**Anti-crisis shield package - solutions accepted by the government**

25/03/2020

**The government has approved a package of solutions to counteract the economic effects of the coronavirus pandemic. Protection of employment and maintaining financial liquidity in companies are the main objectives of the package of draft laws that make up the Anti-Crisis Shield.**

**It provides, among others:**

* State coverage of social security contributions for 3 months for:
	+ micro-companies that employ up to 9 employees (this refers to contributions for all employees);
	+ self-employed;
* monthly benefit in the amount of up to about 2,000 PLN - for those employed under a mandate or specific task contract and self-employed;
* co-financing employee remuneration and making working time more flexible - for companies in trouble.
* consumer protection in terms of excessive price increases and other unfair practices;
* temporary abolition of the extension fee in tax and social security claims;
* enabling deduction of donations given to counteract COVID-19 from income (income);
* more favorable settlement rules;
* ARP support for transport companies in refinancing lease contracts;
* facilities for the tourism industry;
* enabling stores - on Sundays that are not allowed to trade - to accept goods, unload them and put them on shelves;
* 90% reduction rents of tenants of premises and the so-called islands in shopping malls, as long as these facilities are prohibited from operating normally;
* extension of legal stay and work permits for foreigners;
* exemption from charging contractual penalties for - related to the epidemic - delays in the execution of tenders;
* enabling municipalities to refrain from charging real estate tax on companies that have lost their liquidity due to the coronavirus epidemic;
* extension of working capital loans, based on financial data at the end of 2019;
* de minimis guarantees from BGK;
* BGK subsidies for interest;
* BGK, PFR and KUKE liquidity funds, including the possibility of obtaining - by medium and large companies - from the PFR Investments fund an increase in capital or financing in the form of bonds - with a total value of PLN 6 billion.

### Details of selected solutions

#### The state takes over the payment of ZUS contributions for 3 months

The state - for 3 months - will take over the payment of social security contributions for: 692 thous. micro-companies (registered as payers before February 29, 2020) that employ up to 9 employees (this applies to all employees of such entrepreneurs). And also self-employed, if they were active before February 1, 2020 and income from this activity, as defined in the provisions on personal income tax, obtained in February 2020 was not higher than 300% of the forecasted average monthly gross salary in the national economy in 2020 r. Co-financing will come from the Guaranteed Employee Benefits Fund (FGŚP). Thanks to this, employers will reduce personnel costs by 35.0%. We estimate the cost of this solution for public finances at PLN 3.4 billion per month with 1.7 million employees. In total, this gives PLN 10.2 billion for a period of three months.

#### Benefit for employees under a mandate contract or for a specific task, as well as self-employed

Payment from the Social Insurance Institution (ZUS) of a guaranteed monthly benefit - not folded and not taxed - in principle, it is 80% of the minimum wage. In the case of persons who in the month preceding the month of submitting the application received income under a civil law contract, within the meaning of the provisions on income tax from natural persons below 50% of the minimum remuneration, it will be the amount of remuneration obtained under the civil law contract in the month preceding the submission of the application. In the case of people settling, e.g. in the form of a tax card, it will be 50% of the minimum wage. The condition for obtaining a benefit is that the income in the month preceding the month of submitting the application does not exceed 300% of the average remuneration. In addition, the entrepreneur must be active before February 2020, and his income in the month preceding the month of submitting the application must fall by a minimum of 15% compared to the previous month. If he suspended the activity, the activity had to be suspended not earlier than February 1, 2020. In order for the contractor or performer of the work to receive the benefit, he must prove the conclusion of the contract before February 1, 2020.

#### Co-financing of employment

The entrepreneur is entitled to assistance from the FGŚP funds during the period of economic downtime introduced by the entrepreneur or reduced time dimension in the event of a decrease in economic turnover:

* not less than 15%, calculated as the ratio of total turnover over two consecutive months in the period after 01.01. 2020, to the total turnover from the corresponding 2 months of the previous year following the occurrence of COVID 19, or
* not less than 25%, calculated as the ratio of total turnover over any month indicated in the period after 01.01. 2020, compared to the turnover of the previous month.

Due to the decrease in economic turnover following the occurrence of coronavirus, the employee who is subject to economic downtime, the employer pays remuneration in the amount of at least the minimum remuneration for work. Thanks to the funds from the FGŚP, the employer will receive co-financing for remuneration in the period of downtime in the amount of 50% of the minimum remuneration plus social security contributions due from the employer on the benefits granted, i.e. PLN 1 533.09, including working time.

An entrepreneur who has reduced working time due to a decrease in economic turnover following a coronavirus may reduce the employee's working time by 20%, not more than 0.5 full-time employment, with the proviso that the remuneration cannot be lower than the minimum remuneration for work, including working hours. With such a reduced working time, the Fund will subsidize up to a maximum of 40% of the average monthly salary from the previous quarter announced by the President of the Central Statistical Office plus social security contributions due from the benefits awarded to the employer. i.e. PLN 2,452.27.

Both benefits will be due for a total period of 3 months from the date of signing the benefit payment agreement. In order to counteract the economic effects of COVID-19, the Council of Ministers may, by way of an ordinance, extend this period, taking into account the period of validity of the epidemic threat or epidemic status and the effects caused by them.

Applications may be submitted electronically. Applications are submitted to the Directors of Voivodship Labor Offices.

#### Making working time more flexible

An employer affected by the effects of a coronavirus epidemic will be able to reduce the employee's daily uninterrupted rest time from the current 11 hours to 8 (with a guarantee of giving the employee equivalent rest within 8 weeks), and the weekly rest period from 35 to 32 hours. In agreement with trade unions or when there are no relationships with employee representatives - he will also be able to extend the daily working time to 12 hours (equivalent working time system) and the reference period to a maximum of 12 months.

#### No fines for delays in public tenders

Introduction of a mechanism to extend the deadlines for public procurement. This will be served by the procedure releasing from charging contractual penalties for - related to the epidemic - delays in the execution of tenders. At the same time, failure to calculate contractual penalties in this procedure will not constitute a violation of public finance discipline. In addition, an accelerated procedure or non-application of the provisions of the Public Procurement Law will be introduced in the case of contracts necessary to fight coronavirus.

#### Facilitation for the tourism industry

Extending the deadline for reimbursement of customer payments in the event of inability to organize the event due to an epidemic (regarding the organization of exhibitions and congresses or cultural, entertainment, recreation, sports, organizing thematic exhibitions or outdoor events) to 180 days from the termination of the contract. Today it is 14 days.

Opportunity for customers to use vouchers for the implementation of a tourist event within a year of the day on which the event was to be canceled due to counteracting COVID-19.

#### Settlement of all this year's loss next year

Enabling CIT and PIT taxpayers who bear the negative consequences of COVID-19 to deduct the loss incurred in 2020 from operating income generated in 2019. The condition is to achieve in 2020 - compared to 2019 - lower revenues by at least 50%

#### Extension of working capital loans

Enabling the calculation of creditworthiness based on financial data at the end of 2019. This will be accompanied by recommendations on how to calculate loan reserves. The banking sector declared its readiness to extend working capital loans when the regulations were changed. This solution makes it possible to extend working capital loans - by approximately PLN 150 billion - for the enterprise sector.

#### Extension of legal stay and work permits for foreigners

Extension of residence visas and temporary residence permits for foreigners. Extension of the deadline for submitting applications for residence permits, extension of visa and extension of stay under visa-free travel, if it would fall out during the period of epidemic emergency or epidemic status. Extending by law the periods of validity of temporary residence permits and national visas (up to 30 days from the date of cancellation of this state).

#### Second chance policy

In a macroeconomic crisis, a large number of companies may be forced to restructure. Small and medium-sized enterprises in particular have a problem with successfully going through the restructuring process and many of them end up in bankruptcy or liquidation. Therefore, it will be possible to help small and medium enterprises that are undergoing restructuring. The goal is to make it easier for them to start their business again. The solution is to minimize the future economic impact of the pandemic.

#### Postponement of certain obligations, including:

* Postponement of the date of payment of advance payments for income tax on remuneration paid in March and April 2020 (until June 1, 2020).
* Postponing the obligation to submit a new JPK\_VAT file for large companies (declaration and records) from April 1 to July 1, 2020;
* Transfer of the VAT matrix from April 1 to July 1, 2020;
* Postponing the obligation to create Employee Capital Plans in medium-sized enterprises to October 1, 2020;
* Postponing the obligation to submit information to the Central Register of Real Beneficiaries (Act on counteracting money laundering) until July 13, 2020;
* Exemption from tax on civil law transactions (PCC) for a loan agreement concluded until August 31, 2020.
* Extension of the deadline for submitting information on transfer prices to 30 September 2020;
* Extension of the deadline for submitting a notification of payment to an account not included in the list of VAT taxpayers referred to in art. 96b paragraph 1 of the VAT Act (from 3 days to 14 days);
* Postponing the date of entry into force of legal solutions regarding the equalization of the legal position of small entrepreneurs and consumers from 1 June 2020 to 1 January 2021;
* Tax deferral to retail until January 1, 2021;
* Possibility to postpone the deadline for testing technical devices, with the possibility of operation for a maximum period of the next six months;
* Extending the period of preparation of paper waste record documents to 31 December 2020.

### What is an anti-crisis shield?

The government's goal in the face of the coronavirus pandemic is to protect jobs and ensure the financial and health security of our citizens and companies. The costs associated with the current economic situation should be spread between the enterprise sector, employees, the financial system and the public sector in a solidary and adequate manner, with care for the security of all spheres of social and economic life in Poland.

The anti-crisis shield is intended to achieve this goal. The estimated total value of this package is at least 10% of GDP.

The package consists of: a draft act amending the act on special solutions related to the prevention, counteracting and combating of COVID-19 (special act); draft act on granting public aid to rescue or restructure entrepreneurs (new opportunity policy); draft act amending the act on the system of development institutions (PFR).

These projects were developed by: Ministry of Development; Ministry of Family, Labor and Social Policy; Ministry of Finance; ZUS; KNF; PFR; MS; Ministry of Interior and Administration, under the supervision of the Chancellery of the Prime Minister and in cooperation with other ministries and public institutions.