

25 March 2020

COVID-19 Legal Insights



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1. GEO No. 29/2020 on certain economic and fiscal measures

Measures to support SMEs in the context of the COVID-19 epidemic

For the purpose of mitigating the negative effects on the economy caused by the measures to prevent and fight the COVID-19 epidemic, Emergency Ordinance No. 29/2020 on certain economic and fiscal measures (“GEO No. 29/2020”), published in the Official Journal of 21 March 2020, sets forth certain fiscal measures, including measures to support small and medium enterprises in paying their bank loans (“SMEs”).

Amending and supplementing Government Emergency Ordinance No. 110/2017 on the Program to support small and medium enterprises - IMM INVEST ROMÂNIA (“Program”), approved by Law No. 209/2018 (“GEO No. 110/2017”), GEO No. 29/2020 introduces the following State guarantee facilities offered by the Ministry of Public Finance to support loans for investments and for working capital granted to SMEs:

- 80% State guarantee is granted for funding provided to a SME by means of one or more loans for investments and/or one or more loans / credit lines for working capital. The ceiling of funding for investment loans is of RON 10 million and that for loans / credit lines for funding work capital is of RON 5 million;
- The State guaranties no more than 90% of the loans / credit lines for funding working capital provided to a microenterprise or small enterprise, with a maximum value of RON 500,000 for microenterprises and RON 1 million for small enterprises.

The ceiling for loans / credit lines for funding working capital should be determined as the average of the last 2 fiscal years’ expenses related to working capital, within the limits of the ceilings provided in the previous paragraph.

The Ministry of Public Finance fully subsidizes the interest related to such loans / credit lines through a state aid / *de minimis* scheme associated to this Program. The incentive period starts on the granting of the loan and may last up to 31 March 2021. It may be extended for another 2 years if the estimated economic growth is behind that of 2020.

The SMEs eligible for this Program are those that fulfil the criteria provided by GEO No. 110/2017. GEO No. 29/2020 imposes on beneficiaries that have outstanding tax liabilities the obligation to pay them from the loan/credit line for the working capital granted as part of the Program.

For investment loans, the maximum funding period is of 120 months, and in the case of loans / credit lines for working capital the maximum period is of 36 months and may be extended for another 36 months.

GEO No. 29/2020 repeals the provisions concerning the guarantee premiums that were due by the beneficiaries of the Program. The management fee owed to the Guarantee Fund¹, which was included in the guarantee premium, will be paid from the State budget, as part of a State aid */de minimis* scheme. After the end of the State aid */de minimis* scheme, the management fee shall be owed by the beneficiary of the Program.

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¹ The National Fund for Guarantying Loans for SMEs (the “Guaranty Fund”).

Editors

COVID-19 - Legal Insights is our response to the COVID-19 outbreak. We shall keep you informed on the various legal challenges posed by the coronavirus, thanks to a dedicated practice group comprising lawyers with different backgrounds, such as compliance/regulatory, corporate and commercial, insurance, labour and employment, litigation and arbitration, insolvency, public procurement, data privacy, tax and customs. In addition, our taskforce offers strategic advice on crisis-specific matters: corporate restructuring, review and (re)negotiation of agreements (including collective bargaining agreements and individual employment contracts), performance of the contracts which are affected by force majeure and hardship, unblocking pre-litigation relationships, etc. To be up to date with the news in these matters, you may access the resources available at the following link: <http://www.tuca.ro/covid-19/>



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