

# COVID-19: Economic Measures

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The team at ARQ has been keeping up to date with economic measures as they are announced, and are ready to help you with any clarifications you might have or assistance required with applying for financing under the COVID-19 Guarantee Scheme.

**For further information, kindly do not hesitate to contact Calvin Vella on [cvella@arqgroup.com](mailto:cvella@arqgroup.com).**



# COVID-19 Wage Supplement Scheme

This Scheme supports business owners operating in sectors impacted by the economic disruption caused by the COVID-19 pandemic by providing a basic wage cover for employees.

## What are the key objectives of this scheme?

- To provide employers with a financial incentive for retaining employees.
- To support self-employed individuals operating in impacted sectors by alleviating significant drop in income.

## Which sectors does this scheme target?

This Scheme is divided into two different categories, each targeting a different group of sectors. Below is an overview of each category:

### Category 1 – Enterprises operating in sectors drastically impacted by the COVID-19 pandemic

Enterprises operating in sectors which are the hardest hit by the economic disruption, both those which continue to operate as well as those that have temporarily suspended operations on the order of the Superintendent of Public Health. These are namely:

- Land transport
- Employment activities
- Travel and Tour Operators
- Retail & Wholesale
- Accommodation & Food Service Activities

**[Click here to access ANNEX A](#)** which includes the full list of eligible sectors identified by NACE code.

### Cover provided:

- Full-time employees and self-employed individuals will be entitled to up to 5 days' salary based on a monthly wage of €800.
- Part-time employees will be entitled to a monthly wage of €500.

### Who should apply:

- Any enterprise officially categorised by a NACE code falling within that list is eligible to apply.
- Self-employed individuals operating in designated sectors.

- Eligible applicants should be able to report a 'significant downturn' in sales or revenue of 25% or more over a given period in 2020 compared to the same period in 2019.

## Category 2 – Enterprises operating in sectors adversely affected by the COVID-19 pandemic

Enterprises operating in sectors which are also adversely affected by the economic disruption, especially those impacted by the ripple effect of the downturn. These are mainly:

- Manufacturing
- Advertising & Media
- Maintenance & Repair
- Warehousing
- Wholesale

**[Click here to access ANNEX B](#) which includes the full list of eligible sectors identified by NACE code – **any enterprise officially categorized by a NACE code falling within that list is eligible to apply.****

### Cover provided:

- Malta-based enterprises
  - Full-time employees and self-employed individuals will be entitled to one day's salary per week equivalent to €160 per month.
  - Part-time employees will be entitled to one day's salary per week equivalent to €100 per month
- Gozo-based enterprises
  - Full-time employees and self-employed individuals will be entitled to two days' salary per week equivalent to €320 per month.
  - Part-time employees will be entitled to two days' salary per week equivalent to €200 per month.
- Self-employed individuals with employees (Malta-based)
  - Full-time self-employed individuals with employees will be entitled to two days' salary per week equivalent to €320 per month
- Self-employed individuals (Gozo-based)
  - Full-time self-employed individuals will be entitled to two days' salary per week equivalent to €320 per month
  - If they have employees, this entitlement increases to €480 per month and the employees will be entitled to two days' salary calculated at €800 per month.

### Who should apply:

- Any enterprise officially categorised by a NACE code falling within that list is eligible to apply.
- Self-employed individuals operating in designated sectors.

## Who is the managing authority of this scheme?

Malta Enterprise

## How can I apply?

You can [click here](#) to access the online application form

## What is the closing date?

None indicated to date.

## Other Notes:

- No double funding: if the employer is receiving any other form of assistance related to COVID-19, the wage supplement will be adjusted accordingly so that the total assistance received does not exceed the amount of supplement granted by Government to cover a full 5-day week.
- Employers granted a COVID wage supplement covering a partial week must guarantee an income of at least Euro 720 (net) per month to supported employees, inclusive of any COVID wage supplement.
- Employees cannot be made redundant while being supported through a COVID Wage Supplement.
- The employer shall pay his share of N.I. on COVID Wage Supplements disbursed by the Corporation.

**For further information on the COVID-19 Wage Supplement Scheme, kindly do not hesitate to contact Calvin Vella on [cvella@arqgroup.com](mailto:cvella@arqgroup.com).**

# Facilitation of Teleworking Activities

This call is being designed to facilitate employers providing teleworking arrangements to their employees who can carry out their work from their residence.

## What are the key objectives of this scheme?

- To partially cover the cost of employers and self-employed individuals who are investing in remote working facilities and technology as a solution to the issues caused by the COVID-19 pandemic.

## Who should apply?

Employers or self-employed individuals conducting any activity that can, in whole or in part, be carried out remotely and who do not, as yet, have a fully developed teleworking infrastructure. In the case of enterprises impacted by the current 'stay home' measures, this will allow a number of employees to remain productive when working from home.

## Who is eligible to apply?

All business undertakings (including self-employed individuals) irrespective of size and sector provided that:

- Eligible telework arrangements are covered by a telework agreement.
- The role of the employee/s concerned can be carried out remotely.
- Connections to the workplace are via a VPN (or similar) solution.

There was not active teleworking agreement in place before 15th February 2020.

## What support is being provided?

The total support under this call shall be capped at €2,000,000 and shall be limited up to €500 per teleworking agreement and €4,000 per undertaking. This call is eligible for costs incurred between 15th of February and 8th May 2020.

## Who is the managing authority of this scheme?

Malta Enterprise

## How can I apply?

You can [click here](#) to access the online application form

## What is the closing date?

8<sup>th</sup> May 2020

**For further information on the COVID-19 Facilitation of Teleworking Activities Scheme, kindly do not hesitate to contact Calvin Vella on [cvella@arqgroup.com](mailto:cvella@arqgroup.com).**

# Malta Development Bank COVID-19 Guarantee Scheme

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## Who is the managing authority of this scheme?

Malta Development Bank (MDB)

## What are the key objectives of this scheme?

A Guarantee Fund of €350 million has been allocated by the Government for the purpose of guaranteeing loans granted by commercial banks in Malta to meet new working capital requirements of businesses facing cashflow disruptions due to the effects of the COVID-19 pandemic. Loans will be available from the commercial banks accredited by the MDB.

The scheme will enable commercial banks, accredited by the MDB, to leverage the €350 million guarantee fund into €777.8 million in new working capital loans

## Who should apply?

Credit institutions intending to issue schemes for businesses

## Which businesses will benefit?

- Small and medium-sized enterprises (SMEs) employing up to 250 employees
- Large enterprises employing more than 250 employees.

## What are the key loan features?

These are summarised in the below table:



<b>Maximum Individual Loan Amounts</b>	<ul style="list-style-type: none"> <li>• Small and medium-sized enterprises (SMEs): €2 million</li> <li>• Large enterprises: €5 million</li> <li>• Higher amounts require the prior ad-hoc approval of MDB and are to be capped at €4 million for SMEs and €8 million for large enterprises.</li> </ul> <p>Provided that: Such amounts do not exceed double the annual wage bill of the beneficiary OR 25% of total turnover of the beneficiary in 2019. Amounts higher than these limits are subject to appropriate justification and self-certification, to cover the liquidity needs of SMEs for the coming 18 months and of large enterprises for the coming 12 months.</p>
<b>Interest Rates:</b>	<p>To be determined by the commercial bank, however these would need to give an interest rate reduction to beneficiaries of at least one percentage point on the average lending rate as compared to similar facilities prior to the introduction of the guarantee scheme.</p>
<b>Loan Term:</b>	<p>Minimum of 18 months to maximum of 48 months. The term can increase to 72 months, subject to additional terms and conditions.</p>
<b>Moratorium</b>	<p>A moratorium on both interest and capital repayments will be given for a minimum period of 6 months with the possibility to extend to one year on a case-by-case basis.</p>
<b>Eligible costs</b>	<p>Eligible costs under these loans mainly include, but are not limited to, salaries, leases, utilities, working capital creditor balances, creditor balances for investment expenditure contracted for before the approval of the Scheme, acquisition of material and stock, maintenance costs and expenses directly related to contracts which were cancelled or postponed because of the COVID-19 outbreak (excluding penalties and other liabilities incurred due to non-performance of contracts).</p>
<b>Current status</b>	<p>Interested parties can approach any credit institution accredited by the MDB to participate in this Scheme – a list of such institutions is expected to be released by the MDB in the coming days.</p>

**For further information on the Malta Development Bank COVID-19 Guarantee Scheme, kindly do not hesitate to contact Calvin Vella on [cvella@arqgroup.com](mailto:cvella@arqgroup.com).**

# Loan Moratorium

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Through Legal Notice 142, entitled **Moratorium on Credit Facilities in Exceptional Circumstances Regulations, 2020**, credit and financial institutions licensed by the Malta Financial Services Authority have been directed to offer a six-month moratorium on repayment of capital and interest 'to support economically vulnerable persons who have been materially affected by the COVID-19 outbreak'.

## Who is the managing authority of this scheme?

Central Bank of Malta

## What is the duration of moratorium?

A moratorium on both interest and capital repayments will be given for a minimum period of 6 months with the possibility to extend to one year on a case-by-case basis.

## Who can apply?

Any individual, household or business with a credit facility sanctioned prior to 1 March 2020 that has been negatively affected by the pandemic.

## What types of loans are covered?

- Mortgages
- Business and commercial loans
- Buy-to-let loans
- Personal loans
- Bullet loans
- Overdrafts
- Bills of exchange
- Promissory notes
- Guarantees
- Indemnities

## What are the key features?

- The moratorium is not granted automatically, and the borrower will need to apply to the respective credit or financial institution. The moratorium comes into effect once the application has been approved.
- Credit and financial institutions have the right to refuse the application provided this is done within the terms of the Directive.
- Borrowers can apply to forego payments of both capital and interest completely for six months and can also opt to continue to pay the interest but not the capital.
- The payments missed during the moratorium will be paid during a six-month extension to the term of the credit facility. If the credit facility was due to mature at retirement age, the missed payments would be spread evenly throughout the remaining term of the credit facility after the end of the moratorium period.

## How can I apply?

Borrowers are to apply directly to their credit institution, requesting further details on the application process.

## What is the closing date?

30 June 2020

**For further information on COVID-19 Loan Moratoriums, kindly do not hesitate to contact Calvin Vella on [cvella@arqgroup.com](mailto:cvella@arqgroup.com).**

# Existing Support Measures Pre Covid-19

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There are several existing Schemes i.e. pre-COVID 19, that are worth looking into and can also be taken advantage of in the current crisis to assist with business liquidity and cash flow.

These include:

- **The Consultancy Services Grant**
- **The Micro Invest Grant Scheme**
- **The eCommerce Grant Scheme**
- **The Maternity Trust Fund**
- **The Skills Development Scheme**

For further information or any assistance with the above, kindly do not hesitate to contact Calvin Vella on [cvella@arqgroup.com](mailto:cvella@arqgroup.com).