Belgium COVID-19

Belgium and COVID-19: an Overview of the First Measures

I. Introduction

On 12 March 2020, the Belgian National Security Council announced strict measures to fight the corona

outbreak in Belgium. On 17 March 2020, these measures, which will

last until 5 April 2020, were even tightened up. In general, the Belgian authorities urge people to stay home and require many undertakings to temporarily close their business. As the COVID-19 crisis has an enormous impact on the Belgian economy, several Belgian

DOI: 10.21552/estal/2020/1/14

authorities have adopted measures to aid the affected businesses.

In this short contribution, we highlight some of these measures. As will be discussed, most of these measures fall outside the scope of EU State aid law given their general availability. However, as this matter evolves on a daily basis, it is not possible to provide an exhaustive and final overview of all measures. It is indeed expected that the Belgian authorities will adopt more measures to fight the impact of this unprecedented crisis. It is recommended to consult the websites of the Belgian federal government and the Belgian regions.¹

II. Measures of the Belgian Federal Government

The federal government has adopted several social and tax aid measures. These measures are in principle available to all undertakings and, therefore, fall out of the scope of EU State aid law. For example, undertakings that can demonstrate that they are economically affected by the COVID-19 crisis can request a repayment plan for their taxes, such as personal, corporate and legal person income tax, VAT and withholding tax, without having to pay any fine or interest for the late payment.

Moreover, the federal government has decided that all undertakings can make use of the system of 'temporary unemploy-

ment'. As a result, if an undertaking closes due to the corona outbreak it no longer has to pay their employees. Instead the National Employment Office will pay the employees around 70% of their salary.

Furthermore, in order to safeguard funding for undertakings, the Belgian federal government, the National Bank of Belgium and the financial sector have agreed to set up a two pillared guarantee scheme. First, the financial sector undertakes to grant viable, non-financial undertakings that face liquidity problems as a result of the COVID-19 crisis, postponement of payment of their loans until 30 September 2020 without any charge. Second, the federal government will set up a guarantee scheme for all new loans with a maximum duration of 12 months that are granted up to and including 30 September 2020 to viable non-financial undertakings.

Upon the expiry of this scheme, which will amount up to €50 billion, the federal government and the financial sector will assess the suffered losses. The burden-sharing of these losses will be as follows:

- the first 3% of losses will be borne entirely by the financial sector.
- for losses between 3% and 5%, 50% of the losses will be borne by the financial Sector and 50% by the Belgian state.
- for losses higher than 5%, 80% of the losses will be borne by the

Belgian state and 20% by the financial sector.

However, the parties are still discussing the final details of this agreement. As state resources may be involved, the Belgian State will possibly have to notify this guarantee scheme to the European Commission.

III. Measures of the Regional Governments

Belgium is a federal state divided into communities and regions. The latter enjoy important economic competences, such as economic development and agriculture. Therefore, various measure were also taken on this level. We will discuss only some of these measures.

On 15 March 2020, the Flemish Government decided that all undertakings that had to close their business because of the lockdown measures will be entitled to a premium of €4,000. If they still have to close their business after 21 days after their first day of closure, they will receive €160 per extra mandatory closing day. Undertakings that have to close during the weekend are entitled to €2,000 and will receive the same premium of €160 per extra closing day. In its decision, the Flemish government explicitly refers to the European Commission's De Minimis Regulation, which allows states to grant aid up to €200,000 over three consecutive fiscal years to single undertakings.

Furthermore, the Flemish government decided to postpone the collection of several taxes. For example, it announced that the real estate tax will be collected in autumn 2020 instead of spring 2020.

¹ The Belgian federal government (<<https://www.info-coronavirus.be/>>); the Flemish Region (<<https://www.vlaio.be/nl/subsidies-financiering/corona-hinderpremie>>) and <<https://www.vlaanderen.be/gezondheid-en-welzijn/gezondheid/coronavirus-covid-19>>); the Walloon Region (<<https://www.1890.be/article/coronavirus-quelles-mesures-pour-leconomie-et-lemploi-en-wallonie>>); and the Brussels-Capital Region (<<https://bps-bpv.brussels/nl>>).

This measure, which is available to all undertakings, should prevent undertakings for having liquidity problems. The government also decided to relax the conditions for undertakings to receive financing from the *Participatiemaatschappij Vlaanderen*, a public investing company.

The Brussels-Capital Region has also adopted several measures to fight the corona outbreak. For example, it decided that undertakings that were required to close as a consequence of the lockdown measures can ask for a premium of €4,000. Moreover, the Region abolished and waived several taxes, amongst others the city tax (for the first half of 2020) and the tax on the operation of taxis. Moreover, finance&invest.brussels, the Brussels regional investment company, will help undertakings in need, for instance, by granting low-interest loans to bars and restaurants with more than 50 employees. In general, the Regional government has called on all its ad-

ministrations, institutions and municipalities to show solidarity, in particular by deferring rents.

The Walloon government will pay €5,000 to undertakings that are active in certain sectors, such as tourism, restaurants, travel agents and retail, and had to completely close their business due to the lock down. In its decision the government considers this to be de minimis aid. Other undertakings, such as hairdressers, are entitled a premium of €2,500. Moreover, the Walloon water company will accept payments plans for Walloon undertakings that face liquidity problems. Moreover, the Walloon authorities will offer loans for an amount up to €200,000 with a deductible repayment of 1 year and a fixed interest rate of 2%. Lastly, also the Walloon investment companies will offer financial assistance at advanta-

geous conditions to undertakings in need.

IV. Conclusion

Unlike other Member States, the European Commission has not yet adopted a decision on any Belgian aid measure. After all, most of the Belgian measures are available to all undertakings or are subject to de minimis rules and therefore fall out of the scope of EU State aid law. However, due to the severity of the COVID-19 crisis and its large-scale impact on the Belgian and European economy, it is expected that the Belgian authorities will have to adopt other (even more) far-reaching aid measures. Most likely, the European Commission will eventually be involved.

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