



N. XENOFONTOS LLC

CORONAVIRUS SUPPORT PLANS ISSUED BY THE GOVERNMENT OF THE REPUBLIC OF CYPRUS

15 March 2020

Support Plan - Suspension of business operations (€110 million)

All companies – businesses where it has been decided to suspend their business operations as well as those that have decided to continue operations, suffering a decrease in their turnover over 25%, a Suspension Plan will apply, with the aim of avoiding termination of employment and simultaneously, affected employees will receive an unemployment benefit for the duration of the period whereby the company – business is under suspension of its operations.

Support Plan for small sized companies in the amount of €10 million that employ up to 5 persons under the conditions that such companies keep their employees under employment and which companies have suffered a decrease in their turnover over 25%. The plan foresees the provision of a subsidy of 70% of the employees' salary. The conditions and safety measures will be announced simultaneously with the proclamation (issue of announcement) by the government.

Reinforcement of Public Health sector

Provision of €100 million to strengthen the health sector to combat the pandemic if needed which will include, inter alia, the employment of additional medical, nursing and support staff for a more effective and immediate response to the work they are required to accomplish.

- Enhancement in equipment and logistics.
- Strengthening the Institute of Neurology and Genetics in both human and logistical infrastructure.
- Strengthening the Ambulance Center and Service 1420.

Suspension (no payment obligation) to pay the additional payment to the General Health Care System scheduled for 31 March 2020 for a period of two months by employers, employees and the state, to strengthen the health sector in the fight against the virus and not to affect the income of employees and businesses. It is noted that the timetable for the implementation of Phase 2 of the General Health Care System is not affected. Should increased needs arise for the implementation of Phase 2, such will be covered by the state.

Business Support

- Temporary suspension for two months of the obligation to pay VAT on business liquidity. This relates to companies whose turnover was not more than € 1 million according to tax declarations submitted in 2019 and companies whose turnover decreased by more than 25%, without imposing any charges.

It is to be noted that arrangements will be made so that sums due will be paid progressively until November 11, 2020. This measure is aimed at enhancing business liquidity and approximately amounts to €240 million.

- Provisional reduction of VAT from 19% to 17% for a period of two months and from 9% to 7% for a period of three and a half months, as soon as the relevant legislation has been adopted to enhance the purchasing power of citizens and stimulate consumption. Cost 70 million euros.

- For the duration of this extraordinary situation, special arrangements will be made for those who are included in the Schedule of Debts.

- Extension of 2 months for the submission of tax returns for those who had an obligation to do so until the 31.3.2020.

The new deadline is 31.5.2020.

- Suspension of the requirement to hold guarantees under public and private contracts for the supply of services or products that will be delayed by the crisis. The measure is already in place.

Support for the recovery of the Tourism Industry

Additional credit of €11 million for the implementation supporting tourism to Cyprus between June and September 2020, in cooperation with airlines and travel agents / organisers as well as actions to enhance the attraction of tourists during the period October 2020 - March 2021.

Employee Support

Granting 'Special Leave' to parents working in the private sector for taking care of their children up to 15 years of age due to suspension of schooling, public and private, in nurseries and kindergartens.

The following allowance will be given for this "special leave" which, at this stage, can last up to 4 weeks and which does not include public holidays:

For a parent with a salary of up to €2,500: for the first €1,000 of the parent's salary a 'special leave' allowance of 60% of the salary will be paid and for the subsequent €1,000 of his / her salary, a 40% allowance will be paid. It is noted that in the case of single-parent families, the rate of payment of the benefit varies between 70% and 50% respectively.

This special leave is granted to one of the two parents and if one parent receives this leave, the other cannot receive the same leave simultaneously. Also, if one parent works / receives unemployment benefit / participates in a Work Suspension Plan and the other does not, the working parent is not entitled to it unless the parent who is not working has himself or herself been infected with the virus or is hospitalised or is a disabled person, or is a person subject to compulsory restriction.

The aforementioned special leave granted to parents for the purposes of childcare will be granted if the nature of their work does not allow teleworking or working from home or flexible working hours and if there is no internal assistance. This does not include grandparents. This leave is granted in consultation with the employer and upon the submission of a relevant application to this end.

The said leave applies to parents of persons with disabilities and there is no age limit, as stated above (i.e. 15 years of age) provided that no care allowance is granted for such persons.

The period of special leave is considered as a period of equivalent insurance. This means that all rights and entitlements that a parent has, will remain the same as if they were working.

In relation to the public sector, employees that are deemed by their respective ministers (according to which ministry they work in) that they need to go to work, but, however, there is a need for them

to say home to take care of their children, will need to consult with their superior so that arrangements are made for their substitution.