



Current Luxembourg funding answers due to the Coronavirus

Global Innovation and Investment Incentives
15 April 2020

Contents

| | | |
|-----------|---|---------------------------|
| 1 | Meeting liquidity needs | <u>3</u> |
| 2 | Encouraging research and investment aimed at fighting COVID-19 | <u>9</u> |
| 3 | Facilitating bank financing | <u>12</u> |
| 4 | Helping start-ups | <u>14</u> |
| 5 | Maintain employment | <u>16</u> |
| 6 | Maintain activity in essential sectors of activity | <u>21</u> |
| 7 | Promoting telework | <u>25</u> |
| 8 | Defer payments linked to tax deadlines | <u>30</u> |
| 9 | Benefit of administrative tolerance for social security contributions | <u>33</u> |
| 10 | Benefit from measures to support exporting companies | <u>34</u> |
| 11 | Provide legal protection for companies in difficulty | <u>35</u> |

Meeting liquidity needs

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|--|--|
| Establishment of an emergency fund the self-employed | Self-employed | <p>The <i>Direction générale des classes moyennes</i> has set up an emergency fund for the self-employed, in the form of a certified tax-free emergency allowance, to merchants, craftsmen and intellectual workers who work as self-employed persons and to managing partners who hold an establishment permit. The allowance shall take the form of a single flat-rate capital grant of EUR 2,500 non-refundable. The aid cannot be combined with the indemnity provided for by the establishment of an emergency fund for very small enterprises and the self-employed.</p> <p>The allowance shall be granted to the person who, as his or her principal occupation:</p> <ul style="list-style-type: none"> ➢ is self-employed in a professional activity falling under the jurisdiction of the <i>Chambre des métiers</i> or <i>Chambre de commerce</i>, or in a professional activity of a mainly intellectual and non-commercial nature. ➢ holds more than 25% of the shares in a general partnership, limited partnership or limited liability company whose object is an activity referred to above and holds an establishment permit issued in accordance with the law concerned; ➢ is a director, general partner or agent delegated to the day-to-day management of a public limited company, a limited partnership with shares or a cooperative company having as its object an activity referred to above and holds the establishment permit issued in accordance with the law concerned. <p>The allowance can only be granted if the following 5 conditions are met :</p> <ul style="list-style-type: none"> • the self-employed person was affiliated to the <i>Centre commun de la sécurité sociale</i> as such on 15 March 2020 ; • he has the necessary authorizations and approvals for the activity he carries out; • the professional income of the self-employed person used as a basis for calculating the social security contributions for the year 2019 plus, where applicable, the pensions paid by a pension insurance body must not exceed the amount of 2.5 the minimum social wage (EUR 5,354.98 per month or EUR 64,259.70 per year); • the self-employed person employs less than 10 people; • the self-employed person encounters temporary financial difficulties that have a direct causal link with the Covid-19. | <p>The application must be made through an online assistant available through their professional page of MyGuichet.lu.</p> <p>The aid application file must contain all mandatory information, in particular :</p> <ul style="list-style-type: none"> • information about the applicant (the self employed person/company); • the national identification number of the self-employed person/company • the description of the activity; • the applicant's bank details; • the number of employees in full-time jobs; • the agreement given to the <i>Direction générale des classes moyennes</i> to be able to verify the accuracy of the information provided to the different administrative authorities; • the annual turnover for the last financial year; • a signed declaration on honor on the accuracy of the information provided; • a statement of bank identity. <p>The following documents must be attached to the application:</p> <ul style="list-style-type: none"> • a bank statement; • a document showing the basis of assessment for social security contributions accompanied, if applicable,³ by a pension certificate for the year 2019. |

Meeting liquidity needs (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|--|--|--|
| Establishment of an emergency fund for very small enterprises and the self-employed | Very small enterprises and self-employed | <p>The <i>Direction générale des classes moyennes</i> has set up an emergency fund for very small enterprises and the self-employed.</p> <p>Enterprises with a maximum of 9 employees (in full-time employment) and the self-employed who are in possession of a valid establishment permit issued before 18 March 2020 (with an annual turnover of at least EUR 15,000 and whose activity had to be interrupted following the entry into force of the Grand-Ducal regulation of 18 March 2020 introducing a series of measures in the context of the COVID-19) will be able to apply for immediate and non-refundable financial aid of EUR 5,000.</p> <p>If the applicant is the beneficial owner of more than one enterprise, he may apply for aid for only one of the enterprises, provided that the total number of employees in the single enterprise (group) does not exceed a total of 9 (in full time-employment).</p> <p>The non-refundable financial aid in the amount of EUR 5,000 to companies with fewer than 10 employees is tax-exempt.</p> | <p>The aid application must be made on the form available at the following address:</p> <p>https://guichet.public.lu/fr/entreprises/financement-aides/coronavirus/fonds-urgence-petites-entreprises-independants.html#bloub-9</p> <p>This form must contain:</p> <ul style="list-style-type: none"> • information about the applicant company ; • the number of the valid establishment permit issued by the General Directorate for the Middle Classes; • the national identification number; • the description of the activity; • the applicant's bank details; • the number of employees in FTE (full-time jobs); • the agreement given to the <i>Direction générale des classes moyennes</i> to be able to verify the accuracy of the information provided to the different administrative authorities; • the annual turnover for the last financial year; • a signed declaration on honor on the accuracy of the information provided; • a statement of bank identity. <p>The file must be sent to the Minister by post or to the following e-mail address: corona.pme@eco.etat.lu</p> |

Meeting liquidity needs (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--------------|---|---|---|
| Aid scheme | All companies (with the exception of certain sectors of activity) | <p>This scheme applies to enterprises which are experiencing temporary financial difficulties as a result of the consequences of an unforeseeable event. The granting of the aid is subject to four cumulative conditions:</p> <ol style="list-style-type: none"> 1. An unforeseeable event (any exceptional circumstances, or any set of circumstances, national or international in scope) must be officially recognized by grand-ducal regulation as having a detrimental impact on the economic activity of certain enterprises during a given period of time; 2. The enterprise is facing temporary financial difficulties, such as liquidity problems which jeopardize the continuity of their business; 3. The enterprise must demonstrate a direct causal link between the consequences of the unforeseeable event and temporary financial difficulties; 4. The enterprise was already carrying out its economic activity before the unforeseeable event. <p>A company that meets the above conditions will be eligible for aid to cover its staff costs and rent charges (capped at 10,000 euros per month and per single company) for the months falling within the period determined by grand-ducal regulation. The maximum amount of aid may be up to 50% of the eligible costs and the total amount of aid cannot exceed the maximum aid amount of EUR 500,000 per single enterprise. Any aid can only take the form of a repayable advance. Repayment of the aid shall not begin until twelve months after the first payment of the advance received, unless otherwise requested by the enterprise.</p> | <p>The request for this aid must be submitted to the Minister in writing no later than 15 August 2020 and must include:</p> <ul style="list-style-type: none"> • The name of the applicant company; • Evidence that the enterprise meets conditions 2 to 4; • The size of the company; • The annual accounts for the last closed fiscal year; • The list of eligible costs and their amount; • A recovery plan, including documentation demonstrating a direct causal link between the unforeseeable event and the temporary financial difficulty; • A statement that there are no convictions for illegal employment; • Any other relevant material that will enable the Minister to assess the merits of the request for aid. <p>Companies are recommended to submit their applications to the following address: https://guichet.public.lu/fr/entreprises/financement-aides/coronavirus/aides-difficultes-financieres-temporaires.html</p> <p>The aid provided for in the Law of 9 August 2018 may be applied for using the form available at the following address: https://guichet.public.lu/fr/entreprises/financement-aides/regime-pme/aides-generales-pme/aide-investissement.html#bloub-10</p> |

Meeting liquidity needs (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|--|--|---|
| Bank guarantee for companies with liquidity issues | Not mentioned yet (presumably all companies) | <p>As of 16 March 2020, companies experiencing financial difficulties (in particular liquidity issues) can benefit from a guarantee granted by the Chamber of Commerce in order to obtain a line of credit or bank loan:</p> <ul style="list-style-type: none"> • 50% of the credit amount covered by the guarantee; • Maximum amount of EUR 250,000 per guarantee. <p>A procedure for analyzing files within 48 hours has been put in place in order to guarantee rapid assistance. Companies will have to apply directly to their bank which will then decide on the granting of the loan or line of credit.</p> | <p>Companies wishing to benefit from this guarantee must apply directly to their bank, which will decide on the release of the credit. The Chamber of Commerce is in contact with the banks to organize the provision of this new service.</p> <p>Information on this measure can be requested on the following number: +352 42 39 39 - 445 (House of entrepreneurship)</p> |
| Relaxation of repayment conditions for SNCI loans and credits | All companies | <p>The <i>Société Nationale de Crédit et d'Investissement (SNCI)</i> has announced an easing of repayment terms for all its loans and credits:</p> <ul style="list-style-type: none"> • Capital repayment for the maturities 31 March 2020 and 30 June 2020 has been suspended for all direct and indirect loans; • The duration of all loans for which such a moratorium has been put in place has been automatically extended by 6 months. <p>SNCI will continue to closely monitor the evolution of the crisis and will take additional measures in favor of its clients.</p> | There is no need to apply for this measure. |
| Moratorium on loan repayments offered by certain banks | SMEs and the self-employed | In agreement with the government, the BIL, together with the main banks of the Luxembourg financial center, will grant a 6-month moratorium to small and medium-sized enterprises and self-employed professionals for existing credits. | |

Meeting liquidity needs (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--------------------------|-------------------------|--|---|
| Leave for family reasons | All individuals | <p>This leave may be taken after a child was placed in quarantine, based on a decision by the practitioner of the Health Directorate in order to limit the spread of an epidemic. Leave for family reasons may be taken by a parent of such a child if no other childcare options are available. The amount of leave for family reasons depends on the age of the child and is structured as follows:</p> <ul style="list-style-type: none"> • 12 days of leave per child if the child is less than 4 years old; • 18 days of leave per child if the child is between 4 and less than 13 years old; • 5 days of leave per child if the child is between 13 and 18 years of age, inclusive, and provided the child is hospitalized. <p>The leave can be extended if the child:</p> <ul style="list-style-type: none"> • Has a progressive form of cancer; or • Is hospitalised for more than 2 weeks; or • Is "placed in quarantine" in the broadest sense of the term (i.e. the closure of schools, <i>crèches</i> and <i>maisons-relais</i> decided by the government). <p>The maximum duration of the extension of leave is 52 weeks. This duration is calculated over a reference period of 104 weeks. The duration of the extension of leave in the event of the closure of schools, <i>crèches</i> and <i>maisons-relais</i>, in order to limit the spread of an epidemic, will be decided by the Luxembourg government.</p> <p>The following are entitled to a certain number of days of leave for family reasons per dependent child up to the age of 18 (with exceptions in special cases) each time the child's state of health requires the presence of one of the 2 parents because of a serious illness, an accident, or any other pressing health-related issues:</p> <ul style="list-style-type: none"> • Salaried workers; • Apprentices; or • Self-employed workers. <p>The period of leave for family reasons is treated as a period of sick leave due to illness or accident during which the employee benefits from the continuation of pay by the employer.</p> | <p>Leave for family reasons is granted on presentation of a medical certificate attesting:</p> <ul style="list-style-type: none"> • The illness, accident or other pressing health issue affecting the child; • The mandatory presence of the parent with the ill child; • The duration of their presence with the ill child. <p>The employee must inform his employer personally or via an intermediary of his absence on the same day as the absence for family reasons occurs. This information can be transmitted verbally or in writing.</p> <p>The employee must justify his absence by submitting a medical certificate as soon as possible.</p> <p>This medical certificate must indicate the national identification numbers (matricule - 13-digit social security number) of the child and the parent and specify:</p> <ul style="list-style-type: none"> • The illness, accident or other pressing health issue affecting the child; • The mandatory presence of the parent with the ill child; • The duration of their presence with the ill child. |

Meeting liquidity needs (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|-----------------------|-------------------------|---|---|
| Advance refund of VAT | All companies | The Luxembourg competent authorities (<i>Administration de l'enregistrement, des domaines et de la TVA</i>) will reimburse as from this week all VAT credit balances below 10,000 €. This measure will make possible to address the liquidity needs of around 20,000 companies established in Luxembourg. | There is no need to apply for this measure. |

Encouraging research and investment aimed at fighting COVID-19

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|-------------------------|---|---|
| Aid in favor of research and development projects connected with combating Covid-19 | All companies | <p>The Ministry of the Economy is able to grant financial aid to any enterprise that holds an establishment authorization carrying out research or making investments relevant to combating the Covid-19 pandemic.</p> <p>Certain enterprises are excluded from the aid scheme, in particular:</p> <ul style="list-style-type: none"> enterprises that were in difficulty before 1 January 2020; enterprises that have been convicted at least twice in the past four years for illegal work or employing a non-EU illegal resident. <p>The project must have started after 1 February 2020. For projects that began before 1 February 2020, aid may only be applied for if it would make it possible to accelerate the work in hand or if the scope of the project could be extended. In these cases, only the additional costs involved in accelerating the work or extending the scope of the project are allowable.</p> <p>The research projects may relate to:</p> <ul style="list-style-type: none"> vaccines; medication and treatment; medical devices, and hospital and medical equipment, including respirators and protective clothing and equipment, and diagnostic tools; process innovations resulting in the efficient manufacture of essential products. <p>The amount of aid is based on the company's allowable costs that are:</p> <ul style="list-style-type: none"> personnel expenses: researchers, technicians and other support staff if they are employed for the project; costs connected with digital and IT equipment, diagnostic tools, tools for collecting and processing data, R&D services, pre-clinical and clinical tests (test phases I and II), the acquisition, validation and defense of patents and other intangible assets, the acquisition of compliance evaluations or authorizations required before new or improved vaccines, medication, medical devices, hospital or medical equipment, disinfectants or individual protective equipment can be put on the market. <i>(continued on next slide)</i> | <p>Applications for financial aid must be submitted during the period of the state of crisis. Applicants or their representative must complete the form and print it. A person authorized to commit the company must sign the document.</p> <p>The application must contain:</p> <ul style="list-style-type: none"> A description of the project, and if applicable, its innovative nature; The start and end dates of the project; A description of the economic valuation methods for the results of the project in case of a research and development project, and the economic potential; The location of the project; A list of costs of the project; The terms and conditions of an actual collaborative project, indicating contributions to its costs, the distribution of risks and results, the circulation of results, the rules governing attribution of intellectual property rights and access, if applicable; The type and amount of aid necessary for the project, activity or investment and related operations; If applicable, justification of the need for hedging to cover losses related to the investment. |

Encouraging research and investment aimed at fighting COVID-19 (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|---|--|
| Aid in favor of research and development projects connected with combating Covid-19 (Cont'd) | All companies | <p>Where equipment is not used for its entire lifetime in the course of the project, only the depreciation costs corresponding to the duration of the project, calculated in accordance with generally accepted accounting principles, are deemed allowable.</p> <ul style="list-style-type: none"> Expenses relating to buildings and land, if and for as long as they are being used for the project.; Expenses for contract research or research services, the purchase of knowledge and patents or licences from external sources under conditions of full competition as well as expenses for consultancy and equivalent services used exclusively for the project; additional overheads and other operating expenses (in particular the cost of materials, office supplies and similar products) incurred directly as a result of the project. <p>The following costs are not allowable:</p> <ul style="list-style-type: none"> costs and expenses in relation to marketing the results of research and development projects; interest in relation to the funding of a research and development project. <p>The amount of the aid is calculated on the basis of the allowable costs, and may not exceed:</p> <ul style="list-style-type: none"> 100 % of costs for fundamental research projects; 80 % of costs for industrial research or experimental development projects. <p>In the case of cross-border collaboration with another company or another research body, the aid may be increased by 15 %.</p> <p>The aid will be paid in the form of a capital subsidy once the project has been completed. One or more advance payments may be made while the investments for which the aid has been granted are in hand. The enterprise must undertake to grant non-exclusive licences under non-discriminatory market conditions to interested third parties in the European Economic Area.</p> | <p>The aid application may contain any other document deemed useful by the business and allowing the Minister to assess the merits of the application for aid.</p> <p>The Ministry of the Economy may, moreover, request any other document in order to facilitate processing the application.</p> <p>The application, along with its supporting documents, can be sent to the Ministry of the Economy either electronically as a scan (covid.rdi@eco.etat.lu) or by post.</p> <p>The relevant form is available at the following address :</p> <p>https://guichet.public.lu/en/entreprises/financement-aides/coronavirus/aide-rdi-covid.html</p> <p>All individual amounts of aid granted are posted on the European Commission's transparency website within 6 months of being granted, in accordance with Annex III of Commission Regulation (EU) No 651/2014 of 17 June 2014.</p> |

Encouraging research and investment aimed at fighting COVID-19 (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|------------------------------|---|---|
| Support for companies reorienting their production to masks and hydroalcoholic gels | Very small enterprises, SMEs | <p>In order to be able to meet the growing demand for protective equipment such as protective masks and hydroalcoholic gel, enterprises that redirect their production chain to produce these essential goods during the health crisis can benefit from state aid.</p> <p>Indeed, 100 % of the investment costs linked to the reorientation of this production are borne by the General Directorate for Small and Medium-Sized Enterprises through so-called "de minimis" aid.</p> <p>The granting of this financial aid is limited to the duration of the health crisis.</p> | <p>Interested businesses can contact the General Directorate for Small and Medium-Sized Enterprises at the Ministry of the Economy:</p> <ul style="list-style-type: none">• by phone: (+352) 2477-4705;• by email: info.aide.pme@eco.etat.lu. |

Facilitating bank financing

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|--|--|---|
| <p>[DRAFT LAW N.7545, may be subject to change]</p> <p>State guarantee scheme for new bank loans for a maximum period of 6 years</p> | <p>All companies (with the exception of certain sectors of activity)</p> | <p>Due to the Covid-19 crisis, a state guarantee scheme for new bank loans has been made available, under certain conditions, to help businesses. The new credit lines will be guaranteed at 85% by the State and 15% by the participating banks for loans granted during the period from 18 March 2020 to 31 December 2020. The loans are intended as a subsidiary tool, after having resorted, where possible, to the tools of the <i>Société nationale de crédit et d'investissement</i> (SNCI), the <i>Office du Ducroire</i> or the European Investment Bank in particular.</p> <p>These new credits are reserved for enterprises that were viable before 18 March 2020 (state of emergency). The assessment of whether an enterprise was viable or not is the sole responsibility of the banks.</p> <p>For small and medium-sized enterprises, the guarantee premium, borne by the borrower, shall be set at :</p> <ul style="list-style-type: none"> • 0.25% for a maximum maturity of one year; • 0.50% for a maximum maturity of 3 years; • 1% for a maximum maturity of 6 years. <p>For large companies, the guarantee premium, borne by the borrower, is set at:</p> <ul style="list-style-type: none"> • 0.50% for a maximum maturity of one year; • 1% for a maximum maturity of 3 years; • 2% for a maximum maturity of 6 years. | <p>Enterprises must contact one of the participating banks (BCEE, BIL, Banque de Luxembourg, Banque Raiffeisen, BGL BNP Paribas, ING) to apply for a loan.</p> <p>The maximum amount of eligible loans can be up to 25% of the enterprise turnover for the year 2019 (or failing that, the last year available).</p> <p>The bank will notify the State Treasury of the granting of the loan in order to benefit from the State guarantee.</p> |

Facilitating bank financing (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|-------------------------------|-------------------------|---|---|
| Special Anti-Crisis Financing | All companies | <p>On 23 March 2020, the SNCI Board of Directors announced the implementation of a "Special Anti-Crisis Financing", for a maximum global amount of 400 million euros corresponding to a total leverage effect of nearly 700 million euros, including bank financing.</p> <p>This Special Anti-Crisis Financing is aimed at Luxembourg SMEs and large companies with a view to financing any exceptional needs arising in the context of the COVID-19 crisis, for financing decisions taken up to 31 December 2020</p> <p>This is indirect financing through the applicant company's usual bank: the SNCI finances up to 60% of the financing requirement, up to a maximum of 10 million euros, provided that the company's usual bank finances 40%.</p> | <p>The request for Special Crisis Financing is submitted to the SNCI through a Bank that has signed the general and special terms and conditions governing the Special Anti-Crisis Financing.</p> |

Helping start-ups

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|---------------------------------|--|---|
| Financial aid for young innovative enterprises | Start-ups less than 5 years old | <p>Young innovative enterprises may be eligible for financial aid in the form of grants, repayable advances or equity contributions. In order to support them during the period of crisis caused by Covid-19/Coronavirus, the Ministry of Economy has decided to increase the maximum co-financing rate from 50 % to at least 70 % for any financial aid for young innovative enterprises granted. This temporary support measure will remain in force at least until 31 December 2020.</p> <p>The financial aid is intended for private enterprises and research organizations established in Luxembourg that meet all of the following conditions:</p> <ul style="list-style-type: none"> • Being an unlisted company or private research organization that: <ul style="list-style-type: none"> ○ has not taken over the activity from another business; ○ was registered no more than 5 years ago; ○ has not yet distributed profits; ○ was not formed through a merger. • Being an innovative enterprise: <ul style="list-style-type: none"> ○ capable of demonstrating, by means of an assessment conducted by an external expert, that, in the foreseeable future, it will develop new or substantially improved products, services or processes compared to the existing state of the art in the sector in question, and which represent a risk of technological or industrial failure; ○ whose R&D expenses represent at least 10 % of the total operating costs during a period of at least one of the last 3 years or in the current fiscal year for young enterprises or private research organisations with no financial history. <p>All costs borne by the young innovative enterprise are eligible for the duration of the project. The financial aid serves to cover part of the eligible costs and the cap varies depending on whether the enterprise is located in an assisted area* (capped at EUR 1,200,000) or not (capped at EUR 800,000).</p> <p>*Currently Differdange and Dudelange.</p> | <p>The completed application and accompanying documents must be submitted before work starts on the project in electronic format or by post to the Research and innovation Directorate at the Ministry of the Economy.</p> <p>The aid application file must include:</p> <ul style="list-style-type: none"> • The name and size of the company; • A description of the project or program, of the activity or investment, and of the related works and its innovative nature, including its start and end dates; • A description of the economic valuation methods for the results of the project or program, for the activity or the investment and the related operations, and its economic potential; • The location of the project or program, activity or investment and related operations; • A list of the costs for the project or program, activity or investment and related operations (business plan); • The type and amount of aid necessary for the project or program, activity or investment and related operations; • Any relevant piece of information that will allow to assess the qualities or specificities of the project or program, activity or investment and related operations plus its¹⁴ incentive effect. |

Helping start-ups (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|--|--|
| Call for projects open until 30 April for innovative solutions to fight COVID-19 | Start-ups | <p>The Ministry of the Economy in collaboration with Luxinnovation is launching a call-for-projects named "StartupsVsCovid19". This competition is aimed at selecting and supporting the best startups developing innovative solutions to combat the health and economic crisis we are currently experiencing in Luxembourg and worldwide. The initiative is an additional measure taken under the Covid-19 national stabilisation programme and is aimed at supporting the Luxembourg startup ecosystem in particular.</p> <p>Up to 20 projects will be selected, each of which will benefit from financial support of up to €150,000. A first instalment of 75% will be released as soon as the selection has been made official. The remaining 25% will be paid after the project has been finalised.</p> | <p>The application form is available at the following address:</p> <ul style="list-style-type: none">https://www.startupluxembourg.com/start-up-vs.-covid19-project-submissions |

Maintain employment

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|-------------------------|--|--|
| Simplified measures for applications for partial unemployment | All companies | <p>Companies may, under certain conditions, have recourse to various partial unemployment schemes, depending on the nature of the difficulties encountered.</p> <p>A fast-track procedure for companies directly impacted by a government decision:</p> <ul style="list-style-type: none"> • Companies that have had to or must cease their activities (completely or partially) following a government decision, are exceptionally directly eligible for partial unemployment, as of the effective date of the government decision causing their total or partial closure; • Advances may be paid on the basis of the actual payroll on the effective date of the respective government decision; • Reimbursement is limited to 80% of the normal salary capped at 250% of the minimum social wage for unskilled employees (i.e. EUR 2,141.99 x 2.5). A monthly statement must be submitted. <p>A "force majeure/coronavirus" partial unemployment scheme:</p> <ul style="list-style-type: none"> • Companies which remain open but which nevertheless suffer the negative impact of the coronavirus on their business can at any time submit an application to the <i>Secrétariat du Comité de conjoncture</i> at the Ministry of the Economy; • Applicable to employees under an employment contract of indefinite or fixed-term duration legally employed by a company legally established in Luxembourg at the time of unemployment, fit for work and aged under 68 years and not receiving an old-age pension, an early old-age pension or a disability pension, normally employed at a place of work in Luxembourg territory and insured as employees with Luxembourg social security bodies. Temporary workers are excluded; • During the period of partial unemployment, the State reimburses the company 80% of the wages normally received by the employees concerned during the hours of unemployment. Reimbursement is limited to 250% of the minimum social wage. The company remains liable for social security contributions and withholding tax relating to the hours worked. | <p>For the fast-track procedure:</p> <p>An online system for claiming reimbursement for hours worked in the context of partial unemployment for closure imposed by the Government is being developed and will be available in the coming days on the ADEM website. The companies concerned are invited to wait until this system is put online to make their request for reimbursement, which will be retroactive as from 16 March 2020. A communication to the general public will be made as soon as the online system is operational.</p> <p>For the "force majeure/coronavirus" scheme:</p> <p>The application to the <i>Secrétariat du Comité de conjoncture</i> at the Ministry of the Economy can be submitted anytime using the form available at the following address:</p> <ul style="list-style-type: none"> • https://guichet.public.lu/fr/entreprises/sauvegarde-cessation-activite/sauvegarde-emploi/chomage-partiel-technique/force-majeure.html#bloub-14 <p>Requests for partial unemployment shall be communicated to the staff representatives and, as far as possible, also signed by them. ¹⁶</p> |

Maintain employment (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|---|---|
| Extension of residence permits for third-country nationals | All companies | <p>The Directorate of Immigration of the Luxembourg Ministry of Foreign and European Affairs underlines that in the current crisis situation, it is essential to limit the movement of people at the national and international level to prevent the spread of COVID-19.</p> <p>To this end, and in order to ensure that rights conferred by the means of holding these documents be upheld, the Luxembourg government has decided to regularize the stay for third country nationals, holding the documents as listed below and which would expire as from 1 March 2020:</p> <ul style="list-style-type: none">• Short-term and long-term visas;• Temporary residence permits;• Residence card;• Residence permit. <p>Similarly, third country nationals who are not subject to visa requirements and who have overstayed the 90 days can remain in Luxembourg legally for the duration of the state of crisis.</p> | <p>The certificates ("pink papers") concerning the registration of an application for international protection which have expired, are extended for the duration of the state of crisis.</p> <p>These measures are automatic and the persons concerned do not need to take any administrative steps or make any particular request. The Directorate of Immigration will not issue a document certifying this temporary extension.</p> |

Maintain employment (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|-------------------------------|-------------------------|---|---|
| JobSwitch, a contact platform | All companies | <p>The JobSwitch platform is a tool specially designed to facilitate the implementation of solidarity behaviour between companies during the current crisis. It aims to facilitate and accelerate the use of temporary loans of labour that the law allows in exceptional circumstances, which is the case of the crisis caused by the Covid-19 pandemic. The effects differ from one sector to another. While some businesses, including most shops, construction companies and Horeca businesses, to name but a few, are being forced to close down or drastically reduce their activity, others, including agricultural production, food shops and logistics/transport, are overwhelmed by demand, while facing staff difficulties linked to quarantine measures or the need to provide childcare.</p> <p>JobSwitch wants to respond to these situations by making it possible, easily and quickly, to loan staff and submit applications from employees potentially interested in this scheme, enabling them to receive a full salary rather than unemployment benefit. It is therefore a win-win initiative for those companies and employees who will seize this opportunity and thus make it possible to operate services that are essential to society, such as the transport of essential goods and the supply of food stores.</p> | <p>To be able to benefit from a temporary labour loan contract, the employee must first request an authorization from his or her current employer. If he or she agrees, the employee can apply for the positions offered on the following website:</p> <p>https://jobswitch.lu/en/</p> <p>One of the JobSwitch consultants will contact the employee to study his or her profile and whether it is suitable for the needs of the companies that might welcome him or her.</p> <p>Then he or she will have to fill in 3 forms:</p> <ul style="list-style-type: none"> • An amendment to his or her current employment contract (by his or her current employer); • A prior notification to ADEM; and • The temporary labour loan contract (available opposite). <p>As soon as he or she has returned the documents, he or she will have to contact the JobSwitch consultant again in order to follow up on his or her application.</p> |

Maintain employment (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|---|---|---|
| Modification of the standard abatement for domestic costs, aid and care costs due to dependency as well as child care costs | Private households that have employed staff | <p>The standard abatement for domestic, nursing and care costs due to the state of dependency as well as for childcare costs amounts to EUR 5,400 (EUR 3,600 for the tax year 2016 included) per tax year. It may not exceed the costs actually incurred, nor may it exceed EUR 450 (EUR 300 for the 2016 tax year inclusive) per month.</p> <p>For the tax year 2020, the standard abatement will be increased to a maximum of EUR 6,750 for taxpayers who have employed and declared to the social security institutions during the period from 1 April 2020 until at least 31 December 2020 a household helper performing domestic work in their private household. In this case, the allowance may not exceed the costs actually incurred, nor EUR 450 for the months of January 2020 to March 2020 and EUR 600 for the months of April 2020 to December 2020. The same applies when the taxpayer uses employees of a company or association to carry out domestic work inside his home.</p> <p>Where the costs incurred for domestic service, care and assistance costs due to a state of dependency or childcare costs are incurred concurrently, the standard abatement may be granted only once.</p> <p>The standard abatement shall be granted notwithstanding the deduction of an abatement from taxable income on account of extraordinary expenses other than those covered by this standard abatement.</p> | <p>The abatement is granted to resident taxpayers and assimilated non-resident taxpayers, either within the framework of taxation by means of a tax base (model 100), or within the framework of the regularization of withholdings on the basis of an annual statement (model 163).</p> <p>When the taxpayer applies for the standard abatement, he can no longer include domestic duties, assistance and care expenses due to the state of dependence or childcare for the non-standard calculation of the abatement.</p> |

Maintain employment (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|---|--|
| Protection against dismissal | All individuals | <p>The 26-week period of protection against dismissal provided for in paragraph 3 of article L. 121-6 of the Labour Code is suspended for the duration of the state of crisis declared by the Grand-Ducal Regulation of 18 March 2020 introducing a series of measures to combat Covid-19 and confirmed by the Act of 24 March 2020 extending the state of crisis.</p> <p>During the period of suspension, the employer notified in accordance with paragraph 1 of article L. 121-6 of the Labour Code or in possession of the medical certificate referred to in paragraph 2 of the same article, is not authorized, except for serious reasons, to notify the employee of the termination of his or her employment contract or, where applicable, the invitation to the preliminary interview referred to in article L. 124-2 of the Labour Code.</p> <p>The fraction of the twenty-six weeks remaining at the beginning of the crisis resumes its course the day after the end of the state of crisis.</p> | There is no need to apply for this measure |
| Exclusion of exceptional bonuses, supplements and accessories for the calculation of the new income liable for pension insurance contributions | All individuals | <p>By way of derogation from Article L. 551-2 paragraph 3 of the Labour Code, bonuses, supplements and accessories paid to employees who ensure the proper functioning, maintenance or supply of the activities of the sectors defined in Article 3, paragraph 2 and Article 5 of the amended Grand Ducal Regulation of 18 March 2020 introducing a series of measures in the context of the fight against Covid-19, are not taken into account for the calculation of the new monthly income liable for pension insurance contributions for the duration of the state of crisis as fixed by the law of 24 March 2020 extending the state of crisis declared by the Grand Ducal regulation of 18 March 2020 introducing a series of measures in the context of the fight against Covid-19. These bonuses, supplements and accessories will have to be defined as due under the state of crisis related to Covid-19.</p> | There is no need to apply for this measure |

Maintain activity in essential sectors of activity

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|---|---|---|
| Possibility to increase the working hours in core sectors of activity | Companies active in one or more essential sectors of activity as defined in art. 3 and 5 in the amended regulation of 18 March 2020 | <p>For the duration of the Covid-19 crisis and due to the increased activity in the essential activities and activities that have been authorized by the government:</p> <ul style="list-style-type: none"> • The authorized economic activities are as follows: <ul style="list-style-type: none"> ○ Commercial companies that mainly sell food products; ○ Pharmacies; ○ Opticians, orthopaedists and hearing aid specialists; ○ Businesses that mainly sell animal feed; ○ Shops mainly selling hygiene products, washing and sanitary equipment; ○ Services selling fuel and petrol stations; ○ Passenger transport activities; ○ Distributors and specialist shops selling medical and healthcare equipment; ○ Medical pedicure limited to medical and non-cosmetic care; ○ Press distribution businesses; ○ Financial and insurance institutions; ○ Postal services; ○ Dry-cleaning and clothes-cleaning services; ○ Funeral services; ○ Breakdown, repair, removal and decontamination services; ○ Necessary maintenance activities for safety reasons. • The essential activities apply to the following activities and sectors: <ul style="list-style-type: none"> ○ public services necessary for the proper functioning of the State; ○ the health and care sector, including hospital activities and medical analysis laboratories; ○ the production and distribution of energy and oil products; ○ the food sector; ○ the production and distribution of water; ○ <i>(continued on next slide)</i> | <p>The application can be submitted at the following email address:</p> <ul style="list-style-type: none"> • tempsdetravail@mt.etat.lu <p>It must include the following information:</p> <ul style="list-style-type: none"> • The maximum number of daily and, eventually, weekly working hours applied for; • The number of workers concerned; • The staff delegation's opinion; • Where there is no staff delegation, the Minister may request the opinion of trade union organizations proving general national representativeness. In this case, the trade unions concerned have to submit their opinion within 12 hours following the request; • The reason for resorting to these derogations in the context of the sanitary crisis; • The beneficial effects of the derogation; • The compensatory measures proposed to the employees concerned. • Applications must: <ul style="list-style-type: none"> • Be limited to what is indispensable and strictly necessary; • Be adequate and proportionate to the aim pursued. This purpose must be clearly stated by the employer in the application. |

Maintain activity in essential sectors of activity (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|---|--|--------------|
| Possibility to increase the working hours in core sectors of activity (Cont'd) | Companies active in one or more essential sectors of activity as defined in art. 3 and 5 in the amended regulation of 18 March 2020 | <ul style="list-style-type: none"> ○ the production and distribution of water; ○ the collection and treatment of waste water; ○ the removal and management of waste; ○ public transport; ○ transport, transshipment and freight forwarding services; ○ systems for the exchange, payment and settlement of instruments; ○ postal and telecommunications services; ○ caretaker, security, cash transportation and cleaning services; ○ essential activities related to the operation of the financial sector and the insurance and reinsurance sector. <p>The undertakings concerned may, subject to certain conditions, submit their application to the Ministry of Labour, Employment and the Social and Solidarity Economy for an increase in the working hours of their employees to a maximum of:</p> <ul style="list-style-type: none"> • 12 hours per day; • 60 hours per week. | |
| Refusal or cancellation of annual leave in essential sectors of activity | Companies active in one or more essential sectors of activity as defined in art. 3 and 5 in the amended regulation of 18 March 2020 | <p>For the duration of the Covid-19 crisis and due to the increased activity in the above-mentioned essential activities and activities that have been authorized by the government, the enterprises concerned may :</p> <ul style="list-style-type: none"> • deny all requests for leave; • cancel any leave already granted. | |

Maintain activity in essential sectors of activity (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|---|---|--------------|
| Increase in working hours for certain student contracts in essential sectors of activity | Companies active in one or more essential sectors of activity as defined in art. 3 and 5 in the amended regulation of 18 March 2020 | <p>In the context of the Covid-19 crisis, the weekly duration of fixed-term contracts concluded with a student/pupil can be increased from 15 hours to 40 hours over a period of 4 weeks or one month.</p> <p>However, this measure is reserved for employers who are active in one or more of the essential sectors of activity as set out in the legislation, namely:</p> <ul style="list-style-type: none">• The health and care sector, including hospital activities and medical analysis laboratories;• The food sector;• Distributors and specialist shops selling medical and healthcare equipment;• Fuel sale services and petrol stations;• Passenger transport activities;• Postal and telecommunications services;• Caretaker, security, cash transportation and cleaning services;• Dry-cleaning and laundry services;• Funeral services, etc. | |

Maintain activity in essential sectors of activity (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|---------------------------|--|---|
| State employee contract for self-employed health professionals | Some health professionals | <p>In the context of the organization of the health system during the COVID-19 pandemic, a self-employed general practitioner or a person practicing a health profession in a self-employed capacity can conclude a fixed-term contract as a state employee.</p> <p>To be able to take up this option, the doctor must hold a licence to practise as a doctor issued by the member of the Luxembourg Government with responsibility for health. The health professional must hold a license to practice his/her profession issued by the member of the Luxembourg Government with responsibility for health.</p> <p>These fixed-term contracts are for doctors/health professionals currently in private practice who, for the duration of their contract as an employee of the state, may not have another contractual relationship as a salaried employee with a monthly workload of more than 50 %. This also applies to parental leave in excess of 50 %.</p> <p>Fixed-term contracts may be concluded from 4 April 2020 onwards. The contracts will run until 29 May 2020. The workload laid down in the contract corresponds to 16 hours per week, i.e. a minimal workload of 40 %. If necessary, and both parties are agreed, the number of hours may be increased and may even reach a workload of 100% (full-time position).</p> <p>Medical students as well as students at the <i>Lycée Technique pour Professions de Santé</i> are recruited from the health professionals reserve and will be able to conclude a fixed-term state employee contract. Their duties are determined by ministerial order published in the Official Journal.</p> | <p>The application for a fixed-term contract is done exclusively via a MyGuichet.lu assistant. The applicant needs a LuxTrust product (e.g. token, smartcard or signing stick) or an electronic identity card.</p> <p>The request for the student fixed-term contract is not made through the MyGuichet.lu procedure. The students and pupils concerned will be contacted by the team in charge of managing the health professionals reserve at the Ministry of Health.</p> |

Promoting telework

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|--|--|
| Exceptional measure on telework for cross-border workers | Belgian individuals | <p>The Double Tax Treaty between Luxembourg and Belgium provides for a rule allowing a cross-border worker to exercise his activity for a maximum of 24 days outside his usual State of activity while remaining taxable in that State. As a result of the Coronavirus crisis, the Belgian and Luxembourg authorities have decided not to take account of teleworking days carried out from 14 March 2020 until further notice for the computation of the 24-day period.</p> <p>For Belgian cross-border workers who need to travel to Luxembourg for professional reasons, the Luxembourg government has issued a certificate attesting to the employment relationship with the employee. Thus, on presentation of this certificate, cross-border workers residing in Belgium will be exempt from the restrictions on border crossings between Belgium and Luxembourg.</p> | <p>Belgian cross-border workers must have the following certificates completed by their employer:</p> <ul style="list-style-type: none"> • https://gouvernement.lu/dam-assets/documents/actualites/2020/03-mars/form-be.pdf |
| Exceptional measure on telework for cross-border workers | German individuals | <p>As a result of the pandemic, Luxembourg and Germany have agreed that working days during which workers are teleworking from their main residence may be considered as working days in the State where the activity would normally have been carried out.</p> <p>The working days during which cross-border workers work from home during the Covid-19 pandemic therefore do not have to be taken into account for the calculation of the 19-day tolerance rule laid down in the double tax treaty between Germany and Luxembourg of 26 May 2011. This time-limited arrangement will apply from 11 March 2020 and the exact modalities for the application of this agreement will be communicated at a later date.</p> <p>Also, a certificate serves as proof of the need to cross the border between Germany and Luxembourg and must be presented at border posts if necessary. This form must be completed and signed by the employer.</p> | <p>German cross-border workers must have the following certificates completed by their employer:</p> <ul style="list-style-type: none"> • https://gouvernement.lu/dam-assets/documents/actualites/2020/03-mars/Zertifikat-Berufspendler-Nachweis-Notwendigkeit-Grenzuebertritt.pdf |

Promoting telework (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|--|--|
| Exceptional measure on telework for cross-border workers | French individuals | <p>Since the entry into force of the new Franco-Luxembourg tax treaty signed in 2018, French cross-border workers can telework from France for up to 29 days for the benefit of their Luxembourg employer without the related remuneration being taxed in France. The French and Luxembourg authorities consider that the current coronavirus situation constitutes a case of force majeure.</p> <p>Therefore it has been agreed that from Saturday 14 March 2020, the presence of a worker in France to carry out his activity there should not be taken into account in calculating the 29-days period. This measure is applicable until further notice.</p> <p>For French cross-border workers who need to travel to Luxembourg for professional reasons, the Luxembourg government has issued a certificate attesting to the employment relationship with the employee. Thus, on presentation of this certificate, together with the derogation travel certificate and proof of business travel, cross-border workers residing in France will be exempt from the restrictions on frontier crossings between France and Luxembourg.</p> | <p>French cross-border workers must have the following certificates completed by their employer:</p> <ul style="list-style-type: none"> • https://gouvernement.lu/dam-assets/documents/actualites/2020/03-mars/certificat-frontaliers.pdf • https://gouvernement.lu/dam-assets/documents/actualites/2020/03-mars/certificats-france/Justificatif-de-deplacement-professionnel.pdf <p>French cross-border workers must also complete the following attestation:</p> <ul style="list-style-type: none"> • https://gouvernement.lu/dam-assets/documents/actualites/2020/03-mars/certificats-france/Attestation-de-deplacement-derogatoire.pdf |

Promoting telework (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|---|---|---|
| Exceptional measure on telework for cross-border workers for social security purposes | French, Belgian and German cross-border workers | <p>Based on the EU Social Security Regulations, cross-border commuters working for a Luxembourg employer should be affiliated to Luxembourg social security system if less than 25 percent of their working time (or remuneration) on a 12-month period (hereafter "the 25 percent threshold") is performed in their State of residence. In principle, homeworking is counted as working activity in the State of residence, therefore taken into account in the 25 percent threshold calculation.</p> <p>However, working from home due to the COVID-19 outbreak can be considered as an highly exceptional situation (<i>Force majeure</i>), which may drive the discussions currently ongoing at the EU level to a conclusion based on which workdays linked to COVID-19 would not count for the 25 percent threshold. Based on discussions with Belgian authorities, the above position seems to be confirmed, therefore the homeworking linked to COVID-19 will not be considered in the 25 percent threshold calculation for an initial period from 13 March 2020 until 19 April 2020 (subject to possible extension). France confirmed on 20 March 2020 that an increase in the time spent in the French territory due to the increased use of remote working will not have any impact with respect to social security coverage. As per the information posted on the German 'DVKA', no change in the applicable social security regulations is expected for German cross-border workers (employed by a Luxembourg employer) while working from home in Germany due to COVID-19 pandemic. Cross-border employees will continue to be affiliated with the social security system of the State where they work. However, an official confirmation from the EU authorities would be welcome.</p> | There is no need to apply for this measure. |
| Guaranteeing the continuity of the Luxembourg economy | All individuals | The deadline for filing 2019 tax returns as well as submitting, revoking or modifying an application for individual taxation is extended to 30 June 2020. | |

Promoting telework (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|---|---|
| Support for businesses investing in setting up teleworking | SMEs | <p>In the fight against the spread of Covid-19, teleworking is recommended wherever possible.</p> <p>However, not all businesses are equipped to meet the demand for teleworking.</p> <p>To remedy this situation, measures are taken in favour of businesses which invest in infrastructure to set up a teleworking system.</p> <p>Thus, the enterprises concerned may apply for financial aid under the general investment aid scheme granted by the General Directorate for Small and Medium-Sized Enterprises of the Ministry of the Economy.</p> | <p>Interested enterprises can contact the General Directorate for Small and Medium-Sized Enterprises:</p> <ul style="list-style-type: none">• by phone: (+352) 2477-4705;• by email: info.aide.pme@eco.etat.lu. <p>An application form for aid for investment is available at the following address:</p> <p>https://guichet.public.lu/en/entreprises/financement-aides/regime-pme/aides-generales-pme/aide-investissement.html</p> |

Promoting telework (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|---|--|
| Measures concerning the holding of meetings in companies and other legal persons | All companies | <p>A company may, notwithstanding any provision to the contrary in the articles of association, irrespective of the intended number of participants in its general meeting, hold any general meeting without a physical meeting, and may require its shareholders or members and other participants in the meeting to attend the meeting and exercise their rights exclusively:</p> <ul style="list-style-type: none"> • by remote vote in writing or in electronic form provided that the full text of the resolutions or decisions to be taken has been published or communicated to them; • through an agent appointed by the company; or • by videoconference or other means of telecommunication allowing their identification. <p>Shareholders or partners participating by such means shall be deemed to be present for the purpose of calculating a quorum and majority at such meeting.</p> <p>Notwithstanding any provision to the contrary in the articles of association, the other corporate bodies of any company may hold their meetings without a physical meeting:</p> <ul style="list-style-type: none"> • by written circular resolutions; or • by videoconference or other means of telecommunication that allows the identification of the members of the body participating in the meeting. <p>Members of such corporate bodies participating by such means shall be deemed to be present for the purpose of calculating a quorum and a majority.</p> <p>Notwithstanding anything to the contrary contained in the articles of association, any company is authorized to call its annual general meeting for the later of the following dates :</p> <ul style="list-style-type: none"> • a date that is within six months after the end of its corporate year; or • a date that is within a period ending on 30 June 2020. | <p>The company shall be entitled to take this decision for any meeting convened by 30 June 2020 at the latest. Any company which has already convened its meeting and which takes such a decision shall publish it and, where appropriate, notify it to its shareholders or associates or other participants in the form in which it had called the meeting or by publication on its website no later than the third working day before the meeting.</p> |

Defer payments linked to tax deadlines

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|-------------------------|---|--|
| Cancellation of tax advances for the first two quarters of 2020 | All companies | If they encounter liquidity problems as a result of the Coronavirus pandemic, legal persons and natural persons undertaking an activity which generates a commercial profit, an agricultural and forestry profit or a profit from the exercise of a liberal profession may apply for a cancellation of their quarterly advances of Luxembourg Corporate Income Tax (" CIT ") and Municipal Business Tax (" MBT ") for 2020 Q1 and Q2. | <p>Form for requesting cancellation of quarterly advances:</p> <ul style="list-style-type: none"> https://gouvernement.lu/dam-assets/documents/actualites/2020/03-mars/18-mesures-fiscales/annulationavances.pdf <p>This form must be sent to the Luxembourg tax authorities (<i>Administration des contributions directes</i>).</p> <p>Requests for cancellation of advances are automatically accepted by the administration</p> |
| 4-month deferral for the payment of tax instalments | All companies | In the same way, legal persons and natural persons undertaking an activity which generates a commercial profit, an agricultural and forestry profit or a profit from the exercise of a liberal profession may apply for an extension of four months for the payment of CIT/MBT and Luxembourg net wealth tax which are due after 29 February 2020. This extension of payment date will not be subject to interest for late payment. | <p>Form for requesting a delay in payment:</p> <ul style="list-style-type: none"> https://gouvernement.lu/dam-assets/documents/actualites/2020/03-mars/18-mesures-fiscales/delaipaiement.pdf <p>This form must be sent to the Luxembourg tax authorities (<i>Administration des contributions directes</i>).</p> <p>Requests for term of payment are automatically accepted by the administration</p> |

Defer payments linked to tax deadlines (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|--------------------------------|---|---|
| Deferral of tax return filings | All companies, all individuals | The deadline for filing tax returns is extended to 30 June 2020. This measure is applicable to legal entities and individuals, as well as to taxpayers wishing to request, amend or revoke their individual tax election. | There is no need to apply for this measure. |
| Extension of the filing deadline for VAT returns | All companies | Due to the Coronavirus pandemic, there is no administrative penalty for exceeding a filing deadline for VAT returns. This tolerance applies until otherwise indicated by the administration. | There is no need to apply for this measure. |

Defer payments linked to tax deadlines (Cont'd)

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|-------------------------|--|---|
| <p><i>[DRAFT LAW N.7540 and N.7541, may be subject to change]</i></p> <p>Extending the deadline for filing and publishing annual and consolidated financial statements and related reports during a state of crisis</p> | All companies | <p>Businesses will have an additional 3 months of administrative time to file their financial data with the RCS, without criminal penalties. Therefore, for a financial year ending, for example, on 31 December 2019, the filing of annual accounts will be submitted until 31 October 2020 (Draft law n°7541).</p> <p>This law shall only apply to the annual accounts, the consolidated accounts and the reports relating thereto for a financial year closed between 18 August 2019 and the date of the end of the state of crisis and for which the deadlines for filing and publication had not expired on 18 March 2020.</p> <p>The draft law n°7540 provides for the same extension for companies in the financial sector.</p> | There is no need to apply for this measure. |

Benefit of administrative tolerance for social security contributions

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|--|---------------------------------|---|--|
| Flexibility in managing the payment of social security contributions | All companies and self-employed | <p>The CCSS (<i>Centre commun de la sécurité sociale et le ministre de la Sécurité sociale</i>) will put in place the following temporary measures as from 1 April 2020:</p> <ul style="list-style-type: none">• Suspension of the calculation of default interest for late payments;• Suspension of the procedure for the forced collection of contributions;• Suspension of the enforcement of constraints through a judicial officer;• Suspension of fines to be imposed on employers who are late in making declarations to the CCSS. <p>The aforementioned measures apply not only to future calls for contributions, but also to the current balances of social security contributions, notwithstanding any mention (interest, fines, etc.) on the CCSS statement of account dated 14 March 2020. They will continue until the Board of Directors of the CCSS finds that they are no longer appropriate.</p> | There is no need to apply for these measures |

Benefit from measures to support exporting companies

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|-------------------------|--|---|
| Strengthening export and international development aid measures | All exporting companies | <p>The <i>Office du Ducroire</i> has put in place the following measures to strengthen its support for Luxembourg exporting companies in their international prospecting efforts, including towards markets affected by the coronavirus:</p> <ul style="list-style-type: none"> • Increase in the guaranteed percentage of the limits and contracts issued during the state of crisis within the framework of export insurance; • Setting up of an insurance of the guarantees issued by the <i>Mutualité de Cautionnement</i> allowing them to increase their capacity; • Making the "Bank Credit Insurance" product more flexible, enabling banks to partially reduce the risk of non-repayment of the loans they grant to Luxembourg exporters in order to develop their international activities. In this context, the <i>Office du Ducroire</i> will also make the conditions applicable to this product more flexible, in particular by increasing the percentage of possible insurance and widening the definition of eligible bank credits; • Increasing the insurance percentage under its bank guarantee insurance product, which is aimed at the banks of Luxembourg exporters to insure the guarantee line granted by the bank, and including import guarantees in the scope of the insurance; • Reduction of the time limit for constituting a claim, which will enable companies to be compensated more quickly in the event of a claim; • Reduction of the deadline for repayment of invoices paid within the framework of the financial aid activity. <p>In addition, the policy for granting financial aid and covering risks (offered to Luxembourg exporters in the context of participating to a foreign forum) does not change following the appearance of the Coronavirus, even if the project takes place in a country or area affected by the Coronavirus.</p> | <p>For any request, it is necessary to contact the <i>Office du Ducroire</i>:</p> <p>by mail: odl@odl.lu; or at the following number: (+352) 288 554 -1.</p> |

Provide legal protection for companies in difficulty

Overview or summary of the incentives

| Measure Name | Target Group (Optional) | Key Points/Summary | How to apply |
|---|-------------------------------------|---|---|
| Suspension of the obligation to make an admission of cessation of payments leading to bankruptcy | All companies | <p>On 25 March 2020, at the Government Council, the Government adopted a Grand-Ducal Regulation drawn up by the Ministry of Justice suspending time limits in jurisdictional matters and adapting certain other procedural modalities.</p> <p>In bankruptcy proceedings, the procedural deadlines are suspended, which means that the one-month period within which the admission of bankruptcy must be made is also suspended.</p> | There is no need to apply for this measure. |
| Suspension of the forced execution of evictions ordered for residential leases as well as those ordered for commercial leases | All tenants with a commercial lease | <p>Another specific provision provides for the suspension of evictions from residential leases. This measure makes it possible to avoid putting people on the street during a state of crisis. The time limits for the execution of evictions for commercial leases have also been suspended, as have those for seizures of property and forced sale.</p> | There is no need to apply for this measure. |



Raymond Krawczykowski

**Partner/Tax Business Leader
Cross-Border Tax**

Deloitte Tax & Consulting S.à.r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg
Tel: +352 45145 2500
GSM: +352 621220483
rkrawczykowski@deloitte.lu



Bernard David

**International tax partner
Cross-Border Tax**

Deloitte Tax & Consulting S.à.r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg
Tel: +352 45145 2799
GSM: +352 661451279
bdavid@deloitte.lu



Pierre-Jean Estagerie

**Partner
Global Employer Services**

Deloitte Tax & Consulting S.à.r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg
Tel: +352 45145 4940
GSM: +352 661451629
pjestagerie@deloitte.lu



Dany Teillant

**Partner/Business Risk Leader
Cross-Border Tax**

Deloitte Tax & Consulting S.à.r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg
Tel: +352 45145 2246
GSM: +352 621370692
dteillant@deloitte.lu



Eric Centi

**Partner
Financial Services Tax**

Deloitte Tax & Consulting S.à.r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg
Tel: +352 45145 2162
GSM: +352 661451959
ecenti@deloitte.lu



Stephane Tilkin

**International tax partner
Cross-Border Tax**

Deloitte Tax & Consulting S.à.r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg
Tel: +352 45145 2307
GSM: +352 621226811
stilkin@deloitte.lu



Christophe De Sutter

**International tax partner
Cross-Border Tax**

Deloitte Tax & Consulting S.à.r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg
Tel: +352 45145 3503
GSM: +352 621568008
cdesutter@deloitte.lu



Thierry Bovier

**International tax partner
Luxembourg Global Innovation and
Investment Incentives**

Deloitte Tax & Consulting S.à.r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Luxembourg
Tel: +352 45145 4079
GSM: +352 661451048
tbovier@deloitte.lu



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.