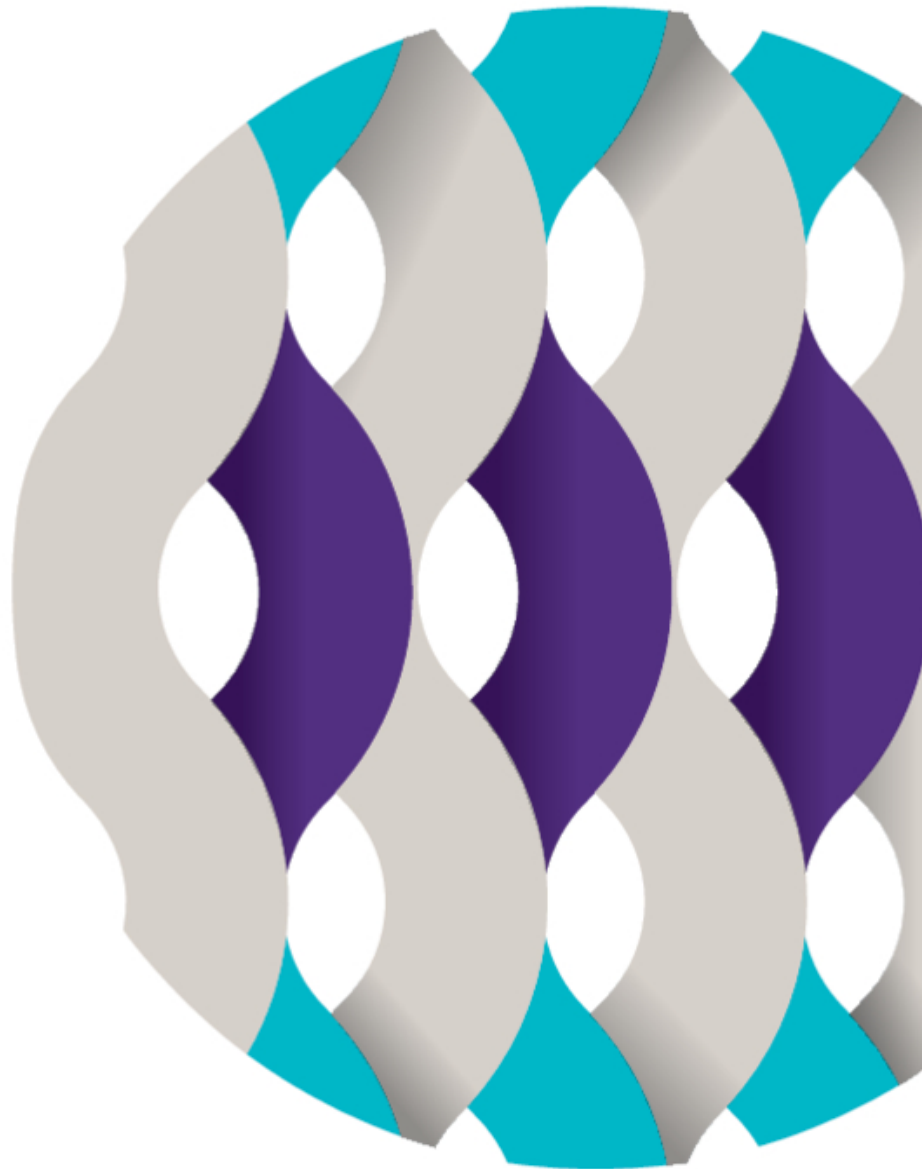


Building business resilience in response to COVID-19

2020



Building business resilience in response to COVID-19

COVID-19 will cause significant disruption to the supply chain, workforce and cashflow of businesses worldwide. By remaining agile and alert, business leaders can take steps to build resilience into their operations and mitigate the impact.

As a business owner, you must be aware that there are several key areas worth focusing on in order to ensure the continuity of your operations.



Workforce: review your key internal policies. Communicate what your people should do if they feel unwell and tell them what is happening with travel bans, sick leave, homeworking, hygiene measures, and strategies to keep the business operating.

Employees need to know where they stand and they trust messages from their business leaders – tone, accuracy and relevance can make all the difference to behaviour.



Customers, suppliers and stakeholders: be proactive and engage with your clients and stakeholders early. Inform your customers of any changes to your services. Customers may need extended terms from you and some suppliers might require different arrangements.

Customers need to know that you will be able to service them even at a time of crisis.



Tax and audit: you may need extra time to pay any outstanding tax debt. Enquire about whether you could get a loan or grant or claim a business rates relief discount. Think about if employee absence could cause you to miss a deadline to file.

You may be able to delay audit dates or make arrangements for an audit using an off-site approach.



Business continuity: ensure that you have sufficient resources and supplies to outlast the pandemic. Prepare for shortages and price volatility in products and goods not for resale.

Your IT network needs to have the capacity and bandwidth for your whole team to work from home at the same time.



Cashflow and insurance: if you foresee that cashflow may be strained, speak early to your finance suppliers about additional headroom and relaxing operational covenants.

Take a look at the insurance cover you have, and whether you have a legitimate claim for this kind of disruption.



Monitor the situation: the situation is fluid. It is therefore important that you keep up to date using credible news sources.

Speak to us to discuss concerns and mitigations on your business.

Financial aid packages



The Prime Minister has announced additional economic benefits to help business in sectors hardest hit by the Corona Virus outbreak. These benefits are in addition to the total of €1.8 billion package announced earlier in the wake of the Corona virus spread. The announced measures are as follows:

- 1. Postponement of tax payments:** the postponement of the payment of VAT, provisional taxes, employees' taxes and social security and maternity fund contributions owed until 30 April 2020. It is important to note that all tax forms should be submitted according to normal deadlines;
- 2. Refund on teleworking equipment:** investments in teleworking equipment will be eligible for a 45% refund capped to the lower of €500 per contract employee or €4,000 per company;
- 3. Business continuity measures:** the authorities are ready to commit an amount up to €900 million in the form of bank guarantees against credit and loans to sustain business continuity. The government also announced that local banks can accept all requests for a 3-month moratorium for personal and business loans.
- 4. Quarantine measures support:** a €350 payment to employers for every quarantined employee;
- 5. Leave support:** for those families with children whose parents work in the private sector and cannot telework, the government will fund an additional two months of leave for one of the parents, which benefit shall amount to €800 per month;
- 6. Healthcare and equipment:** the government will commit an additional €210 million that will mainly be spent on healthcare and equipment;

7. Support for the unemployed: all persons who lost their employment including persons with disabilities (registered with Jobsplus) who chose to stay at home, will as from 9th March benefit from a temporary increase in their benefit of up to €800 a month;

8. Rent subsidies: will be increased for those whose employment was terminated;

9. Salaries: the government will pay the equivalent of €800 salary to employers that were hardest hit for each employed person. A list of those businesses which fall under this category may be accessed through this [ANNEX](#). Employers are to contribute a further €400 per month per employee for those who earn more than €800.

Other businesses and self-employed persons who have experienced a decrease in trade will also benefit from a subsidy on wages of one day per week per employee, based on a salary of €800 per month.

Businesses in Gozo will instead receive two days' subsidy immediately, and self-employed persons who have employees, will receive three days' subsidy per employee per week.

For a detailed list of companies or self-employed persons which fall under this category may be accessed through this [ANNEX](#);

10. Part-time employees: part-time employees will also receive a pro-rata salary based on a monthly pay of €500.



Any employers who will dismiss any employees during this crisis will not be able to hire third-country nationals.



A newly created department at JobsPlus has been set up in order to assist any workers who lost their job in finding a new one.



With immediate effect, applications for unskilled workers from third-country nationals will not be accepted until further notice.

Loan schemes for businesses



The Government has allocated a fund of €350 million for the Malta Development Bank (MDB) to develop the COVID-19 Guarantee Scheme (CGS). The fund's objective is to provide a guarantee to accredited commercial banks which will be granting bank financing to businesses in Malta that suffered from cash flow disruptions as a result of the COVID-19 outbreak and thus need to finance their working capital requirements.

Facility features

Maximum individual loan amounts:

- for small and medium-sized enterprises (SMEs), €2 million
- for large enterprises, €5 million

Loans higher than €2 million but limited to a maximum of €4 million for SMEs and amounts higher than €5 million (but limited to a maximum of €8 million) for large enterprises, require the prior approval of MDB.

Provided that such amounts do not exceed:

- double of the annual wage bill of the beneficiary; OR
- 25% of total turnover of the beneficiary in 2019; OR
- a higher amount, 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.

Interest rate: to be determined by the commercial bank, which 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.

Loan term: from a minimum of 18 months to a maximum of 48. This period can increase to 72 months, subject to additional terms and conditions.

Moratorium for both interest and capital repayments: minimum 6 months with the possibility to extend to one year.

Eligible working capital costs

Eligible costs under the CGS include (but are not limited to):

- salaries of employees, including social and health security payments;
- lease of establishment, including rental costs, energy and water bills, fuel etc.
- unpaid invoices due to a decrease in business revenues in respect of working capital and other similar commitments and in respect of investment expenditures provided that investment expenditures only qualify under the Scheme if they were contracted for prior to the approval of this Scheme by the Commission;
- acquisition of material and stock for continuation of business;
- 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;
- maintenance costs.

Which businesses can apply?

- SMEs up to 250 employees;
- large enterprises whose employees do not exceed 250.

The BoV MDB COVID Assist Scheme

Bank of Valletta and Malta Development Bank have launched a financing scheme for local businesses.

Maximum loan amount	SMEs up to €4 million; large enterprises up to €8 million
Repayment term	18 to 72 months inclusive of moratorium
Moratorium	6 months to 12 months depending on particular circumstances faced by the applying business
Interest rate	All inclusive interest rates starting from a fixed rate of 2.5% for the first two years at no additional fees and charges

[Further information about the scheme can be found on BoV's website >](#)

Contact our experts



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Austin joined the firm in 1982 and was initially mainly involved on audits in Malta. He later underwent training at the Milan office of the then Deloitte Haskins and Sells for 15 months following which he resumed his duties in the Malta office. He was admitted partner at Grant Thornton Malta in 1993 and is currently Head of Tax Services.

During the past 20 years Austin has taken up further studies and specialised in the local and international taxation and in the financial services sector. Apart from being in charge of the local tax and VAT services, Austin is also responsible for services given to foreign owned companies setting up businesses in Malta and has provided tax advice to international clients involved in cross border business ventures. Austin is a Fellow of The Chartered Association of Certified Accountants, a Fellow of the Malta Institute of Accountants and holds a Practicing Certificate in Auditing.

He is currently a member of the Tax Experts Group within Finance, as well as a member of the Direct Tax Committee of the Malta Institute of Accountants, and of the Council of the Institute of Financial Services Practitioners. Austin regularly attends tax conferences organized by Grant Thornton International, and is a customary speaker at local conferences related to VAT and tax matters, including those organised by the Malta Institute of Management and the Malta Institute of Accountants.



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Since 2003, Michael has been involved in Indirect and Direct tax matters, initially at the Inland Revenue Department's Tax Investigations unit, followed by his employment with Grant Thornton's tax advisory department in 2007.

Since joining Grant Thornton, Michael has been involved in providing tax assistance to a portfolio of local and international clients with special reference to the preparation of tax assessment, tax planning and consultancy services, Value Added Tax compliance, expatriate and personal tax services, tax litigation and investigations, and also buyers' and vendors' cross-border due diligence assignments.

Michael is an ACCA affiliate and has recently completed his studies with the Chartered Institute of Taxation where he obtained an Advanced Diploma in International Taxation. Michael is also a member of the Malta Institute of Accountants and the Malta Institute of Taxation.



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Oriana is a Partner at Grant Thornton engaged in the Transaction Advisory Services, a department specialising in corporate finance. She holds an honours degree in Accountancy from the University of Malta and is also ACCA qualified. In 2013, Oriana graduated from the University of Wales with distinction obtaining a Master in Finance, specialising in Mergers and Acquisitions.

As a Director at Grant Thornton, Oriana leads capital markets and due diligences. Through Prospects MTF, a multi-trading facility of the Malta Stock Exchange, Oriana has helped raising a total of €31 million for Orion Finance p.l.c., Klikk Finance p.l.c., AST Group p.l.c., AgriHoldings p.l.c., Luxury Living Finance p.l.c., D Shopping Malls p.l.c., and FES Finance p.l.c.

With respect to the due diligences, Oriana managed several buy-side and sell-side due diligence for clients operating in the telecommunications industry, banking/stock broking industry, real estate industry, automobile industry and transportation industry. Oriana has also managed cross-border due diligences, both when foreign companies acquired Maltese companies, as well as a foreign companies during her secondment in Milan.

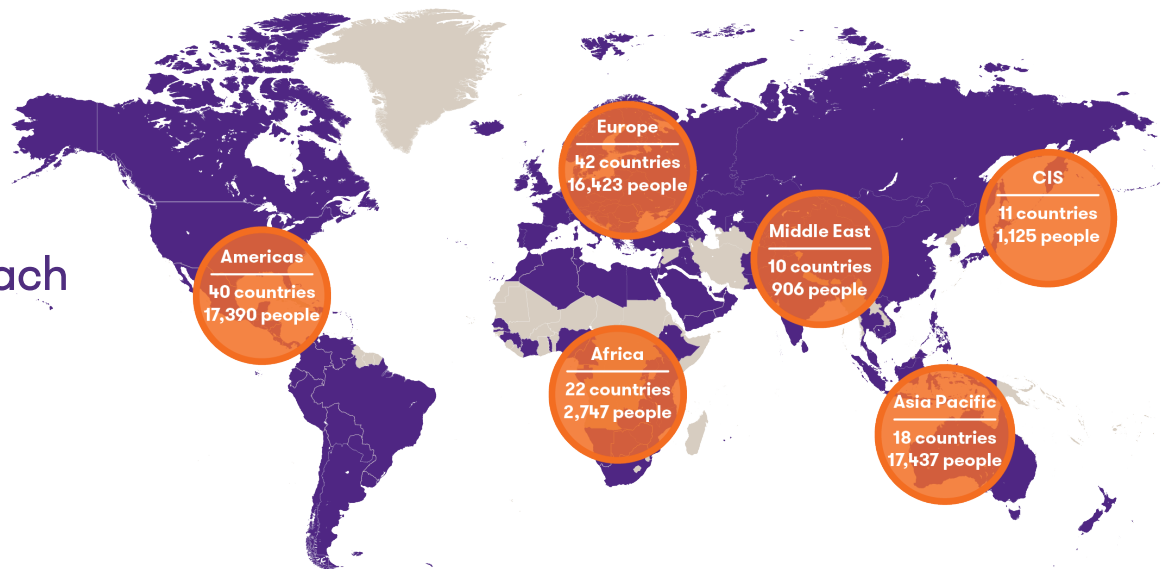


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George has over 20 years experience in corporate and project finance, RS-D, strategic and project management, starting his career in 1995 at one of the big four accountancy firms where he worked in assurance, advisory and risk management arms. In 2001 he joined the Corinthia Group and fulfilled a number of roles both locally and abroad. George was also involved in numerous large projects, including the raising of finance by way of bonds and syndicated loan facilities, which were then used either to acquire or develop residential and commercial space.

At Grant Thornton, George and his team provide a variety of services including due diligences, debt restructuring, assistance in the preparation of business plans, feasibility studies and cost benefit analyses, business valuations, assistance with mergers and acquisitions, project finance and corporate finance advisory services. George holds various technical roles in high profile advisory assignments, including EU funding projects and applications as well as fund raising for the private sector, both through negotiating bank loans or raising private equity, and through assisting in public equity and bond listing.

A global reach



We discover what is important to you and make it important to us

Our culture is built on a genuine interest in our clients – their challenges, growth ambitions and wider commercial context. You get the attention you deserve from approachable, senior professionals who ask the right questions, listen and provide real insight and a clear point of view.

The bottom line

- A relationship-led approach with more time and attention from partners and senior advisers
- A deeper understanding of your business for more meaningful advice and recommendations.

Agile and responsive service

Our size and structure creates advantages for you. We adopt a flatter structure, with shorter decision making chains, empowered teams and no complex chain of command. We have all the necessary processes and controls in a streamlined, efficient and responsive environment.

The bottom line

- A faster response when you need quick answers and clarity
- Anticipating the answers you will need before you ask.

Pragmatic solutions to help you improve and grow

Our teams bring ideas to the table, going beyond the technical issues to recommend ways to make your business better. We balance a desire to do what's best for you in the future with an experienced sense of what is going to help you now.

The bottom line

- Helping you think ahead and think more broadly
- Proactively identifying opportunities for improvement and growth

Collaborative teams with a different mindset

Our people are open, accessible and easy to work with. We work through the issues alongside you and challenge your ideas where necessary, whilst keeping an independent perspective. Our collaborative style also enables us to assemble teams across service lines, industries and geographies to tailor our capabilities to your requirements.

The bottom line

- Teams and solutions built around your needs not our structures
- A better working relationship with you and your team



Our distinctive client experience sets us apart



USD5.72bn
(2019 revenue)



56,028
people



756
offices



143
countries

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