

# Annex I

The most important measures have been described and summarized below.

Applicable Measures	Large Corporates	SMEs
Eligible Beneficiary	Companies registered in Russia (regardless of the size) or certain types of companies, as further specified in relation to each measure	SMEs registered in Russia and included in the register SMEs, as further specified in relation to each measure
Working capital bank loans	<p>Beneficiaries – systemically important companies</p> <p>Key terms of, and requirements to, the subsidised loan are as follows:</p> <ul style="list-style-type: none"> <li>• The loan is for up to 12 months for up to RUB 3 billion per borrower; the interest rate may not exceed 5%</li> <li>• The loan is for working capital purposes as further specified by the Government Resolution; loan proceeds cannot be placed on deposits and in other financial instruments</li> <li>• No commission fees are to be charged from the borrower</li> <li>• The borrower is not in reorganization, liquidation or insolvency process and its operation has not been suspended.</li> <li>• Borrowers can apply for state guarantees to secure the loan repayment.</li> </ul> <p>To be eligible for subsidies Russian banks are to meet a number of the requirements. In particular, the eligible bank cannot be more than 50% owned by foreign companies registered in offshore zones. Process: no specific procedure is prescribed to borrowers for getting those loans, the procedure is specified for getting subsidies.</p>	The key addressees of this measure would be large systemically important companies. However, in a limited number of cases it may not be excluded that an SME may be considered as an eligible systemically important company (as an SME can meet the criteria for those companies in certain sectors).
Interest free bank loans to cover wage payments	<p>Beneficiaries: entrepreneurs and companies regardless of size operating in most affected sectors</p> <p>Key terms of, and requirements to, the subsidised loan are as follows:</p> <ul style="list-style-type: none"> <li>• The loan agreement is signed during the period from 30 March to 1 October 2020; the loan is for up to 12 months</li> <li>• The interest rate: zero for six months and, for the remaining period, a reduced rate (it may not exceed the interest rate at which the bank obtains refinancing from the CBR)</li> <li>• The subsidies cover a six-month period</li> <li>• The maximum amount of the loan: the minimum statutory monthly wage (including additional regional statutory payments and mandatory social</li> </ul>	

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	<p>contributions) X the number of employees X the six-month period covered by subsidies</p> <ul style="list-style-type: none"> <li>• The borrower (other than a small or micro-enterprise) shall retain the employment of at least 90% of its employees</li> <li>• The borrower is not in insolvency process and its operation has not been suspended</li> <li>• No commission fees are to be charged from the borrower</li> <li>• The volume of loans granted to borrowers, which are small and micro-enterprises, is to be no less than 40% of the overall volume of loans granted by the bank as per this scheme in 2020</li> </ul> <p>The loans are partially covered by guarantees of VEB.RF. To be eligible for subsidies Russian banks are to meet a number of the requirements. In particular, the eligible bank cannot be more than 50% owned by foreign companies registered in offshore zones. Process: no specific procedure is prescribed to borrowers for getting those loans, the procedure is specified for getting subsidies.</p>	
State aid	Not available for large corporates	<p>Beneficiaries: SMEs operating in most affected sectors</p> <p>Key features and requirements to the SME:</p> <ul style="list-style-type: none"> <li>• Grants are intended to cover costs of wages and other immediate needs in April and May 2020</li> <li>• The SME must not reduce employment by more than 10% below the level of March 2020</li> <li>• The grant amount is based on the minimum statutory monthly wage and the number of employees in March 2020</li> <li>• The SME is not in liquidation or insolvency process</li> <li>• The SME has no tax and mandatory social contributions arrears exceeding RUB 3000 as of 1 March 2020</li> </ul> <p>Process: the recipient of the grant is to file an application with the Federal Tax Service (the application can be filed online).</p>
Credit holidays	Not available for large corporates as part of this statutory measure (introduced by Federal Law No. 106-FZ). However, the CBR has introduced regulatory reliefs for credit institutions in order to incentivise loan restructurings, including for corporate borrowers (irrespective of their size).	<p>Beneficiaries: individuals (who suffered a decrease of more than 30% in their income) and SMEs operating in most affected sectors</p> <p>Borrowers may, until 30 September 2020, request that lenders suspend any payments under mortgages and other loans for a period specified by the</p>

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		<p>borrower (grace period). The grace period can be for up to six months. Entrepreneurs may, instead of a deferral, seek a reduction in the amount of payments during the grace period.</p> <p>Key effects of the grace period:</p> <ul style="list-style-type: none"> <li>• Penalties do not accrue</li> <li>• The acceleration of debt is not allowed</li> <li>• The pledged (mortgaged) property cannot be foreclosed</li> <li>• No lender's recourse to guarantors is allowed</li> <li>• Further lender's disbursements to the borrower are suspended</li> </ul> <p>The principal amount of retail and mortgage loans of individuals that fall within the scope of this measure is limited.</p> <p>The rules for payments after the grace period expires differ for individuals and SME-borrowers. In particular, SME's payments are to be made in the amounts and within the terms that are similar to those which applied before the grace period and the loan repayment date is to be extended respectively.</p> <p>Process: banks are required to consider the borrower's application and respond within five days. If there is no response within 10 days, the grace period is deemed to be provided.</p>
Subsidies to support grace periods	Not available for large corporates (as borrowers) as part of this measure	<p>Beneficiaries: the measure is aimed at banks granting deferral on payments to SMEs operating in most affected sectors (therefore, SMEs can be considered as the ultimate beneficiaries of this measure)</p> <p>Key terms of, and requirements to, the subsidised loan are as follows:</p> <ul style="list-style-type: none"> <li>• Loans granted before 1 April 2020</li> <li>• The deferral on payment of principal is provided for up to six months (the grace period to end no later than 31 December 2020)</li> <li>• The interest payments due for the grace period: 1/3 is due from the borrower, 1/3 – covered by state subsidies, 1/3 – covered by the bank</li> </ul>

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		<ul style="list-style-type: none"> <li>• The 1/3 due from the borrower can be paid in different ways (e.g. during the grace period or after that)</li> <li>• The borrower is not in insolvency process and its operation has not been suspended</li> </ul> <p>To be eligible for subsidies Russian banks are to meet a number of the requirements. In particular, the eligible bank cannot be more than 50% owned by foreign companies registered in offshore zones.</p>
Bank loans to support construction sector	<p>Financing measures for individuals and developers:  Mortgage loans provided from 17 April 2020 to 1 November 2020 at reduced interest rates (6.5%): the state will provide subsidies to cover bank's loss in interest. The principal amount of subsidised loans is limited.  Plans: subsidised interest rates for loans to developers.</p>	
SME loans	Not available for large corporates	<p>The scheme existed for SMEs before (so it is not a new measure, as opposed to those described above), but it has been amended to make access to those loans easier for SMEs (the requirements to borrowers have been softened). Interest rates not to exceed 8.5%.</p>
Measures to limit bankruptcies	<p>The Government has introduced a moratorium on the filing of insolvency claims from 6 April through 6 October 2020 in relation to:  companies and entrepreneurs operating in most affected sectors  systemically important companies  strategic enterprises</p> <p>The moratorium has the following effects, amongst others:  pledged property of the debtor cannot be foreclosed (including out of court);  the set-offs are restricted;  the payment of dividends, as well as the buyback of shares and the payment for participatory interest in connection with the participant's exit are prohibited;  ongoing enforcement proceedings are stayed; and  no financial sanctions for breach of monetary obligations accrue.</p> <p>The protected debtor's obligation to file an insolvency petition is suspended.  For more details please see our alert at <a href="https://www.whitecase.com/publications/alert/covid-19-insolvency-filing-moratorium-russia">https://www.whitecase.com/publications/alert/covid-19-insolvency-filing-moratorium-russia</a></p> <p>The protected debtor can waive the benefit of the moratorium (by way of a public announcement registered with the Unified Federal Register of Information Regarding Insolvency). We plan to issue a client alert on this topic.</p>	
Corporate issues	<p>For joint stock companies (JSCs) and limited liability companies (LLCs), as applicable:</p> <ul style="list-style-type: none"> <li>• the statutory rules specifying consequences of a company's net assets being below its charter capital are suspended (i.e. 2020 financial results will not be taken into account);</li> <li>• the deadlines for presentation and disclosure of consolidated financial statements are extended;</li> <li>• the deadlines for holding annual general meetings in JSCs and LLCs are extended;</li> </ul>	

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	<ul style="list-style-type: none"> <li>any general shareholders' meetings (i.e. irrespective of the issues on the agenda) can be held by way of absentee voting;</li> <li>public JSCs can carry out a buyback of their shares on a stock exchange in a simplified manner.</li> </ul> <p>For more details please see our alert at <a href="https://www.whitecase.com/publications/alert/changes-regulation-buyback-shares-and-certain-corporate-matters-russian">https://www.whitecase.com/publications/alert/changes-regulation-buyback-shares-and-certain-corporate-matters-russian</a></p>	
Measures against unemployment	<p><b>Prevention of unauthorized termination</b></p> <p>The Government has instructed the Ministry of Labour to prepare their suggestions aimed at preventing the unauthorised termination of employment for reasons directly or indirectly connected with measures taken due to the COVID-19 pandemic. In addition, the Chairman of the Government, Mr. Mishustin, announced that the employment authorities will monitor employers to prevent unlawful termination for reasons related to COVID-19.</p> <p><b>All-Russia Vacancies Database "Work in Russia"</b></p> <p>From 12 April through 31 December 2020 all employers must input information about termination of employment due to liquidation or redundancy, as well as other required employment-related information into digital all-Russia vacancies database "Work in Russia" not later than one business day from the occurrence of the above grounds.</p> <p><b>Unemployment benefits</b></p> <p>The maximum amount of the unemployment allowance in 2020 has been increased to match the federal minimum wage amount (RUB 12, 130). For those who have been terminated starting from 1 March 2020 (except for termination for cause) the unemployment allowance in April-June 2020 shall be established at the above maximum amount with one of the parent of a child under 18 receiving an additional payment of RUB 3,000. The regional may make additional payments to increase the unemployment allowance.</p>	
Tax measures	<p>Not available for large corporates</p> <p>However, larger businesses operating in the most affected sectors are also eligible to tax payment deferrals for up to 12 months (or in some instances up to five years) which may be granted on application (if certain criteria are met).</p> <p>In addition, in Moscow, certain businesses are granted deferrals of advance payments in respect of property and land tax for first and second quarters 2020 and trade duty for first quarter until 31 December 2020.</p>	<p>SMEs are eligible to benefit from the following measures:</p> <ul style="list-style-type: none"> <li>exemption from income taxes on the state aid received from the federal budget (only for the most affected sectors);</li> <li>reduction of tariffs of mandatory social contributions, in aggregate, to 15% (but only to the extent the employee's salary exceeds the minimum monthly wage); and</li> <li>various automatic (without any applications) deferrals of payment of taxes and social contributions (only for the most affected sectors).</li> </ul>

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	<p>Some of the introduced tax measures are available to any taxpayers (i.e., for both SMEs and larger businesses), in particular the following (for corporate profits tax purposes):</p> <ul style="list-style-type: none"> <li>• deductibility of costs incurred in implementing certain sanitation measures and purchasing medical devices related to COVID-19; and</li> <li>• the base for calculation of monthly advance tax payment may be changed at any time during the year 2020 (under general rules – such change is possible only as of January) from (a) taxable profits as at the end of a previous quarter, to (b) taxable profits as at the end of the relevant current tax reporting period.</li> </ul>	

White & Case LLC  
 4 Romanov Pereulok  
 125009 Moscow  
 Russia

**T** +7 495 787 3000

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