

## **RECOMMENDATIONS FOR SUPPORT TO THE CONSTRUCTION INDUSTRY, INFRASTRUCTURE DEVELOPMENT AND TRANSPORT DURING COVID-19**

**NALED's Alliance for Property and Urban Development** formulated 20 recommendations to support the construction and infrastructure and transport sectors in early April, with a view to recovering these vulnerable activities and mitigating negative effects of the COVID-19 epidemic.

Key measures include extending the validity of construction permits, organizing the emergency services' operation and the functioning of CEOP (the procedure for implementing an integrated electronic permits issuing procedure), deferring payment deadlines for taxes and contributions and implementing safety measures for workers at construction sites.

### **#1 EXTEND THE VALIDITY OF CONSTRUCTION PERMITS**

#### **Line Institution: Ministry of Construction, Transport and Infrastructure**

Extend the validity of all construction permits issued for 6 months for the following reasons:

- due to the state of emergency, investors are not able to make one-time contribution payments for the construction site preparation, and therefore the construction work registration (which expires three years from the validity date of the decision granting the construction permit);
- due to the state of emergency, investors are not able to obtain an occupancy permit for the building (which expires five years after the validity date of the decision granting the construction permit, especially to those who do not meet the requirement for the decision granting the valid building permit to remain effective two years after the expiry of the five-year deadline);

Optionally, specify by an appropriate Ministry's act that during the state of emergency there are no deadlines regarding the construction permits validity, due to the inability to carry out construction work according to the planned activities due to the state of emergency and curfew. The deadlines for issuing documents are not subject to delays, as state bodies continue to work during the state of emergency.

### **#2 ORGANIZE THE ACTIVITY IMPLEMENTATION SERVICES' WORK THROUGH CEOP**

#### **Line institution: Ministry of Construction, Transport and Infrastructure, Business Registers Agency**

Since access to the CEOP system is possible for line institution's employees both from work of and from home, the line institutions should be instructed to organize the work in this way by a Ministry's conclusion. At the same time, establish a MCTI Contact Center for the purpose of normalizing work in CEOP.

### **#3 EXTEND DEADLINES FOR CONTRIBUTIONS PAYMENT UNTIL THE END OF THE STATE OF EMERGENCY**

#### **Line Institution: Ministry of Construction, Transport and Infrastructure**

Extend the deadline for contribution payments for the construction site preparation, as well as construction site preparation fees, so as to allow deferred payment until the date of expiry of the Decision on the State of Emergency of 15.03.2020. to assist investors in maintaining liquidity at a time of declared state of emergency who suffer losses due to a reduced scope of activities.

### **#4 PROVIDE INSTRUCTIONS ON WORK ORGANIZATION AND SAFETY IN THE CONSTRUCTION INDUSTRY DURING THE EPIDEMIC**

#### **Line Institution: Ministry of Economy**

Adopt an instruction from the line ministry for all companies whose employees do not work from home, that they are obliged to provide their employees with protection equipment, hygiene and disinfectants sufficient to achieve maximum safety at work and to train them that it is necessary to work properly during the pandemic. In the event of a violation of work rules during the pandemic, the employee will be held responsible for breach of work discipline, while the employers will be held responsible for the breach if they did not provide protective equipment and did not inform the workers of precautionary measures to reduce the possibility for employees to become infected (pay special attention to activities where close contact is necessary, such as with construction workers). The instruction should make it clear that bans on gatherings of more than 5 people indoors need not be enforced on the ground in exceptional circumstances (eg construction sites), so as to avoid any concerns regarding employment of construction site workers when more than five people are required for doing a specific job, which is often the case, with respect for distance.

At the same time, in addition to the instruction manual for indoors, it is necessary to prepare an instruction manual for outdoor work. It is necessary to define the terms "indoor work" and "outdoor work" from the construction site's aspect and establish a work procedure for workers on the construction site, outdoors and indoors (in terms of a building under construction), where it is common and inevitable for more than two people to be in close proximity, and where it is not possible to establish a recommended distance of 2 m.

It is necessary to make a distinction regarding the indoor ventilation type, so that the indoor work where there is central air-conditioning is a high risk of spreading infection, while the work in closed spaces that are under construction and where there is no ventilation or where air conditioning is done by a free circulation of air and does not present a high risk, rather a medium to low risk of spreading the infection. It should be taken into consideration that, as a rule, there are multiple people at a construction site, as well as the fact that more than 100 people can be found at one site at a time (day).

### **#5 INTRODUCE INSTRUCTIONS FOR THE PROCESS OF PUBLIC PROCUREMENT PROCEDURES**

#### **Line Institution: Ministry of Finance**

Introduce an instruction on the implementation of the Law on Public Procurement and publish public procurement procedures rules during the state of emergency in the construction sector on how to end already announced procurement and how to implement new ones.

## **#6 ENABLE DEFERRED PAYMENT OF CONTRACTED LIABILITIES**

**Line Institution: Ministry of Finance, Ministry of Construction, Transport and Infrastructure**

Deferred payments should be made possible in certain sectors:

- Procurement of construction materials with deferred payment to the state in order to avoid deadlock due to a lack of materials or inability to pay regularly, that is, access to funding sources on favorable terms;
- Deferred payment of all energy sources (diesel, gas, electricity and other) to the state for obligations received from March 15, 2020 until the end of the state of emergency;
- State aid to transport companies engaged in the public transport of passengers and deferring payment of liabilities to fuel suppliers.

## **#7 DEFER PAYMENT OF TAX LIABILITIES**

**Line Institution: Ministry of Finance**

- Extend the deadline for filing tax return in accordance with the Law on Property Taxes from March 31 until the end of the state of emergency;
- Extend the deadline for paying property taxes until the end of the state of emergency and reestablishment of business operations;
- Freeze liabilities and possible debts for the calculated VAT from the previous period, starting with the state of emergency and enable its repayment in installments after the end of the state of emergency (income tax for 2019, monthly income tax advance payments);
- Enable the VAT payment upon receipt of payment, instead of the present obligation to pay based on the invoice issued, due to evident delays and payments deferred until the end of state of emergency that the state will apply, above all;
- Provide lighter conditions and additional possibilities for delaying payment of all taxes in relation to existing solutions foreseen by the Law on Tax Procedure and to the Tax Administration during the state of emergency and crisis.

## **#8 ENSURE THAT DEADLINES ARE MET IN THE PROCESS OF CONNECTING TO ELECTRICITY**

**Line Institution: Ministry of Mining and Energy, Ministry of Construction, Transport and Infrastructure, Business Registers Agency**

The compliance issue regarding deadlines in the integrated procedure (CEOP) by the Electric Power Industry of Serbia Distribution System Operator, due to the priority tasks of ensuring orderly delivery of electricity, reduced number of employees, since some employees work from home, and it causes a delay in obtaining approval from their superiors. It is necessary to ensure the flow of information between the line institutions in the process of connecting to electricity and obtaining documentation through CEOP and to ensure that deadlines are met.

## **#9 PROVIDE FINANCIAL SUPPORT TO LOCAL GOVERNMENTS**

**Line Institution: Ministry of Finance, National Bank of Serbia**

- Approve interest-free loans to municipalities and cities for the completion of infrastructure work stopped by the virus pandemic;
- Enable deferred payment of overdue liabilities for approved special purpose loans and/or to approve repayment by installments to banks in the field of construction.

## **#10 PROVIDE SOFT LOANS FOR BUSINESSES TO MEET BASIC COSTS**

**Line Institution: National Bank of Serbia**

Approval of new solvency loans to business entities for financing salaries, overheads and other basic operating expenses (excluding credit liabilities to commercial banks and other financial institutions) in cooperation with commercial banks.

## **#11 INTRODUCE A NEW BANKING PRODUCT FOR THE CHAMBER OF SMALL AND MEDIUM-SIZED ENTERPRISES**

**Line Institution: National Bank of Serbia**

Introduce a new banking product to help the most affected business category, financial instrument "COVID-19 loans" for working capital for small and medium-sized legal entities and entrepreneurs.

With the introduction of a new banking product, businesses would receive funding from commercial banks much faster, because the approval procedures would be uniform, the NBS's control would be directed to a special banking product that would be limited in time in accordance with its purpose.

## **#12 REGULATE THE QUESTION OF ANNUAL LEAVE**

**Line Institution: Ministry of Labour, Employment, Veteran and Social Affairs**

Extension of the use of the 2019 leave until the end of 2020 for all employees in the construction, infrastructure and transportation sectors, so that the employer has an obligation, not just the ability to allow employees to use last year's leave by the end of 2020.

## **#13 ENABLE TRUCKS TO PASS FASTER AT BORDERS**

**Line Institution: Ministry of Economy, Ministry of Construction, Transport and Infrastructure**

- Enable goods to pass faster and more easily through state borders where it is physically possible, in cases of import and export of scarce goods and foodstuffs, so that there is one less lane for passenger vehicles, since passenger traffic is significantly less during the pandemic. In this way, we would provide one fast lane for trucks carrying scarce goods, while reducing the congestion for other trucks not carrying scarce goods.
- Adopt a special guide/recommendations for haulers and transport companies for a smooth transport of goods (local transport, import/export).

- Provide the necessary documentation and protective equipment to drivers, as well as specific procedures they must follow to enable them to be exempted from mandatory quarantine and to be able to perform regular work. It should be taken into consideration that driver services are scarce not only in our market, but beyond.

#### **#14 ENABLE EMERGENCY PAYMENT OF LIABILITIES OF THE STATE**

##### **Line Institution: Ministry of Finance**

- Urgently settle of liabilities and arrears to beneficiaries of funds for significant infrastructure projects, which will enable the continuation of work on their realization and business financing for all participants in the chain that are involved in those projects;
- Immediate payment of liabilities of public companies to business entities.

#### **#15 INTRODUCE SPECIAL WORK PERMITS DURING THE CURFEW**

##### **Line Institution: Ministry of Economy, Ministry of the Interior**

Introduce special work permits (or exemptions from the order) for carriers in the international transport of goods, as well as for other workers who are unable to renew their movement permit on a daily basis.

Alternatively, it is necessary to allow employees who work during the curfew to have their special work permit sent to their cell phone so that it is valid in the case of controls.

#### **#16 FREEZE BANKING PRODUCTS AND SERVICES PRICE LIST**

##### **Line Institution: Ministry of Finance, National Bank of Serbia**

Freeze interest rates and banking services at pre-emergency state level at least 90 days after the end of the state of emergency. In order not to raise them, since there will be a large number of applications for loans and guarantees from citizens and businesses after the state of emergency, and banks could, in case of a prolonged state of emergency, increase prices of their services and products out of fear for their solvency, which would be a double blow for clients, on the one hand by declining profits, and on the other by expensive banking products.

#### **#17 ECONOMIC SUPPORT MEASURES TO INCLUDE MARKET FUNDED PUBLIC**

##### **Line Institution: Ministry of Finance**

Economic support measures should also cover public transport that are exclusively market funded (as well as private companies). We suggest that support for these businesses should be the same as for non-public company.

#### **#18 PARTIALLY COMPENSATE THE MOST VULNERABLE TRANSPORT COMPANIES' LOSSES**

##### **Line Institution: Ministry of Finance**

The proposal is to compensate carriers whose average monthly revenue dropped more than 50% in 2019, and who have not made more than 10% of employees redundant in the period after March 15, to compensate for losses of 40% of monthly revenue in the same month last year.

**#19 INTRODUCE TAXES AND CONTRIBUTIONS EXEMPTION TO THE MOST VULNERABLE SECTORS**

**Line Institution: Ministry of Finance**

We propose exemption from the obligation to pay taxes and contributions on the employees' income in the most vulnerable sectors (transport, tourism, construction) for a period of 3 months (beginning in March 2020), or during the period of the state of emergency.

**#20 REPUBLIC AND LOCAL TAXES AND PARAFISCAL FEES EXEMPTION**

**Line Institution: Ministry of Finance, local government units**

The proposal is that the most vulnerable sectors (transport, tourism, construction) are not subject to the obligation to pay taxes and parafiscal levies at the national and local levels during the state of emergency in the Republic of Serbia.