



Lithuanian State support measures for business

Lithuanian support measures for business are provided via several Lithuanian institutions, listed below:

1. Support measures, via INVEGA by providing compensations, loans and guarantees
2. Support measures via Lithuanian State Tax Inspection. Lithuanian STI approved a list of companies, affected by COVID -19, which is regularly updated. Companies, which are included on the list, can get exemption of interest on penalties and their compulsory hard tax collection is suspended.
3. Support, provided by Lithuanian Social security Fund and Employment Services Under the Ministry of Social Security and Labour of the Republic of Lithuania.

Support Measures	Description
1. <u>Support to SMEs via INVEGA by providing compensations, loans and guarantees</u>	
Compensations	
Interest compensation	<p>SME, which had a loan at the financial or leasing institution, where the loan or lease payments were postponed after 16 March 2020 can get interest compensation.</p> <p>Applies for a maximum of 6 months.</p> <p>Paid monthly.</p> <p>Applications are available from April 3, 2020</p> <p>In order to receive the <u>interest</u> compensation, small and medium-sized businesses must apply directly to INVEGA and fill in an application in the electronic application information system <u>EPIS</u>.</p> <p>If your loan repayment term was deferred after 16 March 2020, you may be eligible to 100% interest compensation.</p>

	<p>For new business, which have a loan from the Entrepreneurship Promotion Fund 2014-2020 INVEGA can reimburse part of the wages paid to employees. In order to receive <u>wage compensation</u>, small and medium-sized businesses must apply directly to INVEGA and fill in an application in the electronic application information system <u>EPIS</u>.</p>
<p>Loans</p>	
<p>Loans for Payable Invoices (ASAP) https://ASAP.invega.lt</p>	<p>If your business is small and companies that have purchased your services or goods are no longer able to pay your invoices due to the announced quarantine, you will be able to use the Loans for Payable Invoices (ASAP) facility. This quick and easy loan is intended to pay off the invoices of small businesses that were issued before the quarantine was announced (from 16 January to 16 March of this year). The granting of ASAP loans is initiated by INVEGA together with the Bank of Lithuania and the Ministry of Economy and Innovation.</p> <p>The loan will be available to supplier companies whose invoices have not been paid or have only been partially paid by the buyer company. The buyer company is included in the STI list of companies affected by COVID-19.</p> <p>The supplier company must have submitted the VAT invoices issued from 16/01/2020 to 16/03/2020 (inclusive) to the STI under the Ministry of Finance of the Republic of Lithuania through the Intelligent Tax Administration System (i.MAS).</p> <p>Only the head of the company can submit applications. The application must be signed with a qualified electronic signature.</p>
<p>Alternative Financial instrument</p>	<p>Loans are granted under the incentive financial instrument <i>Alternative</i>, which enables small and medium-sized enterprises (SMEs) to obtain the necessary financing for their business through alternative financing providers.</p> <p>Loans may be granted to finance the SME's investments and / or to supplement the working capital shortage provided that such financing relates to the start-up of a new activity of the SME or to the maintenance, strengthening or development of the existing activity. Until 1 December 2020, the <i>Alternative</i> instrument can be used to finance the refinancing of loans if the financing conditions for existing borrowers are improved, i.e. the loan repayment schedules are changed (the repayment term is extended) or the repayment of loan instalments is postponed.</p> <p>Financing for SMEs can be provided in the form of a loan, factoring or financial lease (leasing).</p> <p>Loans to SMEs are granted under market conditions.</p> <p>What companies are eligible?</p>

SME entities that qualify as SME entities under the Law on SMEs, whose activities, in the opinion of the Financial Intermediary, are sustainable and the planned cash flows are sufficient to perform the liabilities.

Who is an alternative financier?

An alternative financing provider or alternative financier may be:

- Financial companies established and operating in the Republic of Lithuania (except for credit institutions and their related companies), whose main activity includes lending to legal entities and natural persons engaged in individual activities, including factoring and financial lease (leasing);
- Collective investment undertakings* whose business documents provide for the investment of the funds of the collective investment undertaking in the form of a loan or management companies, if their management is transferred to management companies.

* Entities operating in accordance with the Law on Collective Investment Undertakings of the Republic of Lithuania, the Law on Alternative Managers of Collective Investment Undertakings of the Republic of Lithuania, and the Law on Collective Investment Undertakings for Informed Investors of the Republic of Lithuania.

What is the maximum amount?

Up to EUR 50 million from the INVEGA fund (funds that returned and / or will return and from the state budget of the Republic of Lithuania) has been allocated for the implementation of this instrument.

The largest portion of the loan from the funds under the *Alternative* instrument is EUR 200,000.

How does it work?

For loans, one should apply to the financial institution that has signed a cooperation agreement with Invega.

A loan to an SME can be granted for the maximum period of 24 months.

Loans to Businesses Most Affected by COVID-19.

If your company is a small and medium-sized business and your turnover has fallen by more than 60%, you can get unsecured loans under the incentive financial instrument Loans to Businesses Most Affected by COVID-19. A loan is used to finance basic operating expenses, such as staff salaries, rent, utilities, etc.

For loans, please contact the crowdfunding platform **FinBee Verslui**.

What companies are eligible to obtain these loans?

Small and medium-sized enterprises (SMEs) operating in Lithuania that:

- incurred difficulties as a result of the COVID-19 outbreak, i.e. their turnover fell by more than 60%;
- meet the minimum criteria of a reliable taxpayer (according to Article 40-1 of the Law on Tax Administration);
- retained at least 50 percent of employees, compared to their number as of 1 March 2020

What is the maximum loan amount per beneficiary?

The maximum loan amount can reach up to EUR 100,000.

The maximum loan amount granted to a borrower is calculated as follows:

- The amount of the loan must not exceed the double amount of annual wages and salaries before tax payable to the borrower's employees, or
- The loan amount must not exceed 25% of the borrower's annual turnover in 2019, or
- The amount of the loan may be higher if the borrower justifies its amount with the necessity to complete the planned investments, fulfil the concluded contracts, save jobs, and settle accounts with suppliers and subcontractors.

What are the funding conditions?

Loans are provided for the minimum costs of an SME entity incurred between 16 March 2020 and 31 July 2020.

Loans will be provided until 31 July 2020 and for a period not exceeding 24 months. This term may be extended for a period not exceeding 36 months from the date of conclusion of the initial loan agreement.

The borrower will have to start repaying the loan 6 months after the loan has been disbursed according to the schedule specified in the contract.

What is the cost of the loan?

Loans will be subject to a fixed interest rate depending on the duration of the loan:

- For loans with a term of up to 12 months (inclusive) – **0.1** %;
- For loans with a term of 13 to 36 months (inclusive) – **0.19** %.

How to apply?

Representatives of small and medium-sized businesses can apply through the crowdfunding platform **FinBee Verslui**.

**Crowd funding loans
*Avietė***

Crowd funding loans *Avietė* (hereinafter referred to as “*Avietė* loans”) enable small and medium-sized enterprises to borrow through crowd funding platforms.

What companies are eligible?

Small and medium-sized enterprises operating in Lithuania.

What is the maximum amount?

The total amount earmarked for financing of *Avietė* loans is EUR 4,615 million of the funds repaid and/or to be repaid to the INVEGA fund.

The maximum amount per loan is EUR 10,000 and funding can be provided up to 40 percent of the total loan amount. A loan may be granted for a period not exceeding 36 months and it is intended to finance both investments and circulating capital, except for the refinancing of financial obligations, financial activities and residential real estate.

How does it work?

Avietė loans are granted through crowd funding platforms. Crowd funding platform operators, which have signed cooperation agreement for the implementation of *Avietė* loans, will select those business projects which will be co-funded under the measure *Avietė*. The number of crowd funding platform operators is not limited, therefore, contracts can be made during all the period of implementation and until all funds of the measure are used.

Further information about the conditions and opportunities under the measure *Avietė* is available at crowd funding platform ***FinBee***.

ATTENTION! Due to the COVID-19 situation, **additional** Avietė scheme loans (in addition to the existing conditions) are available until 31/12/2020 under the following terms:

Aviete funds will be used to issue loans, which can be financed up to 100 per cent from Aviete, up to the limit of EUR 25,000. A maximum of two loans per borrower can be issued over a period of six months, with a maximum loan period of 12 months.

Guarantees

Individual Guarantees

Individual guarantees – INVEGA guarantees the repayment of the first instalment of the loan to the credit institution up to 80 % and the remainder is covered by collateral offered by the borrower. An individual INVEGA guarantee can be used both for lending to businesses under market conditions and for taking out any soft loan facility administered by INVEGA.

Individual guarantees for loans

Individual loan guarantees are provided for loans for investments in long-term tangible and / or intangible fixed assets and / or working capital (including credit lines) needed to finance the development of small and medium-sized enterprises.

Temporarily, until 31 December 2020, guarantees are also provided for operating loans. This guarantee provision has been adopted taking into account the consequences of the coronavirus disease COVID-19 outbreak for businesses and with a view to expanding access to credit for small and medium-sized enterprises.

Individual guarantees for leasing

INVEGA can provide a lease guarantee to a financial leasing company financing the purchase of equipment if a company established in Lithuania that meets the requirements set for a small and medium-sized business intends to acquire new (unused) production equipment and / or new (unused) facilities through financial leasing.

Individual guarantees for large companies

The guarantees provided by INVEGA can help large companies to solve the problem of insufficient or unattractive collateral for financial institutions and facilitate access to financing sources.

Export credit guarantees

The property obligation of INVEGA to share the risk with the exporter by paying up to 90% of the losses incurred when the buyer fails to pay within the terms specified in the contract or goes bankrupt. The guarantee allows exporters to sell goods or provide services with a deferred payment term to protect against the insolvency of foreign buyers. Guaranteed risk – political and / or commercial.

Portfolio Guarantees for Loans 2

The incentive financial instrument Portfolio Guarantees for Loans 2 is targeted at companies facing shortages due to the COVID-19 outbreak. This instrument reduces financing risk and thus facilitates the availability of loans and leasing to improve corporate liquidity.

What companies are eligible?

Small and medium-sized business entities operating in the Republic of Lithuania and large enterprises, which on 31 December 2019 were not considered to be in difficulty, but were in difficulty in 2020 as a result of the outbreak of COVID-19, if one of the following conditions is met:

- the turnover decreased by at least 40%;
- the financial flows generated became insufficient to cover existing liabilities;
- the value of the emergency coverage (critical liquidity) ratio became less than 1.

What is the maximum amount?

It is planned to allocate up to EUR 85 million from the state budget of the Republic of Lithuania for the implementation of the instrument Portfolio Guarantees for Loans 2.

How does it work? Main conditions

Each loan or leasing transaction included in the portfolio of the instrument Portfolio Guarantees for Loans 2 is guaranteed by the 80% guarantee.

The guaranteed portfolio may include:

- working capital loans, including reverse leasing transactions, to support corporate liquidity, granted not earlier than on 16 March 2020;
- previously signed unsecured investment (including leasing transactions) and working capital (excluding reverse leasing transactions) loans for which the repayment schedule was extended or the deferred repayment was applied, without compromising other loan repayment terms, not earlier than on 16 March 2020.

Guaranteed loans can be granted for the maximum period of 6 years (72 months).

The amount of the guaranteed loan depends on the amount of salaries accrued to the company's employees during the year, the company's turnover, investment and other liabilities, and the maximum amount may not exceed EUR 5 million.

Loans can be included in the guaranteed portfolio no later than until 31 December 2020.

The following loans may not be included in the guaranteed portfolio:

- if the borrower was a company in difficulty as of 31 December 2019.
- if the borrower is engaged in financial activities, except when the borrower is developing financial technologies.
- if the borrower is directly active in the production, processing and marketing of arms and ammunition, tobacco and tobacco products and distilled alcoholic beverages.
- if the loan is intended for the purchase of residential apartments and investments in the improvement of the condition of residential apartments.
- if the loan is intended for investments in companies engaged in the organization of gambling.
- funding may not be used to pay dividends, reduce capital by disbursing funds to the borrower's participants, repurchase own shares or make other payments from capital to the borrower's participants, nor may it be used to repay or grant loans to the borrower's participants or persons related to them.

For the possibilities to use the portfolio guarantee, please contact the following financial institutions which form the portfolios under the instrument Portfolio Guarantees for Loans 2:

List of [credit institutions](#).

2. Support measures, implemented by Lithuanian State Tax Inspection

Exemption from interest on penalties and suspension of compulsory hard tax collection

Lithuanian State Tax Inspection has published a list of taxpayers affected by COVID-19, taking into account the established restrictions and prohibitions on carrying out activities due to COVID-19. Taxpayers who are on this list and who have been in possession since 16 March, before the end of the quarantine, and two months after that, can get the support in two forms. The support is provided automatically, without a separate request. Such companies can get:

- exemption from interest on penalties,
- suspension of compulsory hard tax collection

After the end of the emergency, these companies will have two months to pay taxes or a tax loan without interest.

During this two-month period for self-assessment and action planning, listed companies will also not be subject to the recovery of newly declared taxes and will not be subject to interest or penalties.

Companies, which have not found themselves among the declared taxpayers, but who have also been adversely affected by COVID-19, may apply to the tax authorities for assistance in applying their business measures in a simplified form, stating that they have been affected by Covid-19. The mentioned form can be submitted via My VMI or sent by e-mail: vmi@vmi.lt or by post.

Updated list can be downloaded clicking here: https://www.vmi.lt/cms/documents/10162/8016055/Covid-19_MM_03-20/94fe68fe-e410-4f42-8837-5498525d2fd4

3. Support, provided by Lithuanian Social security Fund and Employment Services Under the Ministry of Social Security and Labour of the Republic of Lithuania.

Subsidies and Downtime

When employer declares downtime or partial downtime, the state contributes to the maintenance of jobs with subsidies of the following amounts:

- 90 percent of the employee's accrued salary, but not more than 607 euros gross.
- 70 percent of the employee's accrued salary, but not more than EUR 910.5 gross.

The payment of state social insurance contributions and personal income tax on these amounts may be deferred in the same manner as on the remaining part of the salary paid by the employer to the employee.

Employers can apply for the subsidy from 5 April.

Employers, which have been paid a subsidy must keep at least 50 percent of working places for at least 3 months after the end of the payment of the wage subsidy.

It is necessary to inform the State Labour Inspection about the announcement of downtime;
An employee may not be required to perform work functions during downtime;

Social enterprises or enterprises with the status of a social enterprise for the disabled and enterprises employing other supported groups, non-governmental organizations and associations will also be able to benefit from subsidies during quarantine.

Who is eligible for the subsidies:

	<p>Employers who meet all of the following conditions:</p> <ol style="list-style-type: none"> 1) whose legal form is not a budgetary institution; 2) for whom no bankruptcy proceedings have been initiated and which are not being liquidated, due to which a resolution of the creditors' meeting to conduct bankruptcy proceedings out of court has not been adopted; 3) during the last year, the manager or other responsible person has not received penalties for illegal or undeclared work, violations of the employment procedure of foreigners, violations of labor laws, occupational safety and health regulations, etc. 4) who, due to the state of emergency declared by the Government of the Republic of Lithuania and quarantine, have declared downtime to and thus will keep their jobs.
<p>Support for self-employed people</p>	<p>Self-employed people, who do not have an employment relationship and do not receive income from employment can claim a flat-rate benefit of € 257 per month. In order to get a flat-rate benefit, a person has to contact the Employment Service.</p> <p>A self-employed person must meet all of the following conditions:</p> <ul style="list-style-type: none"> • self-employment has been registered for at least 3 months in the last year and has not been deregistered until the date the Government declared the emergency and quarantine. • Does not work under an employment contract, does not have a legal relationship equivalent to an employment relationship, does not receive employment income. • Does not have the status of a company in liquidation or bankruptcy.