of the economy: at the stage of adoption, they will primarily concern the industries that are most seriously affected.

Separate support measures may be introduced in different regions of Russia, however Moscow is taking a lead by having introduced the following measures (<https://www.mos.ru/mayor/themes/12299/6382050/>):

PETERKA PARTNERS

THE CEE LAW FIRM

- 1. The deadline for advance payments of corporate property tax and land tax for the first quarter of 2020 has been extended until December 31, 2020.**
This applies to taxpayer-companies operating in the fields of public catering, tourism, culture, sports, hotels and entertainment.
- 2. The deadline for payment of the trade fee has been extended until December 31, 2020.**
This item will come into effect from the date of entry into force of the Federal Law, according to which local authorities will have the right to extend the dates of payment of regional and local taxes and fees themselves.
- 3. Partial exemption from rent payments.**
This applies to companies in the fields of culture, physical activities and sports, exhibitions, entertainment and educational activities that lease land and premises in city (Moscow) ownership. At the same time, the lease will be reduced only if the company was forced to stop working due to high-readiness for pandemic arrangements. They will not be charged for all of the time they spent idle.
- 4. Until December 31, 2020 rent payments for April, May, and June 2020 under lease agreements for land plots and premises in city ownership can remain unpaid.**
This applies to companies in the fields of hotel services, catering and tourism. The same deferrals and exemptions from rent will be given to city enterprises and institutions that themselves lease land and premises.
- 5. A 50% reduction in fees for contracts with a trade permit.**
This applies to non-stationary retail outlets (stalls, pavilions) of small and medium-sized businesses in underground (subway) passages and lobbies. The fee will be reduced for the entire duration of the high-readiness for pandemic arrangements.

Please note that on Wednesday March 25, 2020, the President of Russia introduced additional measures aimed at supporting people and certain categories of businesses (mainly for small business), so there may be further developments in this field. PETERKA & PARTNERS is following the measures closely and will keep you updated in case of any news. Please do not hesitate to contact our **COVID-19 Help desk** at covidhelpdesk@peterkapartners.com.