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European Union

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#### **LEGISLATIVE ACTS AND OTHER INSTRUMENTS**

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Subject: COUNCIL IMPLEMENTING DECISION amending Implementing Decision (EU) 2020/1351 granting temporary support under Regulation (EU) 2020/672 to the Republic of Latvia to mitigate unemployment risks in the emergency following the COVID-19 outbreak

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**COUNCIL IMPLEMENTING DECISION (EU) 2022/...**

**of ...**

**amending Implementing Decision (EU) 2020/1351 granting temporary support  
under Regulation (EU) 2020/672 to the Republic of Latvia to mitigate  
unemployment risks in the emergency following the COVID-19 outbreak**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) 2020/672 of 19 May 2020 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak<sup>1</sup>, and in particular Article 6(1) thereof,

Having regard to the proposal from the European Commission,

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<sup>1</sup> OJ L 159, 20.5.2020, p. 1.

Whereas:

- (1) Further to a request from Latvia on 7 August 2020, the Council, by means of Implementing Decision (EU) 2020/1351<sup>1</sup>, granted financial assistance to Latvia in the form of a loan amounting to a maximum of EUR 192 700 000 with a maximum average maturity of 15 years, and with an availability period of 18 months, with a view to complementing Latvia's national efforts to address the impact of the COVID-19 outbreak and respond to the socioeconomic consequences of that outbreak for workers and the self-employed.
- (2) The loan was to be used by Latvia to finance the short-time work schemes, similar measures and health-related measures, as referred to in Article 3 of Implementing Decision (EU) 2020/1351.
- (3) Further to a second request from Latvia on 11 March 2021, the Council, by means of Implementing Decision (EU) 2021/677<sup>2</sup> amending Implementing Decision (EU) 2020/1351, granted additional financial assistance of EUR 112 500 000 to Latvia by increasing the maximum loan amount to EUR 305 200 000 with a maximum average maturity of 15 years, and with an availability period of 18 months, with a view to complementing Latvia's national efforts to address the impact of the COVID-19 outbreak and respond to the socioeconomic consequences of that outbreak for workers and the self-employed.

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<sup>1</sup> Council Implementing Decision (EU) 2020/1351 of 25 September 2020 granting temporary support under Regulation (EU) 2020/672 to the Republic of Latvia to mitigate unemployment risks in the emergency following the COVID-19 outbreak (OJ L 314, 29.9.2020, p. 38).

<sup>2</sup> Council Implementing Decision (EU) 2021/677 of 23 April 2021 amending Implementing Decision (EU) 2020/1351 granting temporary support under Regulation (EU) 2020/672 to the Republic of Latvia to mitigate unemployment risks in the emergency following the COVID-19 outbreak (OJ L 144, 27.4.2021, p. 7).

- (4) The additional loan was to be used by Latvia to finance the short-time work schemes, similar measures and health-related measures, as referred to in Article 3 of Implementing Decision (EU) 2020/1351.
- (5) The COVID-19 outbreak has immobilised a substantial part of the labour force in Latvia. This has led to repeated sudden and severe increases in public expenditure in Latvia in respect of the measures referred to in Article 3, points (a), (c), (d), (g), (h), (f) and (i), of Implementing Decision (EU) 2020/1351.
- (6) The COVID-19 outbreak and the extraordinary measures implemented by Latvia in 2020, 2021 and 2022 to contain that outbreak and its socioeconomic and health-related impact had and are still having a dramatic impact on public finances. In 2020, Latvia had a general government deficit and debt of 4,5 % and 43,3 % of the gross domestic product (GDP) respectively, which widened to 7,3 % and 44,8 % respectively at the end of 2021. According to the Commission's 2022 spring forecast, Latvia is expected to have a general government deficit and debt of 7,2 % and 47,0 % of the GDP respectively by the end of 2022. According to the Commission's 2022 summer interim forecast, Latvia's GDP is projected to increase by 3,9 % in 2022.

- (7) On 6 October 2022 Latvia requested further financial assistance from the Union to the amount of EUR 167 607 000 with a view to continuing to complement its national efforts undertaken in 2020, 2021 and 2022 to address the impact of the COVID-19 outbreak and respond to the socioeconomic consequences of the outbreak for workers and the self-employed. In particular, Latvia further extended or amended the short-time work schemes and similar measures set out in recitals (8) to (12).
- (8) The scheme for the compensation of idle time for workers applies to companies, self-employed persons and payers of the licence fee, whose income from economic activity has decreased by at least 20 %, as compared to August to October 2020 on average. The scheme pays compensations to furloughed employees or self-employed persons of 50 % or 70 % of their salaries or incomes, depending on the tax regime under which they operate. The minimum level of support is set at EUR 500 and the maximum at EUR 1 000 per employee per calendar month. The scheme is established by Cabinet Regulation No 709 (adopted on 24 November 2020<sup>1</sup> and amended on 12 January 2021<sup>2</sup>, 19 January 2021<sup>3</sup>, 4 February 2021<sup>4</sup> and 26 February 2021<sup>5</sup>) ‘Regulations Regarding the Allowance for Idle Time for Taxpayers for the Continuation of their Activity in the Circumstances of the COVID-19 Crisis’. The measure extends the scheme referred to in Article 3, point (a), of Implementing Decision (EU) 2020/1351 to persons employed in the beauty industry, allows persons who have changed their tax treatment as from 2021 to qualify for the support, improves the qualifying conditions for the patent payers and allows the beneficiaries to choose between two qualifying criteria to apply for the support.

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<sup>1</sup> Latvijas Vēstnesis, 230B, 27.11.2020.

<sup>2</sup> Latvijas Vēstnesis, 9A, 14.1.2021.

<sup>3</sup> Latvijas Vēstnesis, 15, 22.1.2021.

<sup>4</sup> Latvijas Vēstnesis, 25A, 5.2.2021.

<sup>5</sup> Latvijas Vēstnesis, 48, 10.3.2021.

- (9) Attached to the scheme for the compensation of idle time for workers is the workers' bonus for children referred to in Article 3, point (c), of Implementing Decision (EU) 2020/1351 for which Latvia requests additional support. The bonus of EUR 50 per month per child provides an additional support for idle workers who are entitled to personal income tax relief for dependants. The support measure was extended by 'Cabinet Order No 706 of 1 December 2020 "Regarding the Allocation of Funds from the State Budget Programme 'Funds for Unforeseen Events'"'<sup>1</sup> and 'Cabinet Order No 15 of 11 January 2021 "Regarding the Allocation of Funds from the State Budget Programme 'Funds for Unforeseen Events'"'<sup>2</sup>. The measure can be considered to be a similar measure to short-time work schemes, as referred to in Regulation (EU) 2020/672, as it provides income support to employees and the self-employed, which will help to cover the costs of childcare during school closures and therefore help parents to continue working, preventing putting the employment relationship at risk.

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<sup>1</sup> Latvijas Vēstnesis, 234, 3.12.2020.

<sup>2</sup> Latvijas Vēstnesis, 9, 14.1.2021.

- (10) The scheme for wage subsidies provides support to employers facing a decrease in revenue from any economic activity by at least 20 %. The scheme amounts to 50 % of the average monthly gross wage, but not more than EUR 500 per calendar month. The beneficiary employers are obliged to maintain employment of supported workers and to top up the wage subsidy to the full regular wage. The scheme is established by Cabinet Regulation No 675 on “Regulations Regarding the Provision of Aid to Taxpayers for the Continuation of their Activity in the Circumstances of the COVID-19 Crisis” (adopted on 10 November 2020<sup>1</sup> and amended on 12 January 2021<sup>2</sup>, 1 April 2021<sup>3</sup>, 26 October 2021<sup>4</sup>, 9 November 2021<sup>5</sup>, 30 November 2021<sup>6</sup>, 7 December 2021<sup>7</sup>, 23 December 2021<sup>8</sup> and 11 January 2022<sup>9</sup>) and ‘Cabinet Order No 128 “Regarding Allocation of Funds from the State Budget Programme ‘Funds for Unforeseen Events’”’<sup>10</sup>. The measure extends the support period of the scheme referred to in Article 3, point (d), of Implementing Decision (EU) 2020/1351 and expands the scope of eligibility by allowing the beneficiaries to choose between two qualifying criteria to apply for the support, removes the risk of overcompensation, clarifies eligibility restrictions for patent payers and limits eligibility for support from October 2021 to February 2022 to persons owning a COVID-19 certificate attesting to vaccination against COVID-19 or the fact of illness.

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<sup>1</sup> Latvijas Vēstnesis, 222A, 16.11.2020.

<sup>2</sup> Latvijas Vēstnesis, 9, 14.1.2021.

<sup>3</sup> Latvijas Vēstnesis, 66, 7.4.2021.

<sup>4</sup> Latvijas Vēstnesis, 211, 1.11.2021.

<sup>5</sup> Latvijas Vēstnesis, 220, 12.11.2021.

<sup>6</sup> Latvijas Vēstnesis, 236, 7.12.2021.

<sup>7</sup> Latvijas Vēstnesis, 240, 13.12.2021.

<sup>8</sup> Latvijas Vēstnesis, 249A, 27.12.2021.

<sup>9</sup> Latvijas Vēstnesis, 9, 13.1.2022.

<sup>10</sup> Latvijas Vēstnesis, 42, 2.3.2021.

- (11) The COVID-19 related sickness benefits scheme provides state-paid sickness benefits for those who had to miss work due to a requirement to self-isolate or self-quarantine, while normally, part of the sickness benefit is shared with employer. The scheme is established by the Amendment to the Law ‘On Maternity and Sickness Insurance’ (adopted on 20 March 2020<sup>1</sup> and amended on 12 November 2020<sup>2</sup>, 4 November 2021<sup>3</sup> and 13 January 2022<sup>4</sup>). The measure provides for the extension of the support period of the COVID-19 related sickness benefits referred to in Article 3, point (g), of Implementing Decision (EU) 2020/1351 and at the same time narrows the scope of eligibility of the support to persons holding a COVID-19 vaccination or disease certificate or having received an opinion on the need to postpone vaccination against COVID-19, and specifies cases and conditions when employers should step in to pay any sick leave to the employee without state support.

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<sup>1</sup> Latvijas Vēstnesis, 57B, 21.3.2020.

<sup>2</sup> Latvijas Vēstnesis, 221A, 13.11.2020

<sup>3</sup> Latvijas Vēstnesis, 215A, 5.11.2021

<sup>4</sup> Latvijas Vēstnesis, 10A, 14.1.2022.



- (12)      Sickness aid benefits for parents and caretakers provide support for employees who cannot work remotely and have to look after children under 10 years of age or persons with disabilities when schools and day-care centres are closed due to the COVID-19 outbreak. The measure can be considered to be a similar measure to short-time work schemes, as referred to in Regulation (EU) 2020/672, as it provides income support to parents and caretakers and helps to preserve employment by preventing parents and caretakers who have to look after children or persons with disabilities while schools and day-care centres are closed from needing to terminate the employment relationship. Sickness aid benefits are provided for in the ‘Amendment to the Law “On Maternity and Sickness Insurance” of 26 November 2020’<sup>1</sup> and ‘Cabinet Order No 707 of 1 December 2020 “Regarding the Allocation of Funds from the State Budget Programme ‘Funds for Unforeseen Events’”’<sup>2</sup> and ‘Cabinet Order No 13 of 11 January 2021 “Regarding the Allocation of Funds from the State Budget Programme ‘Funds for Unforeseen Events’”’<sup>3</sup>. Latvia requests additional support for the existing measure referred to in Article 3, point (h), of Implementing Decision (EU) 2021/677.

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<sup>1</sup>      Latvijas Vēstnesis, 230A, 27.11.2020.

<sup>2</sup>      Latvijas Vēstnesis, 234, 3.12.2020.

<sup>3</sup>      Latvijas Vēstnesis, 9, 14.1.2021.

- (13) Latvia also further extended or amended a series of health-related measures to address the COVID-19 outbreak. In particular, this concerns the measures set out in recitals (14) to (15).
- (14) Health-related expenditure is foreseen for personal protective equipment for public sector employees to ensure a safe working environment for those exposed to the COVID-19 virus infection. The scheme is established by the ‘Cabinet Regulation No 380 on “Regulations on the Resources for Ensuring Epidemiological Safety Necessary for Institutions Included in the List of Priority Institutions and Needs”’ (adopted on 9 June 2020<sup>1</sup>). Latvia requests additional support for the existing measure referred to in Article 3, point (f), of Implementing Decision (EU) 2020/1351.

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<sup>1</sup> Latvijas Vēstnesis, 113A, 12.6.2020.

- (15) Premiums for medical practitioners and employees dealing with the COVID-19 crisis of 20 % to 100 % of monthly salaries rewards work performed in conditions of increased risk and increased workload, as provided for in ‘Cabinet Orders No 136 of 27 March 2020<sup>1</sup> and No 656 of 6 November 2020 “Regarding the Allocation of Funds from the State Budget Programme ‘Funds for Unforeseen Events’”<sup>2</sup>, ‘Cabinet Order No 743 of 8 December 2020 “Amendments to Cabinet Order No 655 of 6 November 2020 ‘On Declaring a State of Emergency’”<sup>3</sup> and ‘Cabinet Order No 37 of 21 January 2021 “Regarding the Allocation of Funds from the State Budget Programme ‘Funds for Unforeseen Events’”<sup>4</sup>. Those premiums are additional to the maximum premium set in the ‘Law On Remuneration of Officials and Employees of State and Local Government Authorities’. The measure supports employment by ensuring the health and safety of employees and the continuity of essential public services. Latvia requests additional support for the existing measure referred to in Article 3, point (i), of Implementing Decision (EU) 2020/1351.
- (16) Latvia fulfils the conditions for requesting financial assistance set out in Article 3 of Regulation (EU) 2020/672. Latvia has provided the Commission with appropriate evidence that the actual and planned public expenditure has increased by EUR 508 124 069 as of 1 February 2020 as a result of the national measures taken to address the socioeconomic effects of the COVID-19 outbreak. This constitutes a sudden and severe increase because it is also related to an extension or amendment of existing national measures directly related to the short-time work scheme and similar measures that cover a significant proportion of undertakings and of the labour force in Latvia. Latvia intends to finance EUR 35 317 069 through its own financing.

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<sup>1</sup> Latvijas Vēstnesis, 62B, 27.3.2020.

<sup>2</sup> Latvijas Vēstnesis, 218, 10.11.2020.

<sup>3</sup> Latvijas Vēstnesis, 237A, 8.12.2020.

<sup>4</sup> Latvijas Vēstnesis, 16, 25.1.2021.

- (17) The Commission has consulted Latvia and verified the sudden and severe increase in the actual and planned public expenditure directly related to short-time work schemes and similar measures, as well as the recourse to relevant health-related measures related to the COVID-19 outbreak, as referred to in the request of 6 October 2022, in accordance with Article 6 of Regulation (EU) 2020/672.
- (18) The health-related measures referred to in Latvia's request of 6 October 2022 and in recitals (14) to (15) amount to EUR 70 921 236.
- (19) Financial assistance should therefore be provided with a view to helping Latvia to address the socioeconomic effects of the severe economic disturbance caused by the COVID-19 outbreak. The Commission should take the decisions concerning maturities, size and release of instalments and tranches in close cooperation with national authorities.
- (20) Given that the availability period indicated in Implementing Decision (EU) 2020/1351 has expired, a new availability period for the additional financial assistance is needed. The availability period for financial assistance of 18 months granted by Implementing Decision (EU) 2020/1351 should be extended by 21 months and, as a consequence, the total availability period should be 39 months starting from the first day after Implementing Decision (EU) 2020/1351 has taken effect.
- (21) Latvia and the Commission should take this Decision into account in the loan agreement referred to in Article 8(2) of Regulation (EU) 2020/672.

- (22) This Decision should be without prejudice to the outcome of any procedures relating to distortions of the operation of the internal market that may be undertaken, in particular pursuant to Articles 107 and 108 of the Treaty. It does not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty.
- (23) Latvia should inform the Commission on a regular basis of the implementation of the planned public expenditure, in order to enable the Commission to assess the extent to which Latvia has implemented that expenditure.
- (24) The decision to provide financial assistance has been reached taking into account existing and expected needs of Latvia, as well as requests for financial assistance pursuant to Regulation (EU) 2020/672 already submitted or planned to be submitted by other Member States, while applying the principles of equal treatment, solidarity, proportionality and transparency,

HAS ADOPTED THIS DECISION:

## *Article 1*

Implementing Decision (EU) 2020/1351 is amended as follows:

(1) Article 2 is amended as follows:

(a) paragraphs 1 and 2 are replaced by the following:

- ‘1. The Union shall make available to Latvia a loan amounting to a maximum of EUR 472 807 000. The loan shall have a maximum average maturity of 15 years.
2. The availability period for financial assistance granted by this Decision shall be 39 months starting from the first day after this Decision has taken effect.’;

(b) paragraph 4 is replaced by the following:

- ‘4. The first instalment shall be released subject to the entry into force of the loan agreement provided for in Article 8(2) of Regulation (EU) 2020/672. Any further instalments shall be released in accordance with the terms of that loan agreement or, where relevant, be subject to the entry into force of an addendum thereto, or of an amended loan agreement concluded between Latvia and the Commission replacing the original loan agreement.’;

(2) Article 3 is replaced by the following:

*‘Article 3*

Latvia may finance the following measures:

- (a) the scheme for the compensation of idle time for workers, as provided for in “Cabinet Regulations No 179 (adopted on 31 March 2020) ‘Regulations Regarding the Allowance for Idle Time for the Self-employed Persons Affected by the Spread of COVID-19’ and No 165 (adopted on 26 March 2020) ‘Regulations Regarding the Employers Affected by the Crisis Caused by COVID-19 which are Eligible for the Allowance for Idle Time and Division of the Payment for Late Tax Payments in Instalments or Deferral Thereof for up to Three Years’”, as extended and last amended by Amendments to the Cabinet Regulation No 709 “Regulations Regarding the Allowance for Idle Time for Taxpayers for the Continuation of their Activity in the Circumstances of the COVID-19 Crisis” on 19 January 2021, 4 February 2021 and 26 February 2021;
- (b) the downtime allowance, as provided for on the basis of “Cabinet Regulation No 236 (adopted on 23 April 2020) ‘Regulations Regarding the Assistance Allowance for Idle Time for Employed or Self-employed Persons who have been Affected by the Spread of COVID-19’”;

- (c) the workers' bonus for children, as provided for in "Cabinet Order No 178 of 16 April 2020 'Regarding the Allocation of Funds from the State Budget Programme "Funds for Unforeseen Events"', as extended;
- (d) the scheme for wage subsidies for the tourism and export industries, as provided for in "Information report on measures to overcome the COVID-19 crisis and economic recovery", as extended and last amended by Amendments to the Cabinet Regulation No 675 on "Regulations Regarding the Provision of Aid to Taxpayers for the Continuation of their Activity in the Circumstances of the COVID-19 Crisis" on 1 April 2021, 26 October 2021, 9 November 2021, 30 November 2021, 7 December 2021, 23 December 2021 and 11 January 2022;
- (e) wage support payments for medical professionals and those employed by the cultural industry, as provided for in the "Law On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19", the "Law on the Suppression of Consequences of the Spread of COVID-19 Infection" and "Cabinet Order No 303 of 3 June 2020 'Regarding the Allocation of Funds from the State Budget Programme "Funds for Unforeseen Events"', respectively;



- (f) health-related expenditure on protective personal equipment, as provided for in “Cabinet Orders No 79 of 3 March 2020, No 118 of 20 March 2020 and No 220 of 27 April 2020, ‘Regarding the Allocation of Funds from the State Budget Programme “Funds for Unforeseen Events””, “Cabinet Regulation No 380 of 9 June 2020 ‘Regulations on the Resources for Ensuring Epidemiological Safety Necessary for Institutions Included in the List of Priority Institutions and Needs””;
- (g) COVID-19 related sickness benefits, as provided for in the “Amendment to the Law ‘On Maternity and Sickness Insurance’”(adopted on 20 March 2020), as extended and last amended by the Amendments to the Law “On Maternity and Sickness Insurance” on 4 November 2021 and 13 January 2022;
- (h) sickness aid benefits for parents and caretakers, as provided for in the “Amendment to the Law ‘On Maternity and Sickness Insurance’”(Sections 48 and 49 of transitional provisions), adopted on 26 November 2020, “Cabinet Order No 707 of 1 December 2020 ‘Regarding the Allocation of Funds from the State Budget Programme “Funds for Unforeseen Events””and “Cabinet Order No 13 of 11 January 2021 ‘Regarding the Allocation of Funds from the State Budget Programme “Funds for Unforeseen Events””;

- (i) premiums for medical practitioners and employees dealing with the COVID-19 crisis, as provided for in “Cabinet Order No 136 Adopted on 27 March 2020 ‘Regarding the Allocation of Funds from the State Budget Programme “Funds for Unforeseen Events””, “Cabinet Order No 656 Adopted on 6 November 2020 ‘Regarding the Allocation of Funds from the State Budget Programme “Funds for Unforeseen Events””, “Cabinet Order No 743 of 8 December 2020 ‘Amendment to Cabinet Order No 655 of 6 November 2020 “On Declaring a State of Emergency”” and “Cabinet Order No 37 Adopted on 21 January 2021 Regarding the Allocation of Funds from the State Budget Programme ‘Funds for Unforeseen Events””.

## *Article 2*

This Decision is addressed to the Republic of Latvia.

This Decision shall take effect on the date of its notification to the addressee.

*Article 3*

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

*For the Council*

*The President*

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