

COVID-19: business as usual in the ‘new normal’? A global view

Economic impact of COVID19 across our global practice areas

Jurisdiction	Legislation - lockdown and exit strategy	Economic impact	Risk
Europe			
Belgium	<ul style="list-style-type: none"> Lockdown measures imposed 13 March Exit strategy in three phases (11 May, 18 May, 8 June) All businesses opened by 1 July <p>Business support measures:</p> <ul style="list-style-type: none"> Temporary unemployment including unemployment benefit (70% of average salary) Short-time work scheme (flexible working) Tax free grants and premium to companies forced to close due to lockdown Compensation premium for companies with significant decrease in turnover 	<ul style="list-style-type: none"> GDP projected to fall by 5.8% (2020) Unemployment rate of 7% Projected recovery of 6.7% (2021) 	<ul style="list-style-type: none"> Financial risks Cyber risks
Denmark	<ul style="list-style-type: none"> Lockdown measures imposed 11 March Exit strategy commenced 15 April All businesses opened by 9 June Some restrictions on hotel booking in Copenhagen <p>Business support measures:</p> <ul style="list-style-type: none"> Three party agreement (salary compensation scheme) Short-time work scheme (flexible working) Payment of frozen holiday allowance Compensation scheme to cover a company's fixed expenses for companies with minimum 40% decrease in turnover 	<ul style="list-style-type: none"> GDP projected to fall by 3-6% (2020) Unemployment rate of 7% Projected recovery of 5.1% (2021) 	<ul style="list-style-type: none"> Financial risks Cyber risks and increase in cyber fraud
France	<ul style="list-style-type: none"> Lockdown measures imposed 14 March (entered State of sanitary emergency) Exit strategy commenced gradually from 11 May 	<ul style="list-style-type: none"> GDP projected to fall by 8.2% (2020) Unemployment rate of 10.1% Projected recovery 	<ul style="list-style-type: none"> Financial risks Dispute resolution delayed

	<ul style="list-style-type: none"> State of sanitary emergency extended to 10 July All businesses currently open with exception of discos, games rooms, racetracks and stadiums <p>Business support measures:</p> <ul style="list-style-type: none"> Immediate fiscal impulse of €106 billion Fiscal support package worth 5% of GDP to include bank loan guarantees, credit reinsurance scheme and tax exemptions €8 billion in subsidies through Solidarity Fund for small companies (revenue of less than €1 million) €31 billion for keeping people employed €0.5 billion for replacement income for unemployed 	of 7.4% (2021)	causing rise in disputes, and increase in disputes generally
Portugal	<ul style="list-style-type: none"> Lockdown measures imposed on 13 March Exit strategy commenced gradually from 3 May Most businesses currently open but employees encouraged to work from home Current ban on gatherings of more than 20 people (five in peripheral parishes of Lisbon and 10 in parishes in Lisbon centre) <p>Business support measures:</p> <ul style="list-style-type: none"> €6.8 billion to companies and households €2 billion guarantee scheme for SMEs €550 million credit line to support companies Extension of support to unemployment social benefits and coverage of independent workers Special conditions for legal moratoria on commercial and private debts, up to March 2021, in bank operations Postponement of collection of companies income tax €60 million to call operations in sale and lease back (tourism sector) 	<ul style="list-style-type: none"> GDP projected to fall by 6.8% (2020) Unemployment rate of 9.7% Projected recovery of 5.8% (2021) 	<ul style="list-style-type: none"> Financial risks Cyber risks and opportunities for new business activity
Spain	<ul style="list-style-type: none"> Lockdown measures imposed 14 March (State of alarm declared) Exit strategy commenced gradually 	<ul style="list-style-type: none"> GDP projected to fall by 9.4% (2020) Unemployment rate 	<ul style="list-style-type: none"> Financial risks Cyber risks

	<p>from 11 May</p> <ul style="list-style-type: none"> 6th and final extension of the state of alarm finished on 21 June From the end of the state of alarm, each regional government of the 17 autonomous regions (comunidades autónomas) recovered its authority and will regulate all safety measures in each region Due to the increase of new outbreaks detected, local lockdowns ordered in some towns such as in Galicia and Cataluña, or lockdown of specific buildings (Santander); face masks are becoming mandatory again in many regions <p>Business support measures:</p> <ul style="list-style-type: none"> Stimulus package of €200 billion to support companies, freelance and employees €100,000 million in guarantees to support businesses stay solvent €16,000 million non-refundable to the 17 autonomous regions to invest on health, social and education measures Guaranteed minimum income scheme to help 850,000 vulnerable families (applications submitted between 15 June and 15 September 2020 will have economic effects from 1 June 2020) Deferred repayment of loans and mortgages (deadline to apply up to 29 September 2020) Deferred payment of taxes and social security payments (six months) €29,65 million euros for scientific investigation against coronavirus SARS-CoV2 	<p>of 18.9%</p> <ul style="list-style-type: none"> Projected recovery of 7% (2021) 	<ul style="list-style-type: none"> Teleworking risks
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<p>UK</p>	<ul style="list-style-type: none"> Lockdown measures imposed on 23 March Exit strategy in 3 stages generally. Measures lifted in devolved nations at differing speeds. In England, relaxation of restrictions on 13 May (Phase 1). Schools reopened on 1 June (Phase 2) and some businesses reopened on 4 July (Phase 3) Currently, all businesses reopened with the exception of theatres, concert halls and indoor performances in general 	<ul style="list-style-type: none"> GDP projected to fall by 10% (2020) Unemployment rate of 6% (2021) Projected recovery rate of 2.8% 	<ul style="list-style-type: none"> Financial risks Cyber risks Dispute resolution initially delayed causing rise in disputes
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- Introduction of local lockdowns in parts of UK, e.g. Leicester
- Mandatory use of face masks in shops from 24 July

Business support measures:

- Coronavirus Act 2020
- Corporate Insolvency and Governance Act 2020
- Coronavirus Job Retention Scheme 2020 (Furlough scheme)
- Health protection (Coronavirus) Regulations 2020

Asia Pacific

Australia

- Lockdown measures imposed on 20 March
- Exit strategy announced on 8 May - three-step framework to be assessed state by state and implemented locally
- Reintroduction of lockdown measures in July 2020 after an outbreak in the state of Victoria
- Border closure between the states of Victoria and New South Wales implemented for the first time in 100 years to contain the Victorian outbreak

Business support measures:

- Interest rate cut to 0.25%
- A\$17.6 billion support package to encourage investment and keep people in jobs
- A\$70 billion jobkeeper payment (furlough scheme)
- Early release of retirement funds permitted resulting in A\$19.1 billion in payments to eligible persons to date
- Banks offering assistance through deferred mortgage, credit card and loan repayments and support for small businesses
- Mandatory code of conduct for commercial tenancies
- Higher education relief package to support workers displaced by COVID-19
- Manufacturers to receive A\$48.3 million in federal government funding

- GDP projected to fall by 4.7% (2020)
- Unemployment rate of 7.4% (the highest since 1998)
- Projected recovery of 6.7% (2020)

- Financial risks

	<ul style="list-style-type: none"> Home builder grants of A\$688 million A\$669 million injected into Medicare, Australia's 'universal healthcare provider' 		
Hong Kong	<ul style="list-style-type: none"> Border and school closures but no lockdown measures are enforced apart from measures to catering and public entertainment industries Workers encouraged to work from home Exit strategy commenced in phases in early May but an increase in cases has led to the reintroduction of tightened social distancing measures including a ban on gatherings above four persons Wearing of face masks on public transport mandatory from 15 July <p>Business support measures:</p> <ul style="list-style-type: none"> HK\$10,000 to permanent residents whose finances have been hit by the spread of coronavirus Low interest loans with government guarantees for small businesses Financial support to employers to retain employees and one-off subsidies for specific sectors Reduction in profits tax by 100%, subject to a ceiling of HK\$20,000 	<ul style="list-style-type: none"> GDP projected to fall by 4-7% (2020) Unemployment rate of 3.7% 	<ul style="list-style-type: none"> Financial risks
India	<ul style="list-style-type: none"> Lockdown measures imposed on 25 March Exit strategy commenced in phases from 8 June As of 1 July, lockdown only in containment zones. Businesses have started to reopen but schools, colleges, metros, cinemas, gyms, swimming pools and recreational activities are to stay closed until 31 July Due to a spike in cases, two states - Maharashtra and Tamil Nadu have again been put under complete lockdown till 31 July 2020. Lockdown has also been imposed in Bengaluru until 22 July 2020 International air travel of passengers remains restricted <p>Business support measures:</p> <ul style="list-style-type: none"> Suspension of fresh insolvency proceedings for a period of six 	<ul style="list-style-type: none"> GDP projected to fall by 4.5% (2020) Unemployment rate of 26% but now back to 6.7% 	<ul style="list-style-type: none"> Financial risks Cyber risks

	<p>months for defaults arising on or after 25 March 2020</p> <ul style="list-style-type: none"> ▪ The government has launched a RS30,000 Special Liquidity Scheme for non-banking financial companies ▪ The government reduced rates of Tax Deduction at Source (TDS) ▪ Collateral free automatic loans will now be available for MSMEs (Micro, Small and Medium Enterprises) ▪ The Employees' Provident Fund (EPF) contribution for June, July, and August will be made by the government ▪ The due date of all income-tax return for the financial year 2020 has been extended from 30 June to 30 November 		
Singapore	<ul style="list-style-type: none"> ▪ Lockdown measures imposed on 7 April ▪ Exit strategy commenced in phases from 2 May ▪ Gatherings now limited to six persons only <p>Business support measures:</p> <ul style="list-style-type: none"> ▪ A year long delay in the planned raise in the goods and services tax ▪ S\$800 million for the health industry. ▪ S\$350 million for the airline industry ▪ SMEs are allowed to defer principal payments on their secured term loans up to 31 December 2020 	<ul style="list-style-type: none"> ▪ GDP projected to fall by 4-7% (2020) ▪ Unemployment rate of 2.4% (Q2) 	<ul style="list-style-type: none"> ▪ Financial risks
Thailand	<ul style="list-style-type: none"> ▪ Lockdown measures imposed on 26 March ▪ Exit strategy commenced in phases from 1 June ▪ All businesses now open and curfew lifted <p>Business support measures:</p> <ul style="list-style-type: none"> ▪ Employees furloughed that are registered to the Social Security Fund (SSF) to receive 50% wages capped at THB7,500 pm for up to 180 days ▪ Workers not registered to SSF to receive THB5,000 pm for three months ▪ Agriculturists to receive THB5,000pm for three months ▪ Financial support, namely (i) THB3,000 for hotel fees and (ii) 	<ul style="list-style-type: none"> ▪ GDP projected to fall by 3-5% (2020) ▪ Unemployment rate of 9.6% (Q2) 	<ul style="list-style-type: none"> ▪ Financial risks ▪ Cyber risks

	<p>THB1,000 for flight tickets to promote domestic business travel</p> <ul style="list-style-type: none"> ▪ Payments to SSF delayed for three months ▪ Availability of soft loans ▪ Six month moratorium on loan payments for SMEs ▪ All tax deadlines deferred to 31 August 20 		
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Middle East

UAE	<ul style="list-style-type: none"> ▪ Lockdown measures imposed on 26 March ▪ Exit strategy commenced gradually from 24 April according to age groups ▪ Businesses have currently reopened ▪ Ban to travel for tourism <p>Business support measures:</p> <ul style="list-style-type: none"> ▪ Remote working encouraged and up to 100% currently permitted to attend workplace provided social distancing and sanitisation procedures followed ▪ Employers permitted to place employees on paid and unpaid leave ▪ A number of financial support measures, e.g. freeze on loan repayments, interest rates lowered, six month postponement of rental payment ▪ Use of electronic transactions and electronic signatures 	<ul style="list-style-type: none"> ▪ GDP projected to fall by 1.1% (2020) ▪ Projected recovery of 1.2% (2021) 	<ul style="list-style-type: none"> ▪ Financial risks and opportunities ▪ Rise in deferral of disputes and hearings
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Americas

USA	<ul style="list-style-type: none"> ▪ Lockdown measures imposed in late March on most states ▪ Exit strategy in all states commenced from 18 June but increase in cases has forced some states to reintroduce partial lockdown measures ▪ All states have not yet fully reopened with mandatory face masks in some states ▪ Some reopened states have now closed due to further outbreaks <p>Business support measures (Federal measures only):</p> <ul style="list-style-type: none"> ▪ Forgivable Small Business Administration loans and guarantees 	<ul style="list-style-type: none"> ▪ GDP projected to fall by 8% or more (2020) ▪ Unemployment rate of 13.3% 	<ul style="list-style-type: none"> ▪ Financial risks
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	<p>to help small businesses that retain workers</p> <ul style="list-style-type: none"> ▪ Increased funding for hospitals ▪ Under the CARES act: <ul style="list-style-type: none"> a) one-time tax rebates to individuals b) billions to expand unemployment benefits c) billions to provide a food safety net for the most vulnerable d) billions to prevent corporate bankruptcy by providing loans, guarantees, and backstopping Federal Reserve program ▪ With the end of the first stimulus package looming (30 July), Congress is considering additional financial support measures as the virus moves through the country ▪ The individual states control decisions on lockdown, reopening, and all protective measures 		
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Chile

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| <ul style="list-style-type: none"> ▪ Partial lockdown and quarantine measures imposed on 19 March ▪ Total lockdown since mid-April ▪ National curfew (10pm to 5am) imposed on 22 March ▪ Mandatory use of face masks in public spaces ▪ Exit plan presented on 19 July to be implemented gradually <p>Business support measures:</p> <ul style="list-style-type: none"> ▪ Suspension of income tax payments for three months as of April ▪ SME income tax payments deferred to July ▪ Postponement of annual tax declaration to 31 July ▪ Postponement of VAT for April, May and June ▪ Interest free increased credit facility to companies ▪ Temporary suspension of the employment relationship ▪ Partial salary for those registered and who have paid contributions to the unemployment fund ▪ Temporary reduction of working hours up to five months for those registered with the unemployment fund | <ul style="list-style-type: none"> ▪ GDP projected to fall by 6.3% (2020) ▪ Unemployment rate of 11% (Q3) ▪ Projected recovery of 3.1% | <ul style="list-style-type: none"> ▪ Financial risks |
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- Working from home Act
- Special emergency aid for low income families
- Soft loans for middle class sectors and independent professionals
- Withdrawal of up to 10% of pension funds (one time only)

<p>Colombia</p>	<ul style="list-style-type: none"> ▪ Full lockdown measures imposed on 17 March include isolation for all adults over 70 and quarantine until 31 August ▪ Exit strategy commenced in stages as of 1 June subject to discretion of local authorities commencing with easing of measures to allow certain activities (totalling 43) to be performed during lockdown ▪ Mandatory use of face masks in public spaces ▪ Reintroduction of lockdown in Bogotá during 15 day periods in certain areas of the city (to vary every 15 day period) from 13 July to 23 August ▪ Local curfew in the strict lockdown areas of Bogotá (8pm to 5am) <p>Business support measures:</p> <p>The government has issued 147 legislative decrees which include:</p> <ul style="list-style-type: none"> ▪ Extension of credit lines ▪ Moratorium of interest rates on taxes ▪ Flexible working hours and paid leave ▪ Businesses to work online if possible ▪ Working from home ▪ Safety protocols for permitted activities ▪ Trade conditions and guarantee of public utilities for the population ▪ Government aid 	<ul style="list-style-type: none"> ▪ GDP projected to fall by 4.9% (2020) ▪ Unemployment rate of 12.6% (Q2) ▪ Projected recovery rate of 3.6% 	<ul style="list-style-type: none"> ▪ Financial risks ▪ Dispute resolution delayed causing rise in disputes
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<p>Mexico</p>	<ul style="list-style-type: none"> ▪ Lockdown measures imposed on 23 March ▪ Exit strategy commenced in stages (traffic light system) as of 1 June. However, some states have returned to lockdown given some outbreaks <p>Business support measures:</p> <ul style="list-style-type: none"> ▪ Microcredits of between MXN\$6,000 and \$20,000 provided by the federal executive branch ▪ Central Bank issued additional 	<ul style="list-style-type: none"> ▪ GDP projected to fall by 7.5% (2020) ▪ Unemployment rate of 10.7% (Q2) ▪ Projected recovery rate of 3% 	<ul style="list-style-type: none"> ▪ Financial risks ▪ Dispute resolution delayed causing rise in disputes
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measures to promote orderly behaviour in the financial markets, strengthen credit granting channels and provide liquidity to maintain stable financial system

- Tax relief in certain states
- Largest commercial banks are deferring credit payments by four to six months

<p>Peru</p>	<ul style="list-style-type: none"> ▪ Partial lockdown and quarantine measures until 30 June imposed since 16 March. Currently in place for certain regions only ▪ Mandatory use of face masks imposed on 17 March ▪ National curfew imposed on 18 March. Currently 10pm to 4am ▪ Exit strategy in four stages as of 3 May. Currently in Stage 3 as of 1 July <p>Business support measures:</p> <ul style="list-style-type: none"> ▪ Extension of credit lines ▪ Subsidies to vulnerable people and independent workers ▪ Withdrawals of up to PEN2,4000 from person's unemployment protection scheme (CTS) ▪ Early withdrawal of pension funds up to 25% of total accrued funds (up to PEN12,900) ▪ Reduction of interest rates ▪ Soft loans ▪ Granting of state guarantees to assist companies to stay afloat ▪ Payment of tax in instalments ▪ Furlough scheme ▪ Working from home ▪ Subsidies to employers of 35% gross employee salaries up to PEN1,500 	<ul style="list-style-type: none"> ▪ GDP projected to fall by 12% (2020) ▪ Unemployment rate of 16% (Q2) ▪ Projected recovery rate of 7% 	<ul style="list-style-type: none"> ▪ Financial risks
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