Text consolidated by Valsts valodas centrs (State Language Centre) with amending regulations of:

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

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

13 May 2021 [shall come into force on 24 June 2021];

22 June 2021 [shall come into force on 30 June 2021];

21 June 2022 [shall come into force on 28 June 2022].

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. 150

Adopted 19 March 2020

**Regulations Regarding Guarantees for the Enterprises whose Activity 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 the conditions for the provision of aid in the form of guarantees for the enterprises whose activity has been affected by the spread of COVID-19.

2. Guarantees for enterprises shall be granted by *akciju sabiedrība “Attīstības finanšu institūcija Altum”* [joint stock company Development Finance Institution Altum] (hereinafter – Altum) in accordance with the conditions laid down in this Regulation.

3. The following enterprises may receive the aid in accordance with 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 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 the definition specified in Article 2(26) of Commission Regulation No 702/2014.

[*24 March 2020*]

4. Within the meaning of this Regulation, linked enterprises are enterprises who correspond to the definition 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 procedures for issuing guarantees and also the measures for disbursing compensations and reducing losses shall be determined in accordance with the civil contracts concluded by and between Altum and a credit institution or its subsidiary that is registered in Latvia and is entitled to provide financial services in Latvia (hereinafter – the credit institution). Considering the amount of guarantee, the coverage of losses shall be shared between the credit institution and Altum in proportion.

[*17 December 2020*]

6. The financing from the State budget available to Altum for implementation of this programme does not exceed EUR 8 500 000.

[*21 June 2022*]

**II. Financial Services to be Supported and the Amount of the Guarantee**

7. The guarantee shall be granted for the following financial services:

7.1. investment loan;

7.2. loan for current assets, including credit limits (credit lines and overdraft facilities);

7.3. financial leasing, financial leasing limits.

8. Aid shall be granted:

8.1. for the new financial services referred to in Sub-paragraph 7.2 of this Regulation or the existing financial services referred to in Sub-paragraph 7.2 of this Regulation if the credit institution extends the term of operation of these financial service contracts;

8.2. for the existing financial services referred to in Sub-paragraphs 7.1 and 7.3 of this Regulation if the credit institution defers payments of the principal amount for the enterprise for up to two years and, if necessary, extends the term of operation of the financial service contract.

9. The guarantee shall be granted if the enterprise is economically viable and the guarantee 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*]

10. The guarantee shall cover up to 50 % of the outstanding principal amount of the financing.

11. The sum of financial service covered by guarantee shall not exceed 25 % of the total turnover for 2019 of the enterprise whereas the maximum amount of guarantee for one enterprise and the group of enterprises linked thereto shall not exceed EUR 5 million.

[*24 March 2020*]

12. [24 March 2020]

13. [24 March 2020]

14. The term of guarantee shall not exceed six years for the financial services referred to in Sub-paragraphs 7.1 and 7.3 of this Regulation and three years for the financial services referred to in Sub-paragraph 7.2 of this Regulation.

[*24 March 2020*]

**III. Sectors, Activities, and Enterprises not to Be Supported**

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

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

15.2. 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. 2);

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

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

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

15.6. activities with real estate (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);

15.7. development of such real estate which should be registered as a residential house or multi-unit residential house in the State Immovable Property Cadastre Information System.

16. The aid shall not be granted to:

16.1. 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;

16.2. a micro or small enterprise if it concurrently conforms to the following indicators:

16.2.1. 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;

16.2.2. a matter of legal protection proceedings has been initiated, legal protection proceedings are being implemented, insolvency proceedings have been declared thereto at the moment when the aid is granted, or it complies with the criteria specified in laws and regulations so that insolvency proceedings would be applied to him or her upon request of creditors, 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;

16.3. an enterprise who, according to the information available in the database of debtors of taxes (duties) administered by the State Revenue Service, has tax or duty debts the total amount of which exceeds EUR 1000 and to whom an extension of the payment deadline has not been granted 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 issuance of the guarantee letter.

[*13 May 2021*]

16.1 [13 May 2021]

**IV. Guarantee Premium and Conditions for the State Aid**

[*24 March 2020*]

17. The annual rate of guarantee premium shall be 0.5 % of the sum of financial services covered by guarantee. If the term of guarantee exceeds four years for the large enterprises, the annual rate of guarantee premium shall be 1.25 % from the fourth year and until the end of the term of guarantee.

[*24 March 2020*]

18. [24 March 2020]

19. If the State aid requirements laid down in this Regulation are violated, the recipient of the aid has an obligation to repay to Altum the whole amount of the received unlawful State aid 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 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*]

20. 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*]

21. 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*]

21.1 Altum 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*]

22. 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 and, upon a request, shall submit it to the European Commission.

23. 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, and also shall submit to the European Commission the annual report on the provided aid.

[*13 May 2021*]

**V. Closing Provision**

24. Altum shall provide guarantees until the deadline for the provision of aid specified in Section 3.2 “Aid in the form of guarantees on loans” of the Temporary Framework.

[*13 May 2021*]

Prime Minister A. K. Kariņš

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

**Annex**

Cabinet Regulation No. 150

19 March 2020

**Annual Rates of the Safe-harbour Premium**

[24 March 2020]