

Coronavirus:

The rapid spread of COVID-19 around the globe and the declaration by the World Health Organization that we are facing a pandemic have raised a complex set of challenges for businesses and for the global economy. The containment measures have led to a slowdown in economic activity that is forcing companies to reposition themselves and to prepare for even more challenging times ahead.

The primary focus is the safety of employees, but businesses must also deal with the complex repercussions that COVID-19 is having and the impact it will continue to have in the future.

PLMJ has created a multidisciplinary team dedicated to analysing the legal and operational challenges that businesses are facing. Our team's mission is work hand-in-hand with our clients to find the best solutions to mitigate the risks and to relieve some of the pressure they are under.

During the last few weeks, our team has prepared a number of briefings with practical insights and the full list and links can be found below. We appreciate that most companies are eager to understand the liquidity measures available to them, so we have created a summary table highlighting the most important information.

Key liquidity measures*

Key Features	Eligibility Criteria
<p>The Portuguese government approved the following 4 lines to support the economy:</p> <ul style="list-style-type: none"> o Covid Line – Support for Economic Activity / EUR 4.5 billion o Covid Line – Tourism (Resorts and Accommodation) / EUR 900 million o Covid Line – Tourism (Travel Agencies, Tourist Entertainment and Event Organisation) / EUR 200 million o Covid Line – Catering / EUR 600 million <p>Key Terms and conditions:</p> <ul style="list-style-type: none"> o Maximum loan amount: microenterprises - EUR 50K; small enterprises - EUR 500K; medium-sized enterprises - EUR 1,500K; mid cap - 2,000K. o Maturity: up to 6 years (up to 18 months grace period); o Spread: 10bps to 15bps (depending on maturity); o Mutual Guarantee: from 80% (medium enterprises) up to 90% (small and micro enterprises). 	<p>Available to micro, small and medium-sized enterprises (and individual businesspeople), with SME certification, or small mid-caps and mid-caps complying with the following eligibility criteria:</p> <ul style="list-style-type: none"> o Have their registered office in Portugal; o Engage in activities with an eligible Economic Activities Code (varying to each specific credit line); o Have no outstanding debts or other obligations to the Tax Authority or the Social Security on 1 March 2020; o Net positive position in the last approved balance sheet or in the interim balance sheet up to the date of the application; o No outstanding incidents with the banks and mutual guarantee system; o Not be deemed an "undertaking in difficulty" as at 31 December 2019; o Provide a commitment to maintaining permanent job positions until 31 December 2020.

<p>Lines of Credit to Support the Economy (EUR 6.2 billion)</p>	<p>The financial support that can be granted by Turismo de Portugal, I.P., to each business will correspond to the monthly amount of EUR 750 for each job existing on 29 February 2020, multiplied by the period of 3 months, up to a maximum amount of EUR 20,000.</p> <p>Given that this financial support is calculated based on the number of existing jobs, each business to which such financial support has been granted will have to demonstrate that it has maintained such jobs.</p> <p>Key terms and conditions:</p> <ul style="list-style-type: none"> o Maturity: 3 years (12-month grace period for principal repayment); o Repayment: equal quarterly instalments with no remuneratory interest. 	<p>Available to microenterprises (employing fewer than 10 people and with annual turnover not exceeding EUR 2 million) with SME certification, that comply with the following eligibility criteria:</p> <ul style="list-style-type: none"> o Engage in tourism activities; o Have no outstanding debts or other obligations to the Tax Authority, the Social Security, and Turismo de Portugal, I.P.; o Evidence that their activity was negatively affected by the outbreak of COVID-19; o Duly licensed; and o Security is granted by a shareholder.
--	---	---

<p>Turismo de Portugal, I.P., Line of Credit to Support Treasury Needs for Tourism Microenterprises (EUR 60 mil)</p>	<p>Granted for a period of 1 month, can be extended exceptionally, on a monthly basis, up to a maximum of 3 months. It is intended for:</p> <ul style="list-style-type: none"> o Suspension of the employment contract: Social Security pays the employer 70% of two-thirds of the gross pay of each covered employee; the employee receives two-thirds of its normal gross pay (up to EUR 1,905), or one national minimum salary, whichever is higher. o Reduction in working hours: employer pays the hours actually worked. If this amount is less than two-thirds of the normal gross salary or one national minimum salary, the employee is due salary compensation (Social Security pays 70% and the employer 30% of the compensation). <p>Employers benefiting from the above are entitled, while the support continues, to a full exemption from contributions due to Social Security.</p>	<p>Available to all private employers, including those of the social economy sector, under "business crisis", defined as (alternatively):</p> <ul style="list-style-type: none"> o The partial or total closure of the business or establishment due to the obligation to close premises and establishments; o A complete or partial stoppage in the operations of the business or establishment resulting from a disruption or break in global supply chains or the suspension or cancellation of orders; or o An abrupt and sharp fall of at least 40% in invoicing in the period of thirty days preceding the date of the request to the competent authorities, with reference to the monthly average of the 2 months prior to this period, or compared to the same period of the previous year.
---	--	--




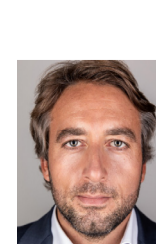
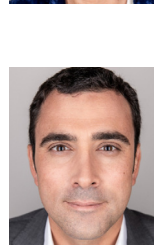


<p>Extraordinary Job Retention Scheme</p>	<p>A number of other measures have been introduced which may assist businesses including:</p> <p>Moratorium on Financing Agreements:</p> <p>The moratorium regime allows beneficiary entities to obtain the suspension of payment obligations until 30 September 2020 (including repayment of principal, payment of interest and fees) under: (i) contracts with instalment repayments (the repayment is extended for an equivalent period of the suspension); and (ii) in bullet contracts that mature during this period. The beneficiary entities will be entitled to apply the moratorium only to principal repayment (interest will continue to accrue and will be capitalized) and any security associated with loans subject to moratorium will also be extended.</p> <p>Extension of deadlines to comply with tax obligations:</p> <p>The deadline for the special payment on account has been extended to 30 June; The deadline to file the corporate income tax (IRC) return (Form 22) has been extended to 31 July; The deadline for the first payment on account and the first additional payment on account, has been extended to 31 August 2020.</p> <p>Split payment of taxes (VAT and Corporate Tax):</p> <p>Payment may be split into three (no interest) or six monthly instalments (where no interest accrues to the first three).</p> <p>Deferment of social security payments:</p> <p>Employers may opt to defer the social security payments due between March and May 2020 (one third of the value of the social security payments must be paid immediately in the month they are due; the remainder is settled in equal and successive instalments, without interest, in the months of July, August and September 2020).</p> <p>Protection from termination of lease agreements (residential and non-residential):</p> <p>While the measures to prevent, contain, mitigate and treat the COVID-19 pandemic remain in place, and until 60 days after – the effects of the following (inter alia) are suspended: (i) expiry of lease agreements, unless the tenant has no objection; (ii) any revocation or opposition to renewal.</p>	
--	---	--

* This summary table does not envisage to provide a full and detailed description of the measures approved in Portugal within the context of the COVID-19 pandemic, but rather a high-level summary of some of the most relevant, with focus on those granting direct liquidity support to businesses. For a more detailed approach please refer to our COVID-19 Briefing Notes, which hyperlink you can find in this document.

Impacts and challenges for businesses in Portugal

<p>Measures to support businesses</p>	<p>Credit lines for businesses Read more</p> <p>Exceptional measures applicable to social economy entities Read more</p> <p>Moratorium on financing agreements Read more</p> <p>Tax impacts Read more</p>
<p>Employment and Labour</p>	<p>Employment impacts Read more</p> <p>Management of human resources in employment relationships Read more</p> <p>Update on the simplified layoff Read more</p> <p>Social protection measures adopted following the risk of infection by the COVID-19 virus Read more</p>
<p>Impact on existing contracts</p>	<p>Impact on financing agreements Read more</p> <p>Impact on the activities of companies Read more</p> <p>Managing the risk of breach of contract Read more</p> <p>Impact on football Read more</p>
<p>Banking, insurance and capital markets</p>	<p>CMVM recommendations for holding general meetings Read more</p> <p>Impact on debt issuances Read more</p> <p>Impact on insurance Read more</p> <p>The duty to inform the market Read more</p>
<p>Public services, public procurement and regulated sectors</p>	<p>Changes to clinical trials Read more</p> <p>Consequences of the declaration of a state of alert on public procurement Read more</p> <p>Essential public services Read more</p> <p>Exceptional Regime for MDs and PPE Read more</p> <p>Extraordinary measures in the energy sector Read more</p> <p>Impact on the operation of pharmacies Read more</p> <p>Impacts on energy licensing and the energy market Read more</p> <p>Implications for the management of medicines and medical devices Read more</p> <p>Law 1-A/2020 and the Exceptional Rules on Public Procurement Read more</p> <p>Measures for manufacturers and wholesale distributors of medicines Read more</p>
<p>State aid and competition</p>	<p>Amendment to the new temporary framework for state aid Read more</p> <p>Implications for state aid and competition Read more</p> <p>The new temporary framework for state aid Read more</p>
<p>Technology, mobility and communications</p>	<p>Impact on intellectual property Read more</p> <p>Privacy in the context of teleworking, e-learning and entertainment Read more</p> <p>The expansion of telemedicine and e-health services Read more</p>
<p>Courts and judicial proceedings</p>	<p>Amendment to the exceptional and temporary measures with an impact on civil procedure Read more</p> <p>Impact of the exceptional and temporary measures on enforcement proceedings Read more</p> <p>Resolving disputes as quickly and efficiently Read more</p> <p>Restructuring and insolvency Read more</p> <p>The impact on international arbitration Read more</p>
<p>Real Estate, tourism and planning</p>	<p>Buying and selling property in times of social distancing Read more</p> <p>Impact on lease agreements and store use agreements Read more</p> <p>Impact on town planning procedures Read more</p> <p>Impact on works contracts Read more</p> <p>Rent moratoriums and suspension of agreement Read more</p> <p>Measures for the tourism sector Read more</p>
<p>Africa Angola</p>	<p>Measures on commercial activity Read more</p> <p>Extension and changes to the state of emergency Read more</p> <p>Credit lines for production of essential goods Read more</p> <p>Moratorium on loan repayments Read more</p> <p>Measures in the transport sector Read more</p> <p>Exceptional control and prevention measures Read more</p> <p>Importation of essential goods Read more</p> <p>Contingency plan Read more</p> <p>Immediate measures to prevent the risk of infection Read more</p>
<p>Africa Mozambique</p>	<p>Impact on financing agreements Read more</p> <p>Management of human resources in employment relationships Read more</p>

KEY CONTACTS

 <p>André Figueiredo Partner and head of the Capital Markets practice (+351) 213 197 300 andre.figueiredo@plmj.pt</p>	 <p>Eduardo Nogueira Pinto Partner and head of the Healthcare, Life Sciences & Pharmaceuticals practice (+351) 213 197 300 eduardo.nogueirapinto@plmj.pt</p>
 <p>Duarte Schmidt Lino Partner and co-head of the Corporate M&A practice (+351) 213 197 300 duarte.schmidt@plmj.pt</p>	 <p>Nuno Ferreira Morgado Partner and co-head of the Employment and Labour practice (+351) 213 197 300 nuno.morgado@plmj.pt</p>
 <p>Filipa Cotta Partner in the Dispute Resolution practice (+351) 213 197 300 filipa.cotta@plmj.pt</p>	 <p>João Tiago Morais Antunes Partner in the corporate and financial litigation practice (+351) 213 197 300 joaotiago.moraisantunes@plmj.pt</p>
 <p>Isaque Ramos Partner in the Tax practice (+351) 213 197 300 isaque.ramos@plmj.pt</p>	