**Following the consultations with social partners and cooperation partners the Cabinet of Ministers of Latvia Thursday, 19 March, endorsed the Finance Ministry's bill on measures for overcoming the crisis caused by the coronavirus Covid-19, and its effect on businesses, which encompasses a comprehensive set of state support measures, including benefits that will be paid to employees laid off by companies.**

The purpose of the bill is to identify measures to overcome the impact of the Covid-19 crisis, specific support mechanisms, and crisis cost estimates.

According to the bill, the Cabinet will identify sectors that have incurred losses as a result of the crisis caused by the spread of Covid-19, to which support measures and mechanisms will apply.

The legislation stipulates that for businesses that are forced into idling due to the coronavirus pandemic - in the sectors that suffering the most from the Covid-19 crisis, employees will be paid 75 percent of their wages from the state budget, with the maximum monthly payment per employee set at EUR 700. These payments from the state budget will not be applied personal income tax and social contributions.

Taxpayers in sectors affected by the crisis will have the right to apply for an extension of tax deadlines. The State Revenue Service will have the right to defer such tax payments for up to three years, taking into consideration past cooperation with the taxpayer. Such taxpayers will not be included in the Revenue Service's tax debtor database.

The draft bill also stipulates that personal income taxpayers will be allowed not to make advance tax payments for 2020. Furthermore, the reserve capital of Finance Development Institution Altum could be increased, so that companies affected by the Covid-19 crisis could use support instruments such as credit guarantees and loans.

Up to EUR 100 million will be issued to underwrite companies' liabilities, such as investment loans and financial leases, with the credit institution deferring principal payments for up to two years. Another EUR 100 million will be issued in loans to finance new current assets.

During the Covid-19 crisis, alcohol used in the production of disinfectants will be exempt from excise duty on alcoholic beverages.

The Revenue Service will be entitled in 2020, 2021, 2022 and 2023 not to take negative decisions on participants in the enhanced cooperation program that are affected by the Covid-19 crisis.

State and municipal authorities will be allowed to exempt companies in crisis-affected sectors from rent or decide to reduce rent for such companies.

The Cabinet of Ministers will also have the right to determine other support measures in sectors affected by the crisis.

The draft law also states that creditors will not be allowed to submit insolvency claims against legal entities until September 1, 2020.

The bill also extends the deadlines for the submission of companies' annual reports by three months.

The measures provided in the legislation will be financed with state and municipal funds allocated to public institutions. If necessary, Cabinet of Ministers could allot additional financing from the government's emergency funds.

The draft law also provides that, if necessary, finance minister, on behalf of the state, will be entitled to take out loans and increase the ceiling on government debt.

The law will enter into force the day after it is promulgated.

The legislation will now be urgently reviewed by the Parliament of Latvia (Saeima).