



COVID-19 pandemic:

Economy support measures

Announced by the Republic of Cyprus

Contents

	Page
PART A - NEW / UPDATED MEASURES	
1. Government Grant for VAT-registered businesses & self-employed	5
2. Special Subsidy Scheme for certain categories of Self-Employed not registered in the VAT Register	6
3. Suspension of repayment of loan instalments (Moratorium)	7
4. Additional measures to support tenants	8
5. Interest Subsidy Scheme for New Business Loans – extended for 6 months	9
6. Interest Subsidy Scheme for New Housing Loans – extended for 6 months	10
7. Freeze of foreclosures on main residence for 3 months	11
PART B - EXISTING MEASURES	
8. Financing via the Pan-European Guarantee Fund	13
9. Financing via the European Investment Bank (EIB)	14
10. Financing via Cyprus Entrepreneurship Fund	15
11. Construction sector support	16
12. Tourism sector support	17
Glossary	18

Introduction

On 9 January 2021, the Minister of Finance, Mr. Constantinos Petrides and the Minister of Labour, Mrs. Zeta Aimilianidou, presented a new support package for the Cypriot economy, that aims to support both businesses and the workforce from the adverse effects of the COVID-19 pandemic. On the 17th of February 2021, the Ministry of Councils approved amendments on the interest subsidy schemes (Measures 5 and 6 in this document).

The aforementioned new measures are presented in Part A of this document, along with the latest law on foreclosures:

- Measures 1-6, relate to new measures and/or updates to existing measures.
- Measure 7 relates to an update on foreclosure proceedings, voted by the House of Parliaments on the 17th December 2020 and announced by Association of Cyprus Banks on the same date.

In Part B, we summarise measures announced on the 27th of May 2020 which are still valid:

- Measures 8-10 relate to existing schemes offered by the European Investment Bank (“EIB”), for which the local banks currently listed as financial intermediaries of the EIB, are presented in the table. A full list of EU financing options can be accessed [here](#). Furthermore, for financial intermediaries wishing to participate in the EIB schemes, EIF Open Calls can be found [here](#)
- Measure 11 is targeted at the construction sector and refers to the immediate promotion of development projects, while Measure 12 aims to strengthen the tourism sector, by collaborating with airlines and tourist agents.

We are at your disposal for any support you may require in understanding or implementing the following measures for the benefit of yourself and your business.

Financial Advisory Services
Deloitte Ltd





Part A: New/Updated Economic Support Measures (Jan-Feb'21)

COVID-19 | Support Package: new measure Jan. 2021

1 Government Grant for VAT-registered businesses & self-employed



Description

- Grant to cover rents, instalments or other operating expenses of businesses and self-employed.
- This grant is in addition to any payroll support under the schemes of the Ministry of Labour.
- Maximum grant: €300,000; Minimum grant: €1,000



Eligibility

- Covers businesses and self-employed, subject to VAT and experiencing a reduction in turnover over 35% (vs 2019) due to the restrictive measures imposed to deal with the pandemic, unless exempted as per the list of the Ministry of Labour.
- Grant is calculated considering the weeks of suspended operations and by applying a percentage on the average weekly turnover of 2019.
- In relation to new companies incorporated in 2020, the 35% reduction will be estimated against the average weekly turnover of their industry sector in 2019.
- For businesses whose operations are suspended in 2021, the 35% reduction will be estimated based on their weekly turnover of Jan. 2020.
- Exempted from the grant are any entities whose purpose is not for profit, either under public undertaking or private undertaking.



Terms



All below criteria need to be met:

- a. Maintain headquarters or a Permanent Establishment in Cyprus and have been financially affected by the COVID-19 pandemic;
- b. Settled, or agreed a settlement plan, for their VAT obligations;
- c. Submitted their VAT returns falling due in August or September or October 2020;
- d. Have an obligation to reopen their business within 2021.



COVID-19 | Support Package: new measure Jan. 2021

2 Special Subsidy Scheme for certain categories of non VAT-registered self-employed



Description

- Subsidy to cover rents, instalments or other operating expenses of self-employed who are not VAT-registered.

- Self-employed individuals:

- who are not VAT-registered, as the value of their taxable transactions is less than €15,600 per annum, and
- were affected by the restrictive measures taken to deal with the COVID-19 pandemic.



Eligibility

- Subsidy is calculated as 50% of the monthly subsidy provided under the Special Scheme for self-employed by the Ministry of Labour, and is in addition to any allowance received under the Special Schemes.
- Excluded: self-employed individuals declaring income below €150. They are already paid a minimum allowance of €300 by the Ministry of Labour.



COVID-19 | Support Package: new measure Jan. 2021

3 Suspension of repayment of loan instalments (new moratorium)



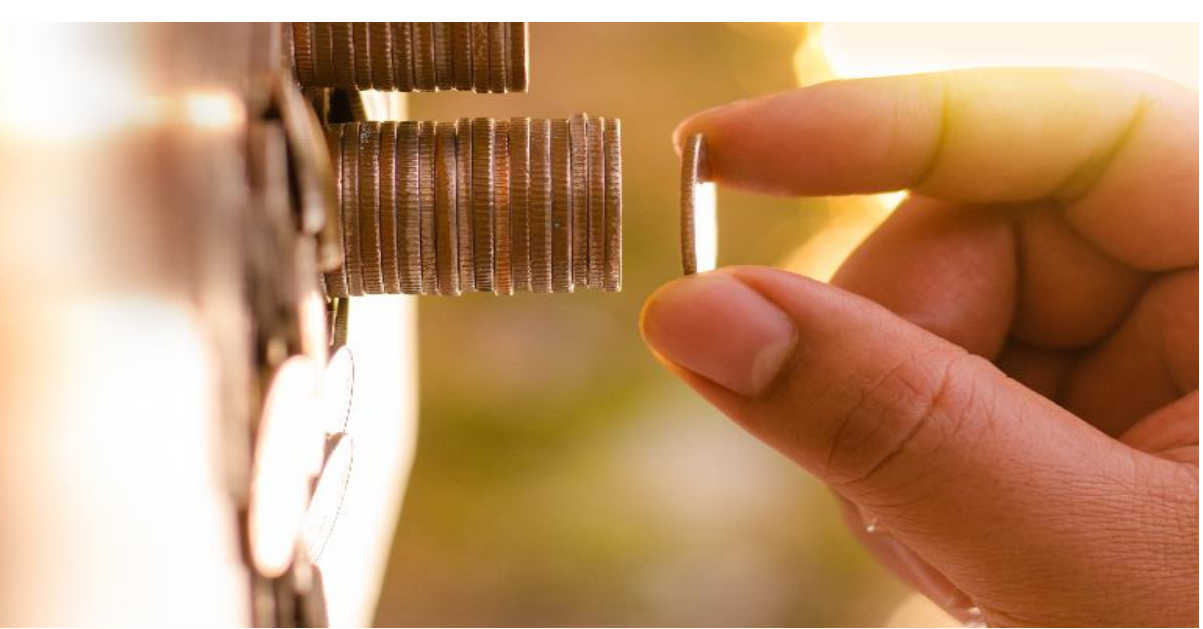
Description

- The Council of Ministers and the Central Bank of Cyprus approved a new moratorium: repayment of bank loan instalments (interest and capital) may be suspended for certain categories of borrowers.
- On 15 January 2021, the Ministry of Finance issued the relevant decree.
- Duration: for a period of 6 months, from 1 Jan. 2021 to 30 June 2021.
- Suspended amounts do not become immediately payable once the moratorium expires, unless agreed otherwise. Instead, loan duration is automatically extended for full repayment of capital and interest, allowing the loan to continue being classified as performing. Suspended bullet payments fall due 6 months after their original date.



Eligibility

- Credit facilities which, as at 31 Dec. 2020, were not over 30 days past due, even if settled subsequently (unless arrears are less than €100 for retail loans and less than €500 for business loans).
- Eligible are:
 - i) Credit facilities regardless of purpose, with a mortgage on the main residence valued up to € 350,000, from individuals or SMEs;
 - ii) Credit facilities for business purposes, by companies and self-employed whose operations are under mandatory suspension based on the Decree issued by the Minister of Health on 8 Jan. 2021;
 - iii) Credit facilities for business purposes, by hospitality companies;
 - iv) Credit facilities falling into categories (i) to (iii), the beneficiaries of which applied and were approved for the moratorium valid during March-December 2020, but have not completed 9 months in moratorium. Beneficiaries will be entitled to submit a new expression of interest to cover the cumulative duration of 9 months.



3 Suspension of repayment of loan instalments (new moratorium) – *continued*



Terms

- Applications must be submitted by 31 Jan. 2021 and shall be approved or rejected by 28 Feb. 2021. The application form can be found [here](#).
- For business loans, where the business was under mandatory suspension of operations pursuant to the decree issued by the Minister of Health (8 Jan. 2021), the accountant/auditor of the business should provide a letter confirming this, to be submitted with the application.
- In cases of joint loans, it is required that all co-borrowers agree to apply for the moratorium and confirm this by signing on the application form.
- The decree applies for current accounts and credit cards, if not over 30 days past due on the 31 Dec. 2020. Interest will be accumulated and capitalised once the moratorium expires.
- The borrower may voluntarily repay suspended loan instalments, following written notification to the banking institution.
- New loan agreements signed after 30 March 2020 are not eligible.
- The decree is applicable to facilities provided by banks, credit acquiring companies, the Cyprus Land Development Corporation and non-credit institutions and credit brokers for financing consumers regarding residential property.
- In relation to syndicated loans, all participating financial institutions should be covered by the decree, to be eligible. The borrower should contact the Arranger to apply for the suspension of loan instalments.
- Applications may be submitted either by email or fax, or by hand in cases where the previous options are not possible. The relevant institutions' contact details can be found [here](#).



COVID-19 | Support Package: new measure Jan. 2021

4 Additional measures to support tenants

4.a. Two month suspension of professional lease rentals

- Suspension for 2 months, January and February 2021 (or February and March 2021, in case January has already been paid), of the obligation to pay 70% of the rent of professional leases, for companies or self-employed individuals whose operations are fully suspended pursuant to the Quarantine law decree No 2 of 2021, including those who are in full suspension but are allowed to provide delivery and/or take away services.
- The aforementioned obligations must be repaid in equal instalments the latest by February 2022.
- This measure has been approved by the Minister of Councils on 13 January 2021 and enforced with the issuance of a new Quarantine Law decree on 15 January 2021.

4.b. Two month suspension of lease rentals to the State

- Ability for non-payment of rentals relating to January and February 2021 (or February and March 2021, in case January has already been paid), due to the State or to Public Law Organisations, as provided in the rental contracts that are in force.
- This measure applies to businesses or self-employed whose operations are in full suspension pursuant to the Quarantine law decree No 2 of 2021, including those who are in full suspension but are allowed to provide delivery and/or take away services.
- This measure has been approved by the Minister of Councils on 13 January 2021 and enforced with the issuance of a new Quarantine Law decree on 15 January 2021.



Description



Description



COVID-19 | Support Package: measure updated Feb. 2021



Description

5 Interest Subsidy Scheme for New Business Loans: extended until 31 Dec'21 & loan amounts increased

- Loans to cover liquidity needs for working capital and/or Investments.
- Not for repayment or restructuring of existing facilities.
- Competent & Assigning Authority: Treasury Dept. / Ministry of Finance.
- The Interest Subsidy Scheme for New Business Loans is **extended** to apply for loans approved / to be approved from 1st March 2020 until **31st December 2021** (assuming deadline extension receives approval by EC).
- The obligation to submit a statement by the applicant's certified accountant is abolished for very small, small enterprises and self-employed.

Update



Eligibility

- Aid may be granted to business enterprises that were not in difficulty on 31 Dec'19 (EC definition) and face difficulties due to COVID-19 outbreak.
- Covers self-employed, very small, small, medium size & large businesses.
- No lay-offs allowed over 2% of staff employed as of the date the Scheme is approved by the E.C., without replacement, for a period of 6 months.



Interest rate subsidy (max. 4 years):

For Years 1-2: up to 3,5%

For Years 3-4: up to 2% for SMEs & 1,5% for large enterprises



Restrictions:

- Loan with subsidised interest cannot exceed: i) twice (2x) the annual payroll costs for 2019, or ii) 25% of total turnover for 2019.
- Loan interest rate may not exceed 4,25%.



Terms



Maximum loan amounts increased (assuming approval by E.C.):

- €1,8mln for self-employed & businesses (previously: €800ths)
- €270ths for fishing businesses/self-employed (previously: €120ths)
- €225ths for businesses/self-employed operating in the primary production of agricultural products (previously: €100ths)



Loans granted via the Pan-European Guarantee Fund, EIB, or CYPEF, may use any EURIBOR maturity (previously only 6-month EURIBOR).

Update



COVID-19 | Support Package: measure updated Feb. 2021



Description

6

Interest Subsidy Scheme for New Housing Loans extended until 31 Dec'21 & loan amount increased

- Interest rate subsidy for new housing loans, for the purposes of owner occupancy.
- Competent & Assigning Authority: Treasury Dept. / Ministry of Finance.
- The Interest Subsidy Scheme for New Housing Loans is **extended** and currently applies until **31 December 2021**, i.e. loans may be approved by participating financial institutions up to 31 December 2021.

Update



Eligibility

- Households
- New housing loans which, when granted, were consolidated with existing performing housing loans, may be eligible. Such new housing loans should adhere to the below:
 - a. The consolidated loan does not exceed €400ths;
 - b. The new housing loan agreement was signed after 1 March 2020;
 - c. Performing loans of the same purpose have been consolidated in the new loan, which were not more than 90 days in arrears;
 - d. Only the interest rate of the new housing loan will be subsidized.
 - e. The Loan and Borrowers shall meet all other provisions of the Scheme.



Terms



Interest rate subsidy:

- Maximum 4 years, starting on the first drawdown date
- Interest rate subsidy up to 1,50%



Restrictions:

- Loan amount may not exceed **€400ths** (increased from €300ths).
- Interest rate for the whole loan shall not exceed 2,30%



Relates to housing loans contracted / to be contracted during 1 March 2020 to 31 December 2021.

Update



COVID-19 | Additional measures updated Dec. 2020

7 Freeze of foreclosures on main residence & small business premises – for 3 months

Description

- In 2020, following an announcement by the Association of Cyprus Banks, all foreclosures were frozen from 18 March 2020 until 31 August 2020. Foreclosures then resumed in September 2020.

Update

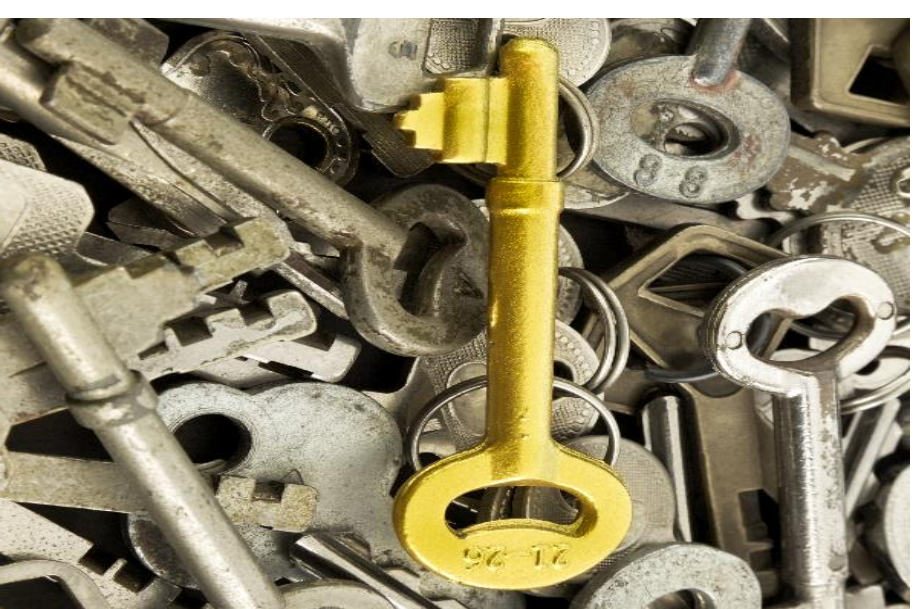
- On 17 December 2020, the House of Parliament voted amending laws, freezing foreclosure proceedings until 31 March 2021, in cases relating to the main residence of a debtor or the main business premises of a very small business.
- This was also announced by the Association of Cyprus Banks on 17 December 2020, with effective date starting from 21 December 2020.

Applies to:

- main residence of debtor, valued up to €350,000;
- main business premises of a very small business, which employs less than 10 people and with an annual turnover not exceeding €2,000,000.

Eligibility

- Valid from 21 December 2020 until 31 March 2021.
- Relates both to Banks and Credit Acquiring Companies.





Part B: Economic Support measures in force since May 2020

COVID-19 | Support Package (announced May 2020)

8 Financing via the Pan-European Guarantee Fund



Description

- Member States to provide guarantees (totaling €25bn with Cyprus share being €32,5mln) to the Pan-European Guarantee Fund (the “Fund”), to support existing products of the European Investment Bank (EIB).
- The EIB group will provide guarantees of up to 80% to the participating Financial Institutions (the “FIs”) → Local FIs are then able to provide financing to businesses
- Cyprus businesses potentially to receive €300-400mln (no quota per member state).






Eligibility

- SMEs & Mid-Caps (≤3,000 employees), who need access to liquidity to cope with crisis caused by the pandemic, but viable in the long-term
- As per the EIB, the focus is on SMEs (65% of funds), while 5% of the Fund could be allocated to public sector, health, health-research, etc.



Terms

-  The Fund will become operational as soon as Member States accounting for at least 60% of EIB capital have signed contribution agreements and a Contributors Committee is set up. The Fund's initial investment period is until 31 December 2021.
-  The Minister of Finance expects the fund to be activated in September 2020.
-  Once the funds are available, companies can file applications with participating FIs. This list will be available on eib.org.



COVID-19 | Support Package (announced May 2020)

9 Financing via the European Investment Bank (EIB)

Description

- Cyprus provides Government Guarantees to EIB and Agreements are signed between EIB & participating Financial Institutions (“FIs”).
- Existing scheme since 2014, with the purpose of strengthening the Cyprus economy and financing SMEs & Mid-Caps.
- Based on the Council of Ministers decision, the budget for the scheme is now increased by an amount of €500mln.

Eligibility

- SMEs & Mid-Caps (≤3.000 employees).
- Cypriot companies, registered and operating in Cyprus.
- No lay-offs allowed over 2% of staff (as of the date the Scheme was proclaimed), if scheme utilised jointly with the Government Interest Subsidy Scheme.

Favourable loan terms:

Terms

- Interest rates envisaged to be lower by 0,5% compared to rates without the said EIB funding, while an additional reduction 0,5% is possible for companies under “Jobs for Youth” plan.
- Interest for loans contracted under the Scheme may obtain subsidy under the “Government Interest Subsidy Scheme”.
- Option for fixed or floating interest rate.
- Loan tenor: up to 12 years.



COVID-19 | Support Package (announced May 2020)

10 Financing via Cyprus Entrepreneurship Fund

Description

- Cyprus Entrepreneurship Fund (CYPEF) existing since 2013; additional €400mln (allowing €800mln financing). It is managed by the European Investment Fund of EIB with no government involvement in the lending process.
- Co-financing & risk sharing: CYPEF receives 50% of funding from the Cyprus Government through a loan it will undertake from EIB and participating FIs provide remaining 50%.
- [Participating FIs](#) under CYPEF include:
 - Bank of Cyprus
 - Ancoria Bank

Eligibility

- SMEs (≤250 employees).
- No lay-offs allowed over 2% of staff (as of the date the Scheme was proclaimed), if scheme utilised jointly with the Government Interest Subsidy Scheme.

Lower interest rates:

Indicative interest rates of existing scheme:

low risk: 2,55% - 3,85%

high risk: 3,375% - 4,5%

Interest for loans contracted under the Scheme may obtain subsidy by the “Government Interest Subsidy Scheme”.

Loan amount: up to €1,5mln.

Loan tenor: up to 12 years.



COVID-19 | Support Package (announced May 2020)

11 Construction sector support



Description

Immediate Promotion of development projects:

- In May 2020, the Council of Ministers decided to instruct all competent authorities to proceed immediately to invite tenders for all development projects that are matured and ready to be offered for tendering, regardless of the scheduled period of their announcement on the basis of the budget.
- The project concerning the House of Representatives building is excluded.



COVID-19 | Support Package (announced May 2020)

12 Tourism sector – support measures

Incentives scheme for airline companies

- Aims to improve flight connectivity between Cyprus and other countries and support the tourist sector.
- Incentive scheme of €6,3mln will be offered for a period of 7 months supplementary to existing ones for which additional credits amounting to €9.369mln shall be extended until the end of 2020.
- The additional support to all airline companies for a period of seven months will be provided through subsidisation of flights to Cyprus, covering aircraft occupancy rates of 40%-70%.

Tourism sector – Co-promotion with tourist agents

- Aims to attract tourism and promote Cyprus as a safe tourist destination.
- Starting 1 June 2020.

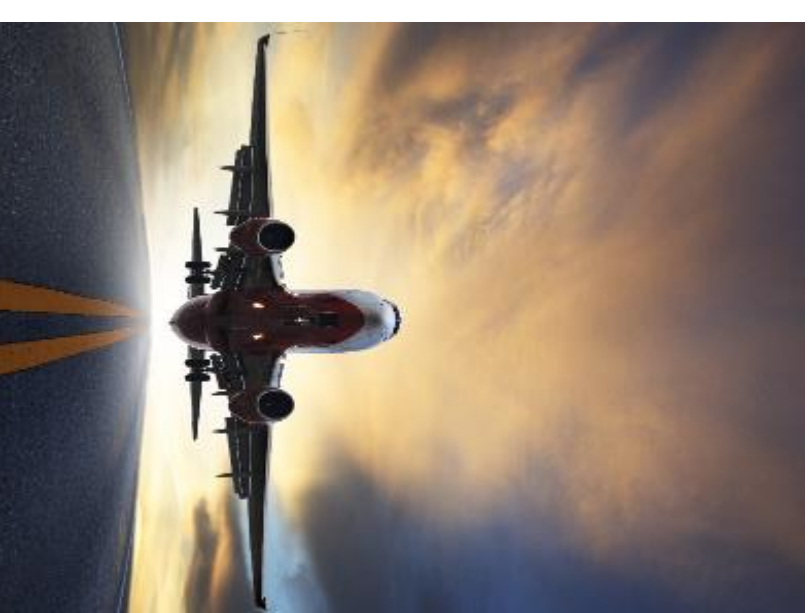
Budget of €11mln for Tourism support was included in the revised approved fiscal budget issued on 27 March 2020.



Description



Description



Appendix

Glossary

CYPEF	Cyprus Entrepreneurship Fund
EC	European Commission
EIB	European Investment Bank
EIF	European Investment Fund
EU	European Union
FI	Financial Institution
mln	Millions
n/a	Not applicable
SME	Small and medium-sized enterprises
ths	Thousands
VAT	Value Added Tax

Cypriot Banks listed as financial intermediaries of EIB

1. Astrobank Public Company Limited
2. Bank of Cyprus Public Company Ltd
3. Cyprus Development Bank Public Company Ltd
4. Eurobank Cyprus Ltd
5. Hellenic Bank Public Company Ltd
6. RCB Bank Ltd

Cypriot Banks participating in the Interest Subsidy Schemes (Measures 5 & 6)

1. Ancoria Bank Limited
2. Alpha Bank Cyprus Ltd
3. Astrobank Public Company Limited
4. Bank of Cyprus Public Company Ltd
5. Cyprus Development Bank Public Company Ltd
6. Eurobank Cyprus Ltd
7. Hellenic Bank Public Company Ltd
8. National Bank of Greece (Cyprus) Ltd
9. RCB Bank Ltd
10. Societe Generale Bank – Cyprus Ltd

Enterprise category	Headcount: annual work unit	Annual turnover	Annual balance sheet total
Medium-sized	< 250	AND ≤ €50mln	OR ≤ €43mln
Small	< 50	AND ≤ €10mln	OR ≤ €10mln
Micro / Very small	< 10	AND ≤ €2mln	OR ≤ €2mln

Connect with us



Nicos Kyriakides
Partner, Financial Advisory Services Leader
Phone: +357 25 868616
Email: nkyriakides@deloitte.com



George Martides
Partner, Financial Advisory Services
Phone: +357 22 360300
Email: gmartides@deloitte.com



Maria Yianni
Senior Manager, Financial Advisory Services
Phone: +357 25 868681
Email: myianni@deloitte.com

This presentation has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved. Deloitte Limited would be pleased to advise readers on how to apply the principles set out in this presentation to their specific circumstances. Deloitte Limited accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this presentation. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte & Touche (M.E.) LLP (DME) is the affiliate for the territories of the Middle East and Cyprus of Deloitte NSE LLP ("NSE"), a UK limited liability partnership and member firm of DTTL. Deloitte Limited, a private limited liability company registered in Cyprus (Reg. No. 162812) is the sub-licensed affiliate of Deloitte NSE for Cyprus. Deloitte Limited is among the leading professional services firms in Cyprus, providing audit & assurance, consulting, financial advisory, wealth advisory, risk advisory, tax and related services as well as a complete range of services to international business through over 700 people in Nicosia and Limassol. For more information, please visit www.deloitte.com/cy.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at www.deloitte.com.

Offices: Nicosia, Limassol

© 2021 Deloitte Limited