

A top-down view of a smartphone on a light-colored desk. The phone's screen is blue with a world map background and displays the text 'COVID-19' in large white letters and 'Economic Impact' in smaller white letters below it. To the left of the phone is a silver pen. Behind the phone is a grey surgical mask. To the right is another grey surgical mask. In the bottom right corner, there are some green leaves.

**COVID-19**  
*Economic Impact*

**AMENDMENTS OF COVID 19  
RELATED GOVERNMENT REGULATIONS**

**JPM**

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## AMENDMENTS OF COVID 19 RELATED GOVERNMENT REGULATIONS

### 1. Regulation on amendments of the Regulation on Conditions and Criteria for Coordinated State Aid aimed to eliminate Serious Market Disruption caused by Epidemic of contagious disease Covid-19.

The Regulation on Conditions and Criteria for Coordinated State Aid aimed to eliminate Serious Market Disruption caused by Epidemic of contagious disease Covid-19 aimed to provide coordinated state aid for liquidity of commercial subjects in various manners – through: (i) subsidies, debt write-offs, and tax reliefs; (ii) subsidised interest rates; (iii) guarantees for loans; (iv) delayed payments of taxes and contributions; (v) subsidies for employee salaries in order to avoid letting go of employees; (vi) short-term export insurance; and (vii) coverage of part of fiscal expenses.

Through amendments, the government enabled the possibility of assigning the above liquidity related coordinated state aid until the end of 2021 (except in case of tax reliefs, that are granted until the expiry of deadline for submitting tax application for 2021).

Other important novelties, besides prolongation of deadlines, introduced by these amendments are the following:

- for some forms of coordinated state aid the bar of maximum nominal amounts that may be granted as state aid have been significantly raised – e.g. for subsidies, beneficial payment terms, debt write-offs, tax and customs reliefs, the bar of nominal amount that may be granted as a separate aid per user is significantly raised - from 800,000 to 1,800,000 EUR in RSD countervalue. Also, the amendments allow for conversion of one specific instrument in which state aid was initially granted to another state aid instrument, provided that such conversion is carried out until the end of year 2022;
- the bar is also raised when it comes to gross amount of granted state aid per user that cannot be exceeded in order for a user to be eligible for state aid in terms of reimbursement of portion of fixed business costs;
- finally, prior to the amendments loans that were up to 800,000 EUR had a beneficial treatment – e.g. the application of subsidised interest rate could result in absence of any interest, and loan guarantee could cover the entire loan principal. This is no longer an option - moreover, the amendments now prescribe minimum annual interest rate.

**2. Regulation on amendments of the Regulation on Conditions and Criteria for Coordinated State Aid aimed to eliminate Adverse Consequences caused by Epidemic of contagious disease Covid-19**

The state aid granted under this regulation is granted with the aim to eliminate adverse consequences of Covid-19 epidemic, by way of partial or complete payment of real and justified costs that a market participant suffers in order to eliminate these adverse consequences, i.e to cover its respective losses. Thus, the market participants have to prove consequential relationship between the adverse consequences/losses suffered and the Covid-19 epidemic.

The Government has now introduced additional condition for actual loss that makes a market participant eligible for this form of state aid – this loss must come as a direct consequence of limitations imposed to market participant that prevent the same from conducting its business activities. In short, this form of state aid is now reserved for those market sectors that were forced to either suspend business activities in certain periods of time/for certain areas/certain categories of users completely (e.g. restaurants, clubs, bars, transportation), or to limit the number of users/customers (fairs, sport events, movie theatres, etc).

**3. Regulation on amendments of the Regulation on Conditions and Criteria for Coordinated State Aid through Recapitalization of Market Participants aimed to eliminate Market Disruptions caused by Epidemic of contagious disease Covid-19**

Finally, a possibility to assign coordinated state aid in the form of recapitalization in accordance with this regulation is prolonged until the end of 2021.