

MEASURES ADOPTED IN RESPONSE TO COVID-19 HEALTH EMERGENCY

Introduction

The pandemic SARS-CoV-2, known as COVID-19, has caused a health emergency in the Principality of Andorra and exceptional measures of temporary nature¹ have been adopted, which are included in the *Act of exceptional and urgent measures for the health situation caused by the pandemic SARS-CoV-2* (hereinafter, “**Omnibus Act**”), approved by the General Council on March 23rd, 2020² according to the urgent and necessary proceeding foreseen in article 60 of the Andorran Constitution.

The Omnibus Act states a set of exceptional and urgent measures for two months or until the Government of Andorra declares the end of the health crisis.

The main target of the Omnibus Act is to curb the first effects that the health crisis is causing people and companies in the Principality of Andorra according to principles of solidarity and co-responsibility.

The Omnibus Act’s measures allow the adoption of any additional measures considered necessary to prevent a potential extension of such health crisis.

Employment measures

From March 13th, 2020, temporary suspension of employment contracts due to unforeseeable events and force majeure is forbidden by the Omnibus Act to ensure workers’ continuity.

In case of suspension of the activity, fixed salaries shall be paid to workers. The term of suspension shall be taken into account to the effects of holidays and length of services. On the other hand, for those hours of work paid, but not worked, the following shall apply:

- (i) Half of these hours will be paid by the company as paid leaves.
- (ii) The other half will be paid as well, but the worker will have to offset them as it is indicated below:

¹ The Omnibus Act also ratifies the exceptional measures adopted by the Andorran Government through the Decree on March 11th and 21st, 2020.

² On the same date, a draft bill on both emergency and alarm state has been approved by the ordinary session of the General Council, pursuant to article 42 of the Andorran Constitution which establishes the possibility of limitation or temporary suspension of some fundamental rights in case of earthquakes, floods, torrential rains, landslides, avalanches, urban or forest fires, major accidents, epidemics, pandemics or health crisis, and other natural catastrophes, when their severity or intensity make it necessary.

- (a) With extra hours and days-off during the working year. In this case, the consent of the worker is not necessary.
- (b) With extra hours and days-off from the working year, within 3 months from the first day of the next month when the suspension is over. In this case, the consent of the worker is necessary; and
- (c) With a maximum of 50% of holidays generated during the current year.

Measures in terms of social security

As the Ministry of Health has affirmed, workers and those self-employed affected by quarantine are entitled to benefits equal to sick-pay. Those diagnosed with COVID-19 will be entitled to 100% of benefits (the difference of common benefit and 100% will be paid by the General Administration).

Self-employed, whose income is affected, may benefit from a contribution base equivalent to the minimum wage. If their activity is completely suspended, their entire contribution will be suspended.

Rental of premises

The Omnibus Act reduces the cost of rentals of premises as follows: 100% for completely suspended activities; (ii) 80% for on duty-services; and (iii) 50% for those that must remain open.

Measures related to the financial system

The Omnibus Act extends the date for filing of annual accounts with the Andorran Financial Authority (“AFA”) for operating entities of the financial systems, insurances and reinsurance entities from March 31st until April 30th, 2020, subject to additional extension by an official communication of the AFA or by direct communication to such entities.

Tax and fiscal measures

The measures adopted in this context aim to reduce the tax burden for those activities where solvency is being or will be affected. These measures include:

- (i) Deferment and payment by instalments of the tax debt without interests, and without the necessity to provide guarantees;

(ii) Payment of the Fee on the Registry of Holders of Economic Activities beyond June 30th, 2020.

(iii) The payment on account of the Corporation Tax and the Income Tax for the tax periods between January 1st and May 31st, 2020, applying 20% on the settlement fee of the previous year, with the possibility of choosing (for Income Tax) payment by installments applying a 2% on the net income of the previous year, and

(iv) A reduction of the tax base for unpaid lease (specifically, for General Indirect Tax (*Impost General Indirecte* “IGI”), Corporation Tax, Income Tax and the Income Tax of Non-Residents (*Impost sobre la Renda dels No-Resident fiscals* “IRNR”).

Meetings of corporate bodies of public and private companies

The Omnibus Act foresees the online adoption of agreements of corporate bodies, even if such format is not foreseen in the By-Laws and only if bidirectional and simultaneous communication and the identification of attendees is guaranteed, as well as relevant quorums and majorities.

Suspension of administrative and procedural deadlines

From March 14th, 2020, until the Andorran Government declares the end of the state of alarm caused by COVID-19, statutes of limitation established in the procedural regulations for all Andorran Courts including the Constitutional Court are suspended. Such days are considered non-business days for procedural purposes.

Notwithstanding the aforementioned, the suspension of terms will not affect the habeas corpus proceedings or the preferred and urgent proceedings of protection of fundamental rights; actions with detainees, urgent actions in terms of prison surveillance, adoption of precautionary measures and measures for people in a situation of potential risk.

Deadlines for administrative proceedings with public administrations have been suspended with effect from March 14th, 2020, until the health emergency decreed by the Andorran Government ceases to be in force, being the days within the emergency period considered as non-business days.

The competent bodies may, exceptionally, establish any organisational and investigative measures deemed necessary to prevent any parties from suffering serious harm to their rights and legal interests, provided they agree on such measures.

Prescription and statute of limitation periods of any proceedings and rights are suspended with effect from the date the Omnibus Act enters into force and until the Andorran Government issues a Decree stating the end of the health emergency.

The Omnibus Act enables procedural proceedings to be filed and submitted online, provided the parties are not deprived of their right to a defense and to object.

Budget modification

The following special budget, intended to financing expenses arisen from the COVID-19 health emergency, has been approved by the Omnibus Act:

- A special loan of a maximum amount of € 130 Million, to grant the provision of guarantees, intended to finance companies and business under the criteria established by the Decree ruled by the Government of Andorra. A new debt will be assumed to fund this loan, amending Subsection f) in Article 22, Section 1 of Regulation 2/2020, of February 27th, regarding the 2020 annual budget.

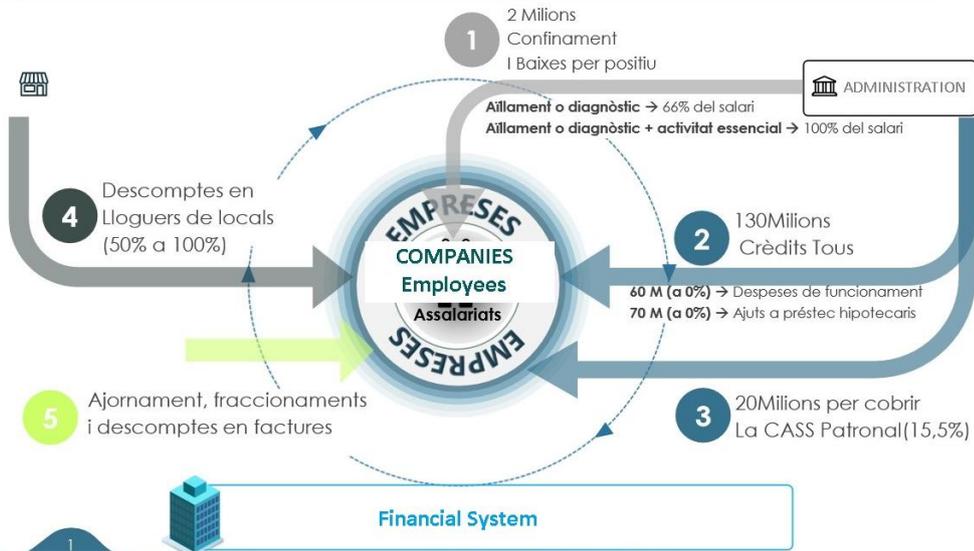
The Decree of March 24th, 2020, which approves a special guarantees scheme for companies and business due to the COVID-19 health emergency, provides two soft loans granted to the economic structure³ by banking institutions, being the guarantees and interests paid by the Government of Andorra. A first loan, of € 60 Million, will cover the expenses of companies and self-employed. A second loan, of € 70 Million, will refinance any loan quotas incurred by such companies and self-employed.

³

Only companies and business established in Andorra, which usual operations and turnover have been affected by the health emergency resulting in liquidity difficulties to undertake their regular and necessary operating costs, are entitled to this financial scheme. Companies indebted with the Public Administration are not entitled to such scheme (unless such situation is regularised), nor are companies that have dismissed employees after March 14th, 2020 -with the exception of dismissals related to disciplinary proceedings, and employees with fixed-term contract whose employment agreement terminates before May 1st, 2020-, unless such dismissals are duly justified before the competent Technical Committee. Applications to this concern shall be submitted online through the procedure service *Servei de Tràmits*.

The interest rate of such loans will be of an annual 0.25% and 0.15%, being both rates assumed by the Government of Andorra.

Aid scheme - COVID 19



Actions taken depending on the Company type – COVID 19

	Activities on key sectors	Activities on-duty	Closed Activities
Self-employed			
Companies			
Zero interest soft loans (refinancing)	70 Million at a zero-interest rate		
Zero interest soft loans (operating costs)	60 Million at a zero-interest rate		
Rent reductions	-50%	-80%	-100%
Social Security (15,5 % Employers)			
Social Security (suspension of contribution)			
Social Security (reduction of contribution to minimum wage)			
Deferment of payments or payment by instalments	Deferment, fragmentation and reduction of tax rates		
Deferment of payments or payment by instalments	Deferment, fragmentation and discount rates at FEDA distribution and Andorra Telecom		

(Both slides are included in a summary of actions published at the Government of Andorra’s official website which details the ruling of Special Measures to tackle the situation arisen due to the Coronavirus outbreak).

To this concern, the Government of Andorra has agreed with the Andorran Bank Association to support the economic measures established by the Government in order to tackle the economic effects of the COVID-19 crisis and to preserve the existing jobs. Andorran banking entities are willing to grant companies and self-

employed the aforementioned loan of € 130 Million, having the Government of Andorra as guarantor.

- A second special loan to cover any expenses not previously included within the budget. The Government of Andorra will authorise any extra budget line deemed necessary regarding sub-concept and expenditure project.
- A loan supplement to cover expenses exceeding the original provision set to face the current health emergency. To that effect, the Government of Andorra is authorised to supplement any extra budget line deemed necessary regarding sub-concept and expenditure project.

The special loans and loan supplement are intended for financing or regularising any obligations undertaken without a specific budget line by the Andorran healthcare system as a consequence of the state of health emergency, in accordance with the provisions of Article 17, Section 4 of the Regulation on Public procurement.

The second special loan and the loan supplement will be of a maximum amount of € 32,265,914.33 and will be funded by the available amount on the compensation account -in accordance with Article 19.1. of Regulation 32/2014, of November 27th, on sustainability of Public finances and budget and fiscal stability, and by a new debt as per the first final provision of the Omnibus Act.

Statutory modifications

Lastly, the Omnibus Act urges the Government of Andorra to issue an Ordinance regulating the economic provision for those under involuntary unemployment and the housing financial aid by softening the criteria required to access such benefits to those whose current economic situation has worsened as a consequence of the COVID-19 health emergency.

Furthermore, the Government is urged to collaborate with FEDA (*Forces Elèctriques d'Andorra* - the Andorran electricity distributor) and Andorra Telecom, and, within a period not longer than a month, to issue a Decree establishing reductions on electricity and telecom fees for companies and individuals whose economic and social situation has worsened as a consequence of the COVID-19 health emergency.

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