

FINANCIAL MEASURES ANNOUNCED BY THE GOVERNMENT OF THE REPUBLIC OF CYPRUS IN RESPONSE TO THE COVID-19 PANDEMIC

On 15th March 2020 the Minister of Finance, Cyprus, announced measures aimed at countering the financial impact of COVID-19 on businesses, employees and vulnerable groups of the population in the Republic of Cyprus.

In a bid by the government, primarily aimed at reducing the potential adverse effects on employees, such as job and wage losses, and to protect the vulnerable group of the population, the Minister of Finance has announced the following measures:

- In light of the government's decision to temporarily close schools, the Ministry has made provision for **Special Leave** to parents who are employed in the Private Sector and who have children aged up to 15 years of age under their care. An allowance will be based on the salary of the parent earning up to €2,500 per month.
- In the case of businesses which have closed in accordance with the mandatory closure regulation, or those which suffer a reduction in turnover of more than 25%, a **Suspension Plan** will be implemented to avoid mass lay-offs.
- **A plan to support SMEs** up to €10m will apply to businesses employing up to 5 people, provided that they retain their staff at work and have suffered a turnover reduction of more than 25% due to the pandemic. (Details to be announced later).
- An allowance is to be provided to **people working in the afternoon programs of the Ministry of Education, Culture, Sport and Youth.**
- A '**Sickness Benefit**' will apply to employees facing special health issues and falling into the categories as defined by the Ministry of Health.
- **Mobile units** will be created, assisted by Voluntary Organizations and businesses, to deliver provisions to the elderly and vulnerable groups, who are either isolated and need help.
- The Ministry has announced steps to support and **strengthen the General Health System** which includes the employment of additional medical, nursing and support staff for a more effective and immediate response to the work they are called on to do.

Another measure taken not to affect the incomes of employees and businesses, is the **non-payment increase in levy on the GHS/ΓεΣΥ** for 2 months by employers, employees and the State, which was scheduled to come into effect on 31 March 2020.

In order to improve business liquidity during the time that companies are expecting to face liquidity problems, the following measures have been announced:

- The temporary **suspension of the obligation to pay VAT**;
- The provisional **reduction of VAT**;
- Special arrangements for businesses registered in **the Scheme of Overdue Debts**;
- An **Overseas Student Residence Allowance**;
- The **extension of the Tax Return Submission** obligation;
- The **suspension of the requirement to hold guarantees**;
- Support for the **recovery of tourism**;
- The **Cyprus financial institutions** will be able to obtain liquidity from the Eurosystem on substantially favourable terms.

Finally, other measures to protect citizens, include the following:

- A **price ceiling** on personal hygiene products will be introduced to counter the effects of profiteering;
- As from Tuesday 17 March 2020, the public service and the wider public sector and education service providers, for the coming month, will be:
 - (i) working from their home, if possible
 - (ii) working with key personnel and emergency services.

Notwithstanding the above, and with a view to the timely and effective implementation of the measures announced, public service providers, the wider public sector and the Educational Service may be called on, if they are not in a full-time job or working from home, to provide their services in other areas, if and when required.

In an emergency address to the nation by the President of the Republic of Cyprus on 23rd March 2020, the following **safety and emergency measures** were imposed, aimed at curbing the spread of the virus:

1. **Prohibition of unnecessary travel** from 18:00 hours on 24 March 2020 until 13 April 2020 unless it relates to travel under the following circumstances:
 - i. To travel to and from the workplace;
 - ii. To obtain essential/day-to-day supplies (i.e. from supermarkets, petrol stations, etc);
 - iii. To visit a doctor or go to a pharmacy;
 - iv. To go to a bank, if electronic transaction is impossible;
 - v. To assist fellow citizens who are unable to self-serve or to groups that need self-protection or are in self-restraint and/or quarantine areas;
 - vi. To attend ceremonies, such as funerals, weddings and christenings, provided they do not exceed 10 persons and 1st and 2nd relatives to attend only;

- vii. To exercise (i.e. physical activity such as walking) or for the needs of pets, provided they do not exceed two persons and are confined to areas adjacent to their home. (Maintain safe distance of 2 metres with others on the road).

Those persons who travel must, in any event, be in possession of a specific form regarding reason for travel, and carry their identity card/passport with them. Details on relevant checks that would be carried out by the authorities to verify the above exceptions, will be announced by the competent authorities.

2. In addition, from 18:00 hours on 24 March, 2020 until 13 April 2020, the following **public areas will be closed**: Parks, Playgrounds, Open sports grounds Public meeting places, such as squares, dams, excursions, beaches, marinas.
3. **All retail businesses to suspend their operations**, except those included in a relevant Decree issued by the Ministry of Health. Also, the Government has recommended to all businesses in Cyprus to apply as much “working from home” as possible.
4. The local **markets, bazaars and street vending shall be closed**.
5. Citizens are **forbidden to attend religious places**, such as churches, mosques or other places of worship.

It was stressed that, in addition to any other criminal liability, offenders will be charged an out-of-court **fine of €150,00**.

The President stated that he realizes that the measures above are extraordinary and hard but that these measures were essential to help us win the war against this enemy, the Corona Virus. He took the opportunity to heartily thank the frontline workers in particular, medical and key personnel, for their commitment and putting their lives in danger for our benefit, and urged everyone to stay home and stay safe.

Should you wish to know any further information about the above please feel free to contact Mr Savvas Savvides, Director/Partner of Michael Kyprianou & Co LLC, email savvas.savvides@kyprianou.com