

COVID-19 Response: Romania

GOVERNMENT MEASURES FOR BUSINESSES

ELIGIBILITY

WHEN?

Finance / Loan Schemes

Government Loans

MM Invest

- ▶ The Romanian government has introduced a scheme to secure loans taken out by Romanian companies in respect of investments and working capital up to certain limits (see right for eligibility criteria). The interest on these loans is 100% subsidized by the government for a period of 8 months from the date of has been granted with the possibility of extension if economic growth in the subsequent year is below the level in the year ending 31 December 2020
- ▶ The Romanian government has published application information for the government loan schemes setting out: (i) specific eligibility criteria (see right); (ii) an aggregate ceiling for the guarantees granted by the state of RON 20 billion (approx. €4.1 billion); and (iii) activities which are not covered by the State aid scheme (e.g., financial intermediary, insurance, betting, tobacco manufacturing and sales, manufacturing of ammunition, weapons and explosives and investigation activities, with certain exceptions)

- ▶ SME – loans (capped at RON 10 million (c. €2.1 million) in aggregate) guaranteed up to 80%
- ▶ Small enterprise – loans (capped at RON 1 million (c. €205,000) in aggregate) guaranteed up to 90%
- ▶ Microenterprise – loans (capped at RON 500,000 (c. €103,000) in aggregate) guaranteed up to 90%
- ▶ The above loan amounts exclude bank fees, commissions and expenses

21 March 2020
(with amendments)

IMM Factor program

- ▶ The commercial credit guarantee scheme will be accessible until 31, December 2020, the beneficiaries of the program having the possibility to obtain factoring type financing granted from the banks enrolled in the program on the basis of commercial invoices and guaranteed by the state
- ▶ The support consists of a state aid scheme, in the form of grants, which will cover 50% of the financing costs (interest related to the amounts advanced by the financier and the factoring commission related to debt collection and administration services) and of 100% the guarantee costs (risk commission and management commission). The maximum value of grants is €800,000 / SME
- ▶ The guarantees will be granted in a maximum of 50% of the value of the factoring type financing, excluding the interests, commissions and other expenses related to the guaranteed financing with the possibility of extending the financing a maximum of 3 times, for periods of up to 12 months
- ▶ The highest value of the warranty/insurance scheme is RON 5 million (approx. €1 million), while the highest single warranty value for one factoring facility per beneficiary is RON 750,000 (approx. €154,000). The value of the financial investment, its extraction period and repayment follows the financial financier's internal policy and regulations. SMEs from all financial sectors (except for the ones declared non-eligible by GEO 146/2020) can benefit from the scheme alongside governmental benefits as long as they can respect the terms and conditions alongside the financier's internal policies

- ▶ SME
- ▶ Small enterprise
- ▶ Microenterprise

24 August
2020

COVID-19 Response: Romania

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Finance / Loan Schemes		
<p>IMM Leasing de echipamente și utilaje program (Equipment and machinery lease)</p> <ul style="list-style-type: none"> ▶ Per GEO no. 118/2020, the program is intended only for small and medium-sized enterprises (SMEs) ▶ Lease contracts will be guaranteed by the state, as is the case with state-guaranteed loans within the IMM Invest program ▶ The coverage levels provided by the state will consist of RON 5,000,000 (approx. €1,026,000) per beneficiary at most. Specifically, warrants will be: ▶ At the rate of maximum 80% of the amount of funding, excluding interest, charges and other expenditure relating to the secured funding, for the acquisition of IT equipment and information technology within a finance lease operation; ▶ At the rate of maximum 60% of the amount of funding, excluding interest, charges and other expenditure relating to the secured funding, for the acquisition of technological machinery and equipment, cargo and passenger transport motor vehicles used for commercial purposes within a finance lease operation ▶ It is necessary for the applicant to meet a series of requirements referring to relations with the Ministry of Finance and with the funder. There are also a number of requirements referring to loans and payment history of the applicant and to the economic performance of the SME (i.e., the enterprise must not be in difficulty) ▶ The same activities are excepted from the program, as in the case of the IMM Invest program detailed above 	<ul style="list-style-type: none"> ▶ SME ▶ Small enterprise ▶ Microenterprise 	22 July 2020
<ul style="list-style-type: none"> ▶ Companies have the right to request from their creditors the suspension of the obligation to pay capital, interest and fees in respect of loan arrangements for a period ranging between one and nine months. The suspension period has a hard-stop date of 31 December 2020 	▶ All companies	30 March 2020

COVID-19 Response: Romania

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Tax		
VAT Reimbursements <ul style="list-style-type: none">▶ The Romanian government has introduced a scheme pursuant to which the National Fiscal Administration Agency reimburses VAT in an aggregate amount of RON 4 billion (c. €821 million) during the state of emergency period and for 30 days thereafter	<ul style="list-style-type: none">▶ All companies subject to certain exceptions (e.g., if a tax audit has started before 16 April 2020, for tax payers who have criminal offences in their fiscal record, if the tax office determines that there is a risk of an unjustified return etc.)	16 April 2020
Cancellation of tax penalties <ul style="list-style-type: none">▶ Interest, penalties and any accessories related to the main budgetary obligations, which are outstanding as of 31 March 2020, are canceled under certain conditions▶ The ongoing tax amnesty mechanism enables taxpayers of all categories to get rid of interest and penalties owing to the state if the related main obligations are paid	<ul style="list-style-type: none">▶ All taxpayers	8 July 2020

COVID-19 Response: Romania

GOVERNMENT MEASURES FOR BUSINESSES

ELIGIBILITY

WHEN?

Employment

Technical Unemployment Aid

- ▶ The Romanian government has introduced an unemployment benefit scheme pursuant to which Romanian companies can obtain financial support for 75% of each employee's base salary, capped at a gross amount of RON 4,072 (c. €835) (being 75% of the monthly average salary at a national level as approved by the state social security budget in 2020)
- ▶ The wage subsidy scheme remains operating following end of the emergency status, up to 15 September 2020 but this is extended for all areas of activity in which restrictions are maintained via enactments of various authorities, up to the lifting of these restrictions
- ▶ These employers may opt either to continue to apply the technical unemployment state support scheme or to apply the new support scheme, as described below

▶ All companies

21 April 2020

Support measures for employers who hire certain categories of employees

- ▶ This measure applies to (i) individuals aged over 50 dismissed during the state of emergency or alert and registered as unemployed within the records of the unemployment agencies; (ii) individuals aged between 16 and 29 registered as unemployed within the records of the unemployment agencies; and (iii) Romanian citizens returning to Romania after being dismissed abroad due to the COVID-19 crisis (no specific conditions or limitations)
- ▶ To be eligible to receive the support, an employer must hire one of the in-scope individuals and must be retained on a full-time employment contract and for unlimited duration. The employee will receive via the employer the settlement of 50% of the employee's salary, but not more than RON 2,500 lei/ month for a period of 12 months. The employer has the obligation to maintain the employment for a period of at least 12 months following expiry of the 12 months of the benefit. In order to benefit from the support measure, the employer must conclude an agreement with the local unemployment agency by no later than 31 December 2020

▶ All companies

28 May 2020

Support measure for employees who were in technical unemployment

- ▶ In order to qualify, the employee must have been in technical unemployment for a minimum period of 15 days; the technical unemployment must have been implemented during the state of emergency or the state of alert; the employer either (i) applied for the technical unemployment state support scheme stated below or (ii) did not apply for the technical unemployment state support scheme stated below but observed the conditions for technical unemployment under the Labor Code (e.g., payment of 75% of the employee's base salary) (cont. overleaf)

▶ All companies

21 April 2020

COVID-19 Response: Romania

GOVERNMENT MEASURES FOR BUSINESSES

ELIGIBILITY

WHEN?

Employment

Support measure for employees who were in technical unemployment (cont.)

- ▶ Under the scheme, the employee receives, via the employer, for a period of three months, a part of the salary, representing 41.5% of the gross base salary, but not more than 41.5% of the average national gross salary (i.e., maximum RON 2,253 in gross amount). The amounts are advanced by the employers and recovered from the state (unemployment agencies)
- ▶ Employers who terminate the individual employment contracts of the employees benefiting of the provisions of GEO 92/2020 before the stipulated deadlines are obliged to reimburse, in full, to the employment agencies the amounts collected for each person for whom the employment relationship ended before the mentioned deadline, plus the reference rate of the National Bank of Romania in force at the date of termination of individual employment contracts

▶ All companies

21 April 2020

Several social support measures were approved by Government Emergency Ordinance no.132/2020 published on 10 August 2020:

▶ All companies

28 May 2020

Regarding *kurzarbeit*

- ▶ the employer may decrease (during a state of emergency, state of alert or under siege) by up to 50% the working time of an employee along with the employee's salary;
- ▶ during such a period, the employee affected by this measure may receive a financial support of 75% applied to the difference between the employee's usual gross base salary and the decreased gross base salary;
- ▶ the financial support is advanced by the employer and later recovered from the National Employment Agency;
- ▶ although *kurzarbeit* measure is set out unilaterally, by decision of the employer, consultations with the employees/employees' representatives must first take place;
- ▶ Consultations with employees do not require obtaining the employees' consent;

Regarding telework / working from home

- ▶ in order to encourage teleworking, the Government set out a one-time payment of RON 2,500 (approx. €512) for employees who have worked under a teleworking regime during the state of emergency for at least 15 days;
- ▶ the payment is dedicated to the purchase of equipment and services necessary for teleworking to be implemented;
- ▶ the measure is designed for SMEs able to prove that during the state of emergency they have used teleworking;
- ▶ the support measure will be available until 31 December 2020

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GOVERNMENT MEASURES FOR BUSINESSES

ELIGIBILITY

WHEN?

Grants

Grants to SMEs

- ▶ The European Commission approved the state aid scheme in the amount of €935,000,000 for awarding grants to SMEs affected by the COVID-19 pandemic, support that will be financed through the Competitiveness Operational Program (COP) 2014-2020. The total value of grants to be awarded to SMEs is €1,000,000,000
- ▶ Three major forms of support of non-reimbursable external funds are laid down:
 - a) micro-grants awarded out of non-reimbursable external funds as lump sum (€2,000). The funds allocated to micro-grants within the COP 2014-2020 are in the amount of €100,000,000
 - b) grants for working capital awarded to beneficiaries as lump sum, as a percentage of the turnover. The funds allocated for working capital grants are in the amount of €350,000,000
 - c) grants for productive investment awarded to SMEs out of non-reimbursable external funds based on evaluating the submitted investment project
- ▶ Investment grants will be awarded per project and beneficiary and will be between €50,000 and €200,000, based on the financing needs of the submitted investment projects. The funds allocated for investment grants are in the amount of €550,000,000
- ▶ According to GEO 130/2020, the working capital grant will be awarded to beneficiaries of the state aid in the form of lump sum representing 15% of the 2019 turnover, as follows:
 - a) For SMEs with a 2019 turnover between €5,000 and €13,500, the grant value is €2,000;
 - b) For SMEs with a 2019 turnover between €13,501 and €1,000,000, the grant value will be determined as 15% of the turnover but will not exceed the amount of €150,000
 - c) For SMEs with a 2019 turnover in excess of €1,000,000, the maximum value of the grant is €150,000

- ▶ SME
- ▶ Small enterprise
- ▶ Microenterprise
- ▶ Registered sole trader
- ▶ Individual medical practice

31 July 2020

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GOVERNMENT MEASURES FOR BUSINESSES

ELIGIBILITY

WHEN?

Grants

IMM and Hospitality Industry operators de minimis aid program for the period 2020-2027

- ▶ Per GEO 159/2020 the program „Electric Up“ has been approved whereby SMEs and Hospitality Industry operators will be granted a de minimis aid for installing photovoltaic pannels for the production of electric energy with an installed power between 27 kWp and 100 kWp for own consumption and for the delivery of excess electric energy into the National Energy System, as well as for the installation of 22kW charging stations for electrical and electrical hybrid plug-in vehicles („Program“)
- ▶ The investment project subject to the financing request must target an installed power of at least 27 kWp and at least one (1) 22 kW charging station
- ▶ The maximum value of the aid is of €100,000 / beneficiary (100% of the eligible cost for the investment), while the entire value of the Program is of RON 476,000,000 (approx. €9,650,000) for the first cycle of financing
- ▶ The beneficiary is entitled to an advance payment of 30% of the eligible costs if a guarantee (issued either by a bank or an insurance company) is provided

- ▶ SME
- ▶ Small enterprise
- ▶ Microenterprise
- ▶ Hospitality industry operators

8 September
2020

IMM de minimis aid for the increase of IT&C contribution to economic competitiveness

- ▶ Per Order 1092/2020 issued by the European Funds Ministry, the program is intended only for small and medium-sized enterprises (SMEs)
- ▶ Activities eligible for de minimis aid:
 - ▶ The state aid is designed to be granted to SMEs operating in the following economic sectors manufacturing of electronic subassemblies (NACE code C2611), manufacturing of other electronic components (NACE code C2612), manufacturing of communications equipment (NACE code C2630), client oriented software activities (NACE code J6201), IT consultancy activities (NACE code J6202), activities related to the management and utilization of computing tools (NACE code J6203), other activities related to the IT services (NACE code J6209), bio-technology R&D (M7211), natural and engineering sciences R&D (NACE code M7219)
- ▶ The maximum amount of the aid is of €200,000 / beneficiary (or €100,000 if the beneficiary operates in the transport sector)
- ▶ The budget for the de minimis aid is of €5,000,000 and will apply until 31 December 2021 with payments to be made until 31 December 2023

- ▶ SME
- ▶ Small enterprise
- ▶ Microenterprise

15
September
2020

COVID-19 Response: Romania

GOVERNMENT MEASURES FOR BUSINESSES

ELIGIBILITY

WHEN?

Grants

IMM state aid for the development of IT&C products and services

- ▶ Per Order 1093/2020 issued by the European Funds Ministry, the program is intended only for small and medium-sized enterprises (SMEs)
- ▶ The state aid is designed to be granted to SMEs operating in the following economic sectors: manufacturing of electronic subassemblies (NACE code C2611), manufacturing of other electronic components (NACE code C2612), manufacturing of communications equipment (NACE code C2630), client oriented software activities (NACE code J6201), IT consultancy activities (NACE code J6202), activities related to the management and utilization of computing tools (NACE code J6203), other activities related to the IT services (NACE code J6209), bio-technology R&D (M7211), natural and engineering sciences R&D (NACE code M7219)
- ▶ The entire budget for the state aid scheme is of €45,000,000,000 of which:
 - ▶ €4,500,000 are allocated for regional investments;
 - ▶ €31,500,000 are allocated for R&D projects;
 - ▶ €4,500,000 are allocated for SMEs innovations;
 - ▶ €4,500,000 are allocated for process and organisational innovation
- ▶ The state aid scheme will apply until no later than 31 December 2021 while payment of the aid will be performed up to 31 December 2023 and there are estimated up to 45 beneficiaries

- ▶ SME
- ▶ Small enterprise
- ▶ Microenterprise

15 September
2020

Note:

- ▶ This document only summarizes key measures implemented to benefit businesses operating in Romania
- ▶ The measures described above were in place as of **28 October 2020**. Updates and additional government measures are expected