



## Business support measures applied in Lithuania due to COVID-19

Dear colleagues and friends!

In order to support businesses in Lithuania affected by COVID-19 virus, various support measures are offered by the Government. NJORD Law Firm experts have prepared a short overview.

It shall be noted that changes of applicable legislation are made constantly, therefore these measures might change if the Government or Seimas decide so. Also, **in some cases additional conditions are applicable, which are not listed in this short overview.**

### Suspension of tax obligations

In the field of taxation, the following is offered:

- exemption from default interest (applied automatically);
- no compulsory recovery of taxes (applied automatically);
- after the end of emergency, the company shall within two months either pay taxes or enter into interest-free tax loan agreement.

**IMPORTANT!** The company shall be entered into a special list of affected companies, which is done either automatically or by simple application.

More information: <https://www.vmi.lt/cms/informacija-verslui-del-covid-19> (Lithuanian only).

### Wage subsidies for employees' downtime

The subsidy is granted if the employer has declared downtime for the employees because of the emergency situation and quarantine and cannot organize distant working.

**IMPORTANT!** To qualify the company shall not be under insolvency or liquidation procedures; and the manager or other responsible person in the company has not had a penalty during the last year due to violations of labor laws, occupational safety and health regulations.

Employers seeking the subsidy can apply to the Employment Service from 5 April. More information: <https://uzt.lt/subsidijos-darbdaviams-prastovu-laikotarpiu-2/> (Lithuanian only).

**IMPORTANT!** The company shall immediately report the declared downtime to State Labour Inspection. More information at: [https://www.vdi.lt/Forms/Tekstas1.aspx?Tekstai\\_ID=2683](https://www.vdi.lt/Forms/Tekstas1.aspx?Tekstai_ID=2683) (Lithuanian only).

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## **Assistance to business through loans and loan guarantees**

The state through its agency INVEGA will provide the following support:

- State guarantees for the loans and financial leasing given by a credit institution. Applicable for the COVID-19 affected companies, which has lost 40% or more of turnover.

**IMPORTANT!** The decision to grant a loan or financial leasing is made by credit institution.

- Soft loans to keep the liquidity of the company. Applied to the sectors mostly affected by COVID-19, when the company has lost 60% or more of turnover and needs funds to cover daily costs (salaries, rent payments, etc.).

**IMPORTANT!** Although the state funds are used for lending, the loans are given through credit institution, which make calculations how much money per month company needs to cover such daily costs.

- Compensation of interest. If after 16 March 2020 payment of the loan or leasing payments was suspended, 100% of interest payment may be compensated for the period of 6 months.

**IMPORTANT!** Applied to SMEs only.

**In the near future there will be some additional instruments from INVEGA available.**

More information at <https://invega.lt/lt/covid-19/pagalba-verslui-covid-19-krizes-metu/> (Lithuanian only).

## **Legal measures possible to apply due to COVID-19**

As COVID-19 and different measures applied worldwide have affected many businesses, it may open a possibility to apply certain legal tools in the contractual relations. According to the law, the contract shall be amended if the performance of contract does not comply with the principles of justice, reasonableness and fairness due to a substantial change of circumstances. The current situation, when certain businesses are temporarily closed, or has to reorganize their work from home, or are otherwise affected due to COVID-19 situation, might qualify for such substantial change of circumstances. That opens a possibility to **review the amount rent payments or lease term, payment and delivery terms of goods, pricing and performance of other contractual obligations**. If the other party does not agree to change the contract, it is possible to apply to the court with such a request. Also, in certain cases the situation might even qualify for *force majeure*.

**IMPORTANT!** Each case shall be revised and decided individually, and there is no universal solution.

For more information you can contact Laimonas Markauskas, attorney-at-law and partner at NJORD Law Firm: [laimonas.markauskas@njordlaw.lt](mailto:laimonas.markauskas@njordlaw.lt), +370-659-68659. The initial consultations on the above issues are **free of charge**.