

## **National measures taken by the Lithuanian government to react to the economic impacts of the COVID-19 spread in Europe**

On 16 March 2020 the Lithuanian Government adopted the Economic and Financial Action Plan to address the impacts of the COVID-19 virus on the economy, people and businesses. 10% of the country's gross domestic product (GDP), accounting for 5 billion euros, will be allocated to support the measures.

The action plan focuses on ensuring the health of the population, helping small and medium-sized businesses, boosting employment and economy:

- **Provision of necessary resources for the efficient operation of health and public security systems - 500 million euros**

The main focus is on purchasing personal protective equipment, reagents, medical and other equipment. The Plan also provides for additional health care resources, including staff salary supplements and additional social guarantees for COVID-19-related health care workers and officials. Funds will also be made available to support public authorities involved in emergency situation management, including staff salary supplements. It also provides solutions for quicker and simpler procurement that is essential to secure public health in the event of an emergency.

- **Jobs and income protection - 500 million euros**

The Economic and Financial Action Plan provides 500 million euros for measures aimed at maintaining jobs and income. The state will jointly support businesses with job retention for up to three months, by also covering partial downtime or part of downtime allowance for employees. In the case of quarantine in educational institutions or social care and employment centers, a provision foresees sickness benefits for the specialists who take care of children and the disabled. It also provides for self-employed workers who have paid social security contributions: to receive 257 euros / month for up to 3 months when they are unable to carry out their activities due to quarantine, and to extend the credit payment period (excluding interest) for those who became unemployed – from 3 to 6 months with the state guarantee. Also, to allow the possibility of postponement or settlement of payments for electricity and natural gas to the national energy holding company Ignitis UAB, to recommend municipalities to postpone or arrange schedule for utilities and heat energy payments.

- **Maintaining business liquidity - 500 million euros**

The plan provides for immediate tax loans, with postponed or deferred payment schedule, without interest payment; stopping recovery actions on the basis of reasonableness criteria; exemption of taxpayers from fines and penalties; possibility to defer payment of personal income tax; increase the Guarantee Limit for the Agricultural Loans and INVEGA Guarantee Fund by 500 million euros as well as extend the terms for the guarantees; enable businesses to defer or postpone payments for the electricity and natural gas consumed to the national energy holding Ignitis UAB. It is also recommended that municipalities exempt businesses from commercial real estate and land taxes, and allow to defer or arrange utility bills and payments for heat energy.

- **Boosting the economy - 1 billion euros**

The Economic and Financial Action Plan provides for accelerating investment programs, speeding up payments and increasing the intensity of funding. It also allows reallocation of EU investment funds to health, employment and business fields, accelerates the use of state budget for current expenditure, use all funds from the Climate Change, Road Maintenance and Development programs and accelerate the

renovation of apartment buildings. In addition, it is planned to recommend the Bank of Lithuania to take measures to increase the lending potential of banks by 2.5 billion euros: (1) reduction of capital requirements for credit institutions; (2) Reduction of liquidity reserves; (3) Reduction of other supervisory measures.

Moreover, an additional 500 million euros state guarantee ceiling is foreseen to create or supplement the existing financial instruments. Also, to establish a COVID-19 Impacts Reduction Fund open to contributions from legal and natural persons.

A 1 billion euros stimulus package for the economy will encompass 500 million euros additional investments and 500 million euros additional guarantees.

- **Ensuring liquidity of the state treasury**

The Economic and Financial Action Plan provides for the Government to borrow additional 5 billion euros.

- **Task force on business emergency coordination**

A state-level task force on business emergency coordination was formed. LPK is represented by its President Robertas Dargis.