

Notwithstanding confusing approaches taken by various governments around the world vis a vis the trajectory of their own statistics and then how they interpret them (let alone the basis or reliability of the stats in the first instance), the official direction forward in Poland is becoming clearer. Whilst the government has outlined its 'back of the fag packet' approach as we outlined yesterday, the government and industry are starting to agree the reality of how to govern practicalities of individuals reintegrating with the rest of the herd and get commerce trickling then flowing.

An oft heard term early in the Covid-19 crisis, was the need to develop "herd immunity" by deferring lockdown as long as possible. That rhetoric quickly gave way to "lock down and flatten the curve". Both are to some degree mutually exclusive and yet we have still to face the unrealized realities of both strategies. As we unlock our shops and the community of individuals simultaneously, how in practical terms do we now balance reviving the economy with protecting individual health but simultaneously allowing herd immunity to develop (let's not even talk about second infection stats yet)?

Following last evening's theme, how do we plan for the possible outcomes? In short, we are in the eye of the storm – a time to plan for contingency that we didn't have time to consider when the unexpected hit. We now have some vision and predictability, we have some certainties (good and bad), but as a result we can plan to be a Survivor, which reminds me of their great hit [Eye of the Tiger](#).

Planning is underway for the unlockdown and beyond. Have a great weekend

**17 April 2020**

## **GOVERNMENT / STATE NEWS**

**ACS 1.1** after further proposed amendments from Senate, has been partly approved by Sejm and now goes to the President. The Senate has proposed change to 15ze point which refers to lease agreements in the shopping centre, however Sejm has rejected the amendment so there are no changes in terms of lease agreements in shopping centres.

### **ACS 1.1. main changes:**

- Business and Employment
  - Self-employed can apply for exemption from ZUS contributions despite the income level
  - Business up to 50 employees can apply for partial exemption from ZUS contributions
  - Farmers on quarantine will get PLN 1,300
  - Lay-off pay for self-employed for 3 months
  - State's support also available for companies opened between 1<sup>st</sup> Feb to 1<sup>st</sup> Apr
  - Abolishing the taxation of companies' income from loan cancellations
  - the list of urgent matters is expanded to include restructuring applications and the conclusion of an arrangement at the meeting of creditors by a person not conducting economic activity
  - suspension of the 30-day deadline for filing for bankruptcy if the plaintiff arose during an emergency or an epidemic
  - Changes in micro loans
  - In order to combat the COVID-19 epidemic, it is permissible to: limit uninterrupted daily rest, conclude an agreement on the introduction of an equivalent working time system, conclude an agreement on the use of less favourable employment conditions for employees than those resulting from employment contracts concluded with these employees, to the extent and for the duration agreed in agreement;
  - Health & Safety trainings can be done on-line

- Changes in co-financing for employees' salaries
- Real estate tax exemptions includes now non-profit organisations
- Changes in CIT and transfer pricing documentation - The deadline for preparing local transfer pricing documentation and the deadline for submitting a statement on the use of market prices for entities whose tax year or fiscal year started after December 31, 2018 will be extended until September 30, 2020. and ended before December 31, 2019.
- PIT: 1 percent you could donate in your tax return filed by June 1, 2020 or in a correction of that tax return filed by June 30, 2020
- Introducing the possibility of renegotiating the terms of a bank loan
- Allowing remote participation of investment fund participants in the gathering
  
- State and Local Authorities
  - enabling local governments to make decisions using electronic channels
  - disclose the data collected on the insured's account to the representative of the Prime Minister competent for analysis
  - the government may decide to reduce employment or reduce the remuneration of civil servants, including appointed officials, as well as cleaners and drivers
  - during the period of epidemic emergency or epidemic status, of certain provisions of the Electoral Code when conducting general elections for the presidency in 2020
  - Possibility to transfer a local government employee to a social assistance unit
  - Extended power of voivodes
  - The Special Act changed the deadline for paying the annual perpetual usufruct fee to 30 June 2020.
  - Possibility of exemption from property tax of non-profit organisations
  - There will be no suspension and suspension of works on study, local planning
  - The scope of entities obliged to provide access to information resources in the central repository of public information has been expanded to include local government units
  
- Civil and Other
  - extension of the term of office of the sports union authorities to a maximum of 30 September 2021, which would expire by 30 June this year
  - hybrid shipping change: the draft clarifies that delivery of a parcel may take place by means of electronic communication, if the addressee agrees to it and authorizes the operator designated to collect registered parcels for processing and delivery in the form of electronic documents to the recipient's electronic mailbox
  - telecommunications operators will be obliged by law to provide the minister competent for computerization with location data, covering the period of the last 14 days, of persons who have been subject to quarantine
  - Restriction of eviction not for perpetrators of violence
  - Final degree presentation and exams can be done remotely
  - Prolongation of higher education students ID card validity
  - Easing in obtaining material student assistance
  - Suspension of student loan instalments
  - Introduction of unlimited access to "public" websites in mobile services
  - Launch of the Broadband Fund as early as 2020 (instead of 2021)
  - Entering the property (which is a subject to telecom, water, gas etc. infrastructure) with police assistance when the owner refuses
  - Acceleration of procedures for the construction of portable free-standing antenna masts
  - Granting of an occupancy permit submitted before the date of entry into force of the amendment, if no permit decision is issued, it shall be treated as a notice of completion of construction

- Allowing schools to be equipped with computer equipment and other multimedia devices
- Electronification of submitting documents to the National Health Fund
- Extension of deadlines for the implementation of obligations by citizens, including regarding vehicle owners, drivers or train drivers

Poland's Harmonised Index of Consumer Prices (**HICP**) rose by 3.9 percent year on year in March 2020, down from the 4.1 percent growth in the previous month.

According to Poland's Central Statistical Office (**GUS**), prices of consumer goods and services increased by 4.6 percent year on year in March 2020 and by 0.2 percent month on month.

**Wig20 +1,73%** (update: 17:15 CET)

## INDUSTRY

The opening of shopping malls is also planned for the **3<sup>rd</sup> stage**, the date remains unknown.

At the moment Landlords and Tenants are working on **common position** on the solution to the current crisis.

*Covid-19 disruption exposes the weakness of the open-end fund model. Suspensions and redemptions for many open-end property funds have reignited debate over the product's viability for the private real estate sector. [...]*

*PERE reported last week about AEW's decision to establish a gate on the AEW Core Property Trust, a \$9.5 billion GAV US-focused vehicle, halting withdrawals as well as incoming capital. AEW is not alone. At least seven UK property funds suspended trading as early as mid-March amid the deepening market volatility caused by coronavirus. [...]*

*How open-end core funds emerge from this crisis will determine their suitability as a REIT substitute or alternative for some investors. Their defenders herald how they come without the higher volatility of a listed product. Those defending open-end funds also believe investors seeking long-term investments do not time the market. For such investors, investing in income-generating assets via private funds will remain an attractive proposition. But that evergreen argument will do little to stop the naysayers casting doubt on the model in times of crisis.*

## RETAILERS AND SMALL BUSINESS MATTERS

**CENTRAL REGISTRATION AND INFORMATION ON BUSINESS** (as per 17.04.2020):

Number of registered business activities 422

Number of resumed business operations 434

Number of suspended economic activities 510

Number of closed economic activities 205

## CIVIL NEWS AND REACTIONS

Epidemiological status in Poland data from 17:00 CET on 17.04.2020

Number of confirmed cases SARS-CoV-2: **8,214**

Number of fatalities: **318**

Number of recoveries: **866**

## OTHER

### EUROPE

- Booking.com has sought Dutch government support after its bookings plummeted 85 percent compared to a year ago. The company is asking for help in paying the salaries of its 5,500 employees as the severity of the impact of the coronavirus on the tourism sector becomes clearer

- Austrian Airlines (the Lufthansa subsidiary) has extended the period during which it will leave its plane on the grounds by two weeks until May 17
- Germany says its outbreak is under control, with each carrier of the virus infecting less than one other person on average

## WORLD

- China has revised its official death toll from the novel coronavirus, raising the number of fatalities attributed to the pandemic by more than a third
- Chinese economy shrinks for first time in decades due to virus impact (GDP fell by 6.8 percent in the first quarter of 2020)
- Economic growth in sub-Saharan Africa is forecast to fall sharply in 2020 and the region will suffer its first recession in 25 years, according to a World Bank report
- Saudi Arabia has declared a two-week ceasefire in Yemen over coronavirus
- US oil prices plunged another 13% Friday, breaking below \$18 a barrel. At one point, crude dropped to \$17.33 a barrel -- the weakest price since November 2001
- Brazil's Science and Technology Minister Marcos Pontes has announced that the country will begin tests using a drug that showed a reported 94-percent effectiveness rate against Covid-19 during in vitro tests

## FINALLY

Today we have some math/logic riddles that will leave you stumped! Answers to be provided early on Monday at the latest 😊

1. If a hen and a half lay an egg and a half in a day and a half, how many eggs will half a dozen hens lay in half a dozen days?
2. You have two ropes coated in an oil to help them burn. Each rope will take exactly 1 hour to burn all the way through. However, the ropes do not burn at constant rates—there are spots where they burn a little faster and spots where they burn a little slower, but it always takes 1 hour to finish the job.  
With a lighter to ignite the ropes, how can you measure exactly 45 minutes?
3. You have a glass of water that looks about half full. How can you tell, only using the glass of water itself, if the glass is half full or not? The glass is a right cylinder.

**Prof: Why are you late?**  
**Me: Traffic**  
**Prof: But it's an online class!**  
**Me: Yes, network traffic**  
**Prof:**

