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24 March 2020 [shall come into force on 26 March 2020];

17 December 2020 [shall come into force on 12 January 2021];

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If a whole or part of a paragraph has been amended, the date of the amending regulation appears in square brackets at the end of the paragraph. If a whole paragraph or sub-paragraph has been deleted, the date of the deletion appears in square brackets beside the deleted paragraph or sub-paragraph.

Republic of Latvia

Cabinet

Regulation No. 149

Adopted 19 March 2020

**Regulations Regarding Loans for Current Assets to the Enterprises the Activity of which has been Affected by the Spread of COVID-19**

*Issued pursuant to*

*Section 12, Paragraph four of the Law on Development Finance Institution*

**I. General Provisions**

1. The Regulation prescribes conditions for the provision of aid in the form of loans for current assets (hereinafter – the loans) for the enterprises the activity of which has been affected by the spread of COVID-19.

2. Loans to enterprises shall be granted by the joint stock company *Attīstības finanšu institūcija Altum* [Development Financial Institution Altum] (hereinafter – Altum) in accordance with the conditions laid down in this Regulation.

3. The following enterprises may receive the aid within the framework of this Regulation:

3.1. the micro, small and medium-sized enterprises who correspond to the definition specified in Annex 1 to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter – Commission Regulation No 651/2014) or the definition specified in Article 2 of Annex 1 to Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (hereinafter – Commission Regulation No 702/2014);

3.2. the large enterprises – legal persons who correspond to the definition specified in Article 2(24) of Commission Regulation No 651/2014 or Article 2(26) of Commission Regulation No 702/2014.

4. Within the meaning of this Regulation, linked persons are enterprises who correspond to the definition of linked enterprises specified in Article 3(3) of Annex 1 to Commission Regulation No 651/2014 or the definition specified in Article 3(3) of Annex 1 to Commission Regulation No 702/2014.

5. The loans and loan extensions shall be provided as follows:

5.1. in accordance with the decision of the European Commission until expiry of the validity period of the relevant decision;

5.2. as de minimis aid after expiry of the validity period specified in the decision of the European Commission’s decision, or in cases when the granted loan does not comply with the conditions of the European Commission’s decision, in accordance with the following:

5.2.1. Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (hereinafter – Commission Regulation No 1407/2013);

5.2.2. Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agricultural sector (hereinafter – Commission Regulation No 1408/2013);

5.2.3. Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (hereinafter – Commission Regulation No 717/2014).

[*13 May 2021*]

6. The financing from the State budget available to Altum for implementation of this programme is up to EUR 60 000 000.

[*17 December 2020*]

7. In order to ensure financing for the granting of a loan, Altum shall attract a State loan of up to EUR 150 000 000 in the form of a credit line or attract a loan from international financial institutions. The deadline for the repayment of the State loan shall be 30 June 2031. A risk rate shall not be applied to the State loan.

**II. Conditions for the Loans**

8. Loans are intended for financing the current assets of enterprises negatively affected by consequences of the spread of COVID-19 if the enterprise is economically viable, evaluating the potential and sustainability of economic activity, collateral and its liquidity, current and future financial standing of the enterprise, knowledge and experience, business risks and other factors, and the loan for current assets is necessary to limit the negative effects of consequences of the spread of COVID-19 on its economic activity or financial standing.

[*17 December 2020*]

9. The maximum amount of loans for one enterprise and a group of persons linked thereto shall be up to EUR 1 500 000. The enterprise may receive several loans if at the moment of granting of the loan the total amount of the loans to be granted and outstanding amount of the loans received previously does not exceed the maximum amount of loans specified in this Paragraph. If the loan has been granted in accordance with Sub-paragraph 5.1 of this Regulation, the maximum amount of the loan shall not exceed one of the following indicators:

9.1. double expenditure of the enterprise on remunerations (including social costs) in 2019 or in the last available year. The maximum loan to the undertakings established after 1 January 2019 may not exceed the amount of annual remuneration estimated for the first two years of activity;

9.2. 25 % of the total turnover of the enterprise in 2019;

9.3. on the basis of the amount of liquidity needs calculated therefore and required for the next 18 months for a micro, small and medium sized enterprise and for the next 12 months – for a large enterprise, in accordance with the information included in the documents referred to in Paragraph 15 of this Regulation, and also the certification provided to the enterprise of the liquidity needs.

[*24 March 2020; 13 May 2021*]

10. The term for the repayment of the loan shall not exceed four years by taking into account the life cycle of the activities and current assets of the enterprise.

[*13 May 2021*]

11. Commencement of the repayment of the loan may be deferred for a term of up to 24 months.

[*17 December 2020; 13 May 2021*]

12. Interest rate for the loans granted in accordance with Sub-paragraph 5.1 of the Regulation shall be determined by taking into account the conditions referred to in Annex to the Regulation.

[*24 March 2020*]

13. [24 March 2020]

14. [24 March 2020]

15. In order to receive a loan, enterprises shall submit to Altum an application for loan and any other information indicated on the website of Altum.

16. Altum shall grant the loan on the basis of the documents referred to in Paragraph 15 of this Regulation that have been submitted by an enterprise by only financing the activities which Altum has recognised as economically viable, including by assessing sustainability of the enterprise, the amount of the necessary financing, the collateral, the current and future financial situation of the enterprise, the correspondence of knowledge and experience thereof, as well as by analysing entrepreneurial risks and other factors.

17. If a borrower cannot ensure fulfilment of the commitments provided for in a loan contract, but the cash flow or the economic development plan attests to the ability of the borrower to repay the loan in the future, Altum shall restructure the loan by extending the deadline referred to in Paragraph 10 of this Regulation by up to six years, and also shall change the payment procedures (amount) and structure (periodicity).

[*13 May 2021*]

**III. Sectors, Activities and Enterprises Not to be Supported**

18. Aid shall not be granted to the following sectors and activities:

18.1. the sectors and activities specified in Article 1(1)(a), (b), (c), (d) and (e) of Commission Regulation No 1407/2013 if the loan is granted in accordance with Regulation No 1407/2013;

18.2. the activities referred to in Article 1(1) of Commission Regulation No 1408/2013 if the loan is granted in accordance with Regulation No 1408/2013;

18.3. the activities referred to in Article 1(1) of Commission Regulation No 717/2014 if the loan is granted in accordance with Regulation No 717/2014;

18.4. trade in weapons and ammunition (Class 47.78 “Other retail sale of new goods in specialised stores” of NACE Rev. 2);

18.5. manufacture and sale of tobacco products (Division 12 “Manufacture of tobacco products”, Class 46.35 “Wholesale of tobacco products” and Class 47.26 “Retail sale of tobacco products in specialised stores” of NACE Rev. 5);

18.6. sale of alcohol (Class 46.34 “Wholesale of beverages” and Class 47.25 “Retail sale of beverages in specialised stores” of NACE Rev. 2);

18.7. gambling and betting activities (Division 92 “Gambling and betting activities” of NACE Rev. 2);

18.8. financial and insurance activities (Section K “Financial and insurance activities” of NACE Rev. 2);

18.9. activities with immovable property (Section L “Real estate activities”, Group 68.1 “Buying and selling of own real estate” and Class 68.31 “Real estate agencies” of NACE Rev. 2);

18.10. development of such immovable property which should be registered as a residential house or multi-unit residential house in the State Immovable Property Cadastre Information System;

18.11. acquisition of goods road transport vehicles for the enterprises who perform carriage of goods by road for hire or reward (Section H “Transport and storage” of NACE Rev. 2);

18.12. refinancing of other loans.

19. If the enterprise to which the loan is granted in accordance with Commission Regulation No 1407/2013, Commission Regulation No 1408/2013 or Commission Regulation No 717/2014 is concurrently active both in one or several sectors to be supported and in the excluded sectors or performs activities not to be supported in accordance with the relevant regulation, then:

19.1. upon receipt of the loan in accordance with Commission Regulation No 1407/2013, it shall ensure separation of activities or costs in accordance with Article 1(2) of Commission Regulation No 1407/2013;

19.2. upon receipt of the loan in accordance with Commission Regulation No 1408/2013, it shall ensure separation of activities or costs in accordance with Article 1(2) and (3) of Commission Regulation No 1408/2013;

19.2. upon receipt of the loan in accordance with Commission Regulation No 717/2014, it shall ensure separation of activities or costs in accordance with Article 1(2) and (3) of Commission Regulation No 717/2014.

20. In accordance with Commission Regulation No 1407/2013, Commission Regulation No 1408/2013 or Commission Regulation No 717/2014, the loan shall not be granted to an enterprise in difficulty for whom insolvency proceedings have been declared by a court judgement, legal protection proceedings are being implemented, extrajudicial legal protection proceedings are being implemented by a court decision, a bankruptcy procedure has been initiated, reorganisation or amicable settlement has been applied, or whose economic activity has been terminated, or which corresponds to the criteria specified in laws and regulations so that insolvency proceedings would be applied to him or her upon request of creditors.

21. The aid shall not be granted to a medium-sized or large enterprise which is considered to have run into financial difficulties already on 31 December 2019 and at the moment when the aid is granted in accordance with the definition referred to in Article 2(18) of Commission Regulation No 651/2014.

[*17 December 2020*]

21.1The aid shall not be granted to a micro or small enterprise if it concurrently conforms to the following indicators:

21.11. it had already run in financial difficulties on 31 December 2019 in accordance with the definition referred to in Article 2(18) of Commission Regulation No 651/2014;

21.12. a matter of legal protection proceedings has been initiated, legal protection proceedings are being implemented or insolvency proceedings have been declared thereto at the moment when the aid is granted or it has received the rescue aid and has not repaid the loan or withdrawn the guarantee, or it has received the restructuring aid and it is subject to the restructuring plan.

[*17 December 2020*]

21.2 The aid shall not be granted if, according to the information available in the database of debtors of taxes (duties) administered by the State Revenue Service, the enterprise has tax or duty debts the total amount of which exceeds EUR 1000 and an extension of the payment deadline has not been granted thereto or the State Revenue Service has not taken the decision on voluntary payment of late tax payments. Altum shall verify compliance with this condition until the commencement of the issuing of the loans.

[*13 May 2021*]

**IV. Conditions for the Calculation of a Grant Equivalent and for the State Aid**

22. If the aid is provided in accordance with Sub-paragraph 5.2 of this Regulation, a grant equivalent for the aid provided to enterprises shall be calculated by deducting the amount of the interest actually applied from the amount of the interest which is to be paid in accordance with the base rate fixed by the European Commission for a specific period, as well as the risk rate the percentage of which is specified in accordance with the rating of the beneficiary of the granted loan and the security offered by Altum (the base rate and the risk rate published on the website of the European Commission’s Directorate General for Competition). If, in accordance with Paragraph 11 of this Regulation, the term for commencing the repayment of the loan is extended for an enterprise, the compliance with the *de minimis* aid conditions shall be reassessed and verified, and a grant equivalent shall be calculated.

[*24 March 2020; 17 December 2020*]

23. If the loan is granted in accordance with Commission Regulation No 1407/2013, Commission Regulation No 1408/2013 or Commission Regulation No 717/2014, Altum shall grant de minimis aid to one single undertaking without exceeding the maximum amount of de minimis aid specified in Article 3(2) of Commission Regulation 1407/2013, Article 3(3)(a) of Commission Regulation No 1408/2013 or Article 3(2) of Commission Regulation No 717/2014. Within the meaning of this Regulation, a single undertaking is an undertaking which corresponds to the criteria referred to in Article 2(2) of Commission Regulation No 1407/2013, Article 2(2) of Commission Regulation No 1408/2013, or Article 2(2) of Commission Regulation No 717/2014.

24. As to the type of aid referred to in Sub-paragraph 5.1 of this Regulation, the date of concluding the loan contract between Altum and the borrower shall be deemed the date of granting the aid.

[*24 March 2020*]

25. As to the type of aid referred to in Sub-paragraph 5.2 of this Regulation, the date of taking of the decision by Altum to grant de minimis aid shall be deemed the date of granting the de minimis aid.

26. When applying for the type of aid referred to in Sub-paragraph 5.2 of this Regulation, the enterprise shall provide information regarding the de minimis aid received previously in accordance with the laws and regulations governing the procedures for recording and granting de minimis aid and the sample recording forms.

27. In order to ensure that the condition referred to in Paragraph 23 of this Regulation is complied with in the case of merger, acquisition or division of an enterprise, the following conditions shall be taken into account in keeping records of aid:

27.1. if the enterprise has been merged, all the de minimis aid granted previously to each enterprise involved in the merger shall be taken into account;

27.2. if the enterprise has been divided, the received de minimis aid shall be applied to the enterprise which benefited from the received de minimis aid and which took over activities for which de minimis aid initially was used, or if the specific applicability is not possible, the received de minimis aid shall be applied in proportion on the basis of the division of the equity balance sheet values of the enterprise activity as at the actual date.

28. Altum and the beneficiary shall comply with the data storage conditions referred to in Article 6(4) of Commission Regulation No 1407/2013, Article 6(4) of Commission Regulation No 1408/2013, and Article 6(4) of Commission Regulation No 717/2014.

29. If the conditions for granting the aid for commercial activity to be applied to the aid granted according to Sub-paragraph 5.1 of this Regulation are violated, the recipient of the aid has an obligation to repay to Altum the whole amount of the unlawful State aid received within the project together with interest the rate of which is published by the European Commission in accordance with Article 10 of Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EU) 2015/1589 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union (hereinafter – Commission Regulation No 794/2004), adding to such interest 100 basis points, from the day when the State aid was disbursed to the recipient of the aid until the recovery day thereof, according to the method for applying interest laid down in Article 11 of Commission Regulation No 794/2004.

[*17 December 2020*]

30. If the requirements of Commission Regulation No 1407/2013, Commission Regulation No 1408/2013 or Commission Regulation No 717/2014 are violated, the recipient of the aid has an obligation to repay to Altum the whole amount of State aid received within the project according to Sub-paragraph 5.2 of this Regulation together with interest the rate of which is published by the European Commission in accordance with Article 10 of Commission Regulation No 794/2004, adding to such interest 100 basis points, from the day when the State aid was disbursed to the recipient of the aid until the recovery day thereof, according to the method for applying interest laid down in Article 11 of Commission Regulation No 794/2004.

[*17 December 2020*]

31. The aid provided in accordance with this Regulation may not be combined with the aid provided in the form of loans for current assets by Altum under the European Commission decision. The aid provided in accordance with this Regulation for the same eligible costs may not be combined with financing within the framework of any other State aid projects or programmes.

[*24 March 2020*]

32. In compliance with the conditions referred to in Article 5 of Commission Regulation No 1407/2013, Article 5 of Commission Regulation No 1408/2013 and Article 5 of Commission Regulation No 717/2014, de minimis aid granted in accordance with Sub-paragraph 5.2 of this Regulation may be combined with other de minimis aid until the limit values specified in Paragraph 23 of this Regulation.

33. Altum shall ensure publication of information according to the requirements for publicity measures specified in the Communication from the European Commission of 19 March 2020, Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (2020/C 91 I/01) (hereinafter – the Temporary Framework) and in accordance with the laws and regulations governing the procedures for publishing information regarding the aid provided for commercial activity and for granting and cancelling the right to use the electronic system.

[*13 May 2021*]

33.1Altum shall publish a list on its website indicating all the enterprises which have received a loan within the scope of this Regulation and the amount of loan granted to each enterprise.

[*22 June 2021*]

34. Altum shall ensure recording of the aid and information provided in accordance with this Regulation. Altum shall store the abovementioned information for 10 years from the day when the last aid has been granted within the framework of this Regulation, and, upon a request, shall submit it to the European Commission.

35. Based on the information submitted by Altum, the Ministry of Finance shall, by the deadline specified in the Temporary Framework, inform the European Commission of this measure that is being implemented in accordance with the Temporary Framework, and also shall submit to the European Commission the annual report on the provided aid.

[*13 May 2021*]

**V. Closing Provision**

36. Aid shall be granted:

36.1. in accordance with Sub-paragraph 5.1 of this Regulation – in compliance with the deadline for the provision of aid specified in the Temporary Framework;

36.2. in accordance with Sub-paragraph 5.2 of this Regulation – until expiry of the application period specified in Article 7(4) and Article 8 of Commission Regulation No 1407/2013, Article 7(4) and Article 8 of Commission Regulation No 1408/2013, and Article 7(4) and Article 8 of Commission Regulation No 717/2014.

[*17 December 2020; 13 May 2021*]

Prime Minister A. K. Kariņš

Acting for the Minister for Economics, Minister for the Interior S. Ģirģens

**Annex**

Cabinet Regulation No. 149

19 March 2020

**Loan Interest Rate**

[*24 March 2020*]

The lowest limit for interest rate shall be determined by the European Commission by adding the credit exposure limits indicated in the table based on the type of economic activity and maturity (but not less than 10 basis points) to the base rate published on 1 January 2020.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Type of economic activity | Credit exposure limits for loans with the repayment term of up to one year | Credit exposure limits for loans with the repayment term of up to three years | Credit exposure limits for loans with the repayment term of up to six years |
| 1. | Micro, small and medium sized enterprises | 25 basis points | 50 basis points | 100 basis points |
| 2. | Large enterprises | 50 basis points | 100 basis points | 200 basis points |