Package of measures to combat the impact of coronavirus on companies

(Current as at: 21 October 2020)

I. Equity, loans and guarantees

1. Coronavirus bridging assistance II for small and medium-sized companies

Small and medium-sized companies that are continuing to suffer significant losses in turnover due to total or partial shutdowns or restrictions related to the COVID-19 pandemic were able to claim bridging assistance I for the period from June to August 2020 to ensure their economic survival. Bridging Assistance I ended on 31 August 2020.

Bridging Assistance II covers the funding months of September to December 2020. Applications for Bridging Assistance II can be made as from 21 October. Applications for grants towards operational fixed costs can be made by compa-nies, organisations, own-account workers, freelancers, and non-profit companies and organisa-tions irrespective of their legal form, provided that they have been affected and are operating on the market on a permanent basis (e.g. youth education centres, external vocational training centres, family holiday facilities). The scheme is designed to take into account the severity of the impact that COVID-19 has had on the applicant: a particularly severe loss in turnover will lead to a higher share of the operational fixed costs to be covered by the grant.

The key elements of and changes in Bridging Assistance II at a glance:

- Duration of Bridging Assistance II: September to December 2020

- Eligibility criteria: focus on hard-hit companies provided that they do not qualify for aid from the Economic Stabilisation Fund. The programme applies across all sectors, but takes into account the particularities of the hardest-hit sectors. In principle, applica-tions can be made by companies of all sizes and by freelancers engaging in a full-time oc-cupation in any sector (including primary agricultural production) who fulfil at least one of the following two criteria:
  - Fall in sales of at least 50% in two consecutive months in the period April to Au-gust 2020 compared to the respective months in the previous year.
  - Average fall in sales of at least 30% in the months April to August 2020 com-pared to the same period in the previous year.
    (Previously: combined loss in turnover of at least 60% in April and May 2020 compared to April and May 2019 (or in the case of newly registered companies: November/December 2019); persistent loss in turnover of at least 40%)

- Grant: Monthly reimbursement of fixed costs to the amount of:
  - 90% of the fixed costs for those having lost more than 70% of their turnover
  - *(previously 80% of fixed costs)*;
  - 60% of the fixed costs for those having lost between 50% and 70% of their turnover
  - *(previously 50% of fixed costs);*
  - 40% of the fixed costs for those having lost more than 30% of their turnover *(previously: for those having lost more than 40% of their turnover)* for the month for which the application is made compared to the same month in the previous year.

  It goes without saying that this does not change the principle that the higher the loss in turnover, the higher the grant.

- Maximum amount of funding: €50,000 per month, up to a maximum of €200,000 for four months. The threshold for SMEs (i.e. a maximum of €9,000 for companies with up to 5 employees, and of €15,000 for companies with up to 10 employees) does not apply.

- Under the bridging assistance instrument, personnel costs are reimbursed as a lump sum. This will be increased to 20% (of the eligible fixed costs) *(previously 10%)*.

- The scheme is managed by the Länder with the help of the tax advisers, auditors or law-yers and using a fully digitised procedure.

- In the future, recipients of funding may be liable to make supplementary payments/be able to make reclaims in line with the final account *(no obligation to make supplemen-tary payments in the case of bridging assistance I).*

The application platform, which provides comprehensive details on the new bridging allowance (including FAQs), can be found at https://www.ueberbrueckungshilfe-unternehmen.de/.

The bridging assistance is a grant to partially offset declines in turnover as a result of the coro-navirus pandemic suffered in the months June to August (1st phase) and September to December (2nd phase). It follows on from the ‘immediate assistance’ support which was open to more than 2 million small companies and self-employed persons up to 31 May 2020, with over €13 billion of funding being approved in total.

2. Loans

a. KfW Special Programme 2020

A KfW Special Programme for 2020 was launched on 23 March 2020. No limit has been set for the funds that will be made available under this Programme. The Special Programme is accessible to commercial companies of all sizes and freelancers. There are two versions, one for young companies up to five years into their existence (ERP Start-up Loan – Universal) and one for companies that were established more than five years ago (KfW Entrepreneur Loan). The criteria for the programme have since been further improved. Lower interest rates and simplified risk assessment by KfW for loans of up to €10 million are helping to further ease the burden on businesses. Furthermore, KfW has once again streamlined its processes and procedures so as to speed up the payment of loans via the highstreet banks. This improved framework for the programme has become possible thanks to the European Commission’s Temporary Framework on State aid.

In more specific terms, this means the following:

- **easier access** to low-interest loans for companies of all sizes and freelancers, provided that they have found themselves in temporary difficulties as a result of the coronavirus crisis;

- **expansion of the programme to commercial enterprises of all sizes and freelancers;**

- **expedited processing of applications:** for loan amounts of less than €3 million, the risk assessment is carried out by KfW instead of the highstreet banks; For loans of no more than €10 million, simplified risk assessment procedures can be applied;

- **improved terms and conditions:**
  - KfW takes over more of the risk by granting a 90% release of reliability for small and medium-sized companies (with up to 250 employees; max. annual turnover of €50 million or a max. balance sheet total of €43 million), and an 80% release of liability for large companies (even those turning over more than the previous threshold of €500 million);
  - a maximum loan volume of €100 million (higher loan volumes can be provided via syndicated loans);
  - interest rates are guided by the developments on the capital market and currently stand at between 1% and 1.46% p.a. for small and medium-sized companies and at between 2% and 2.12% p.a. for larger companies.

In mid-April, the loan duration was increased from five to six years in general and to up to ten years for loans of no more than €800,000.

Furthermore, the **KfW 'direct financing for syndicated loans' Special Programme** allows large consortiums to borrow, with KfW assuming part of the risk. Under that programme, KfW now assumes up to 80% of the risk associated with a project, up to a maximum of 50% of the overall debt risk. The share of risk borne by KfW must be at least €25 million and is capped at 25% of the annual turnover posted in 2019 or at double the amount of the wage costs for 2019 or at the current need of financing for the next twelve months.

The Special Programmes have been set up for companies that are experiencing temporary financing difficulties resulting from the coronavirus crisis. In specific terms, this means that all companies that were not in financial difficulty as of 31 December 2019 can apply for a loan.

b. KfW Quick Loan 2020

In addition to the KfW Special Programme and until the end of 2020, **loans for equipment and investments** (not for debt restructuring or accessing credit lines) are also available to small and medium-sized enterprises. The loan sums must not exceed 25% of the company's turnover in 2019. **A 100% release from reliability is granted.** The following categories of thresholds apply:

- 10 to 50 employees max. loan of €500,000 and

- over 50 employees a max. loan of €800,000.

Unlike in the case of the KfW Special Programme, loans are provided on the basis of historical data. The highstreet bank will verify that the company was not in financial difficulty as of 31 December 2019, look at its combined turnover and profits for the 2017–2019 period or for 2019 (if the company is new on the market), and check the number of employees. As the highstreet bank is fully released from liability, it will not carry out a risk assessment. In the interest of **providing the loan quickly**, KfW will also not conduct a risk assessment. The banks must not request that collateral be provided.

A uniform interest rate applies (currently 3%); it is guided by overall developments on the loan market and is set on the day of the loan approval. No prepayment penalties apply if the loan or parts thereof are repaid early. The recall period is one month after approval; there is no formalisation fee. The loan is repayable in equal instalments and within ten years. A grace period of up to 2 years can be agreed.

Please note: It is not possible to apply for a KfW Quick Loan and other KfW loans at the same time. Similarly, any cumulative financing combined with the instruments from the Economic Stabilisation Fund and the extended coronavirus programmes offered by the guarantee banks is also excluded (ban on cumulative aid). This does not apply to grants offered by the Federation or the Länder as part of their Immediate Assistance programmes.

c. ‘KfW Investment loan for municipal and social enterprises’

Up until 31 December 2020, municipal and social enterprises can now access KfW’s own KfW Investment loan for municipal and social enterprises (IKU, 148) also to finance equipment. The set loan period for this type of loan is 4 years. When applying for this programme, please indicate ‘other measures: healthcare’ as the purpose for which the loan is to be used.

d. Better framework for programmes launched by the promotional banks of the Länder

On 3 April 2020, the European Commission gave its approval to an extension of the existing low-interest loan schemes. This means that the Länder can now also roll out their own loan programmes with the same positive conditions that have already been approved for the KfW Special Programme, so that companies will be able to access cash quickly and at a low interest rate.

e. KfW special loan programme ‘global loans to Länder promotional institutes for the support of non-profit organisations’

On 3 June 2020, the Coalition Committee decided to support the Länder in their efforts to stabilise non-profit organisations. For this purpose, the federation created a special loan programme administered by KfW, and provided €1 billion for this. This federal funding is to be used make it possible for the Länder promotional institutes to be released from 80% of their liability for their own loan programmes to support non-profit organisations. This puts the Länder in a position where they need to provide only a limited amount of resources of their own to be able to release non-profit organisations taking out a loan from up to 100% of their liability. This special loan programme is accessible to youth hostels, family holiday facilities, education centres for young people and families, providers of political education, et cetera.

3. Expansion of guarantee schemes

Guarantees for the financing of equipment and investments (**loans, current account credit lines, bank guarantees, lease financing**) can now be extended to companies whose business models were viable up to the beginning of the crisis. Applications for guarantees for sums of up to **€2.5 million** (up from €1.25 million) are processed by the guarantee banks. The back-to-back guarantees for the guarantee banks have been increased. In principle, the guarantee programmes are **open to all industries** and, most importantly, also target small and medium-sized enterprises. Micro enterprises and own-account workers can also receive support.

Greater scope has been provided by the Federation to speed up the process for **small-scale guarantees**. It is up to the Länder to make use of these possibilities:

- For guarantees of l**ess than €250,000**, the Federation has granted the guarantee banks **scope to decide themselves**, so that decision processes can be reduced to three days. This now also applies to decisions about temporary suspensions of payments, deferrals, and extensions of repayment periods.
  Small companies were given further help at the end of May with accessing loans of up to €250,000. The system offers two versions:
  - **Version A** permits the granting of guarantees amounting to 90% of the financing to the company's highstreet bank, with a 100% back-to-back guarantee to the guarantee bank. In this version, the 100% back-to-back guarantee granted to the guarantee bank means that very lean procedures and thus very rapid approvals (on the same day) are possible.
  - **Version B** permits the granting of guarantees of 100% of the financing to the company's bank, with a 90% back-to-back guarantee to the guarantee bank. This version opens up possibilities for customers whose bank finds it difficult to assume a risk on its own account. Credit lines for current accounts can be increased at short notice.

For guarantees up to €2.5 million, companies can also use the Financing online portal of the guarantee banks to enquire about financing quickly and free of charge.

In regions that are structurally lagging behind and where **guarantee sums of €20 million or more are required**, the Federation provides 50% of the guarantee under a **Large Guarantees scheme**. In the face of the crisis, this scheme has now been opened up for **companies based outside regions that are structurally lagging behind**. Under the scheme, the Federation provides guarantees for equipment financing and investments **if the need for a guarantee is €50 million or more**. Guarantees will be **capped at a maximum of 90% of the loan risk**, which means that the company's high street bank will have to shoulder at least 10% of the risk. Further information can be found here.

The Länder are responsible for guarantees of between €2.5 million and €20 million (structurally weak regions) and €50 million (other regions).

4. Supporting startups during the crisis (1 April 2020) (€2 billion)

In principle, startups can access all of the aid measures that are part of the coronavirus support package. But traditional loan instruments often fail to meet the needs of startups, young tech companies and small Mittelstand companies. In most cases, their young age and usually highly innovative business models prevent them from meeting the highstreet bank's requirements for a loan. The €2 billion package of measures therefore addresses start-ups and small enterprises with sustainable business models. The package of measures is based on two pillars:

Pillar 1: Corona Matching Facility

KfW Capital and the European Investment Fund are providing additional public funding to private venture capital funds via the newly established Corona Matching Facility to ensure that young, innovative companies can continue to grow, even during the coronavirus crisis. The individual funds can match the CMF funds pari passu at a ratio of at most 70 to 30 (public to private) without any State aid being involved; a maximum of 50% funding from the CMF can be made available for individual financing rounds. For further information about the CMF, please click here.

Further to this, the funds from the €2 billion package are being invested directly in startups via the two public venture capital funds, the High-tech Start-up Fund (HTGF), coparion and the ERP Start-Up Fund. The investment can be made via the CMF or take the form of small-scale aid worth up to €800,000 (cf. Pillar 2 below).

Pillar 2 for start-ups and small enterprises (with no access to Pillar 1)

KfW, acting on behalf of the federation, provides the promotional institutes of the Länder with global loans by way of co-financing their existing and new promotional programmes for startups and small enterprises with no access to Pillar 1. These companies can thus be given mezzanine and equity financing. The details of the financing programmes are defined by the Länder promotional institutes. Applications must be made to the promotional institute of your Land. The federation assumes 100% of the risk of the re-financed share of the financing. Under the 2020 State-aid rules for small amounts of aid, the state can use this cooperation to provide up to €800,000 per company group. Private investment may be added to this. For further information (in German), click here.

5. Federal Economic Stabilisation Fund (WSF) (€600 billion)

The WSF provides support for companies from all sectors to help them strengthen their capital base and tackle liquidity shortages. It has a total volume of up to €600 billion. It mainly targets large companies and has two stabilisation instruments, which can also be combined:

- Federal guarantees to hedge loans including credit lines and capital market products (borrowed capital) (maximum total of €400 billion).

- Recapitalisation measures as a direct means of strengthening equity (maximum total of €100 billion).

Standardised conditions apply under the WSF to guarantees for bank loans, to guarantees for corporate bonds and to recapitalisation measures of up to €100 million. Other cases may require individual structuring measures within the framework of the provisions of the Stabilisation Fund Act and the implementing ordinance on the Economic Stabilisation Fund Act.

A further €100 billion has been allocated for refinancing the KfW Special Programme, which was previously set up in response to the crisis (cf. 1a).
Recourse is taken to the WSF instruments in the absence of other economically viable financing options and of applicable aid programmes by the federation or the Länder, or if these programmes are insufficient.

As a general rule, the WSF is subsidiary to other assistance programmes. Only if these are not ap-plicable or sufficient in scope is support from the WSF an option to be considered.

Eligible applicants:
Companies in the real economy that have met at least two of the three following requirements in the balance sheets for the two financial years prior to 1 January 2020:

1) a balance sheet total exceeding €43 million

2) sales revenues higher than €50 million, and

3) an annual average of more than 249 employees.

Further prerequisites:

- The company was not facing difficulties on 31 December 2019 already (according to the EU definition of "undertaking in difficulty").
- No other financing options are available.
- The company has good prospects of economic self-reliance once the pandemic has been overcome.

In individual cases, smaller firms can get access to the Fund if they operate in one of the sectors mentioned in Section 55 of the Foreign Trade and Payments Ordinance or if they are of similar importance to public security or the economy. Likewise, support from the WSF in the form of re-capitalisation measures is also available in specific instances to start-ups whose company value was estimated by private investors to be a minimum of €50 million during at least one financing round concluded on or after 1 January 2017 (including the capital received in the course of that round).

The decision whether an individual company that does not meet the size criteria is granted ex-ceptional access to the WSF rests with the WSF Committee.

Organisational details:
The Federal Ministry for Economic Affairs and Energy is the main point of contact for compa-nies. It is responsible for the key stage of the application process leading up to the final decision. Decisions on the provision of stabilisation measures will be taken by different institutions ac-cording to the volume of support requested:

- Decisions on guarantees of up to 100 million euros are made by KfW.
- Decisions on guarantees of €100 to €500 million and recapitalisations of up to €200 mil-lion are made by mutual agreement by the Federal Ministry for Economic Affairs and Ener-gy and the Federal Ministry of Finance.
- Guarantees exceeding €500 million and recapitalisations exceeding €200 million will be submitted to the WSF interministerial committee.

6. Special programme for organisations providing child and youth support services

As Germany's non-profit organisations for children and youth support can only make a gradual return to providing their services and continue to face restrictions, their liquidity shortfalls will continue to persist beyond the summer of 2020. For this reason, the Budget Committee of the German Bundestag decided on 1 July 2020 to provide an additional €100 million this year to account for any negative impacts that are caused by the pandemic and have not been successfully addressed by the action taken up to that point. The extra support is to ensure the survival of the organisations in question (youth hostels, organisations providing political and cultural services for children and young people, youth education organisations, family holiday facilities, Schullandheime, and organisers of youth exchange programmes). For all these types of organisations, the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth is now able to provide clear prospects. The grants will begin when the bridging aid stops to be provided. Applications can be submitted as of January. The exact details of the programme guidelines are currently being prepared as a matter of priority.

II. Aid for salaries and wages, tax payments and social security contributions; export guarantees

1. Tax measures

In its determination to tackle the economic impact of the coronavirus pandemic, the Federal Government has put together a substantial stimulus package. The measures therein notably include the following tax relief for businesses and citizens:

- VAT rates have been lowered from 19% to 16% and from 7% to 5% respectively for the period from 1 July 2020 to 31 December 2020.
- Import VAT is now payable on the 26th day of the second month after the import took place.
- Tax losses for 2020 and 2021 can be carried back up to an amount of €5 million (or €10 million in the case of joint taxation). Also, there is now a mechanism allowing for the carryover for 2020 to be claimed back in the tax declaration for 2019 and therefore to become instantly available.
- Option of degressive write-offs of 25% (capped at the equivalent of 2.5 times the linear write-off) for moveable assets that are purchased or produced in 2020 or 2021.

- For the purposes of levying taxes on the private use of company cars whose carbon emissions per kilometre are zero, the maximum gross list price has been raised from €40,000 to €60,000.

- The reinvestment deadline under Section 6b Income Tax Act has been temporarily extended by a year.

- Extension by one year of the deadlines as per Section 7g Income Tax Act, if these would otherwise be in 2020.

- The rebate factor as per Section 35 Income Tax Act has been increased from 3.8 to 4.0.

- The amount of tax abatement for items to be factored in as per Section 8 No. 1 Trade Tax Act has been increased to €200,000.

- The maximum assessment basis for the calculation of research support has been raised to €4 million for the period from 1 July 2020 to 30 June 2026.

These amendments apply in addition to the tax relief that was introduced earlier.

Tax deferrals for companies: Companies are now granted **tax deferrals for billions of euros in tax** (Letter by the Federal Ministry of Finance / corresponding decisions by the Länder Financial Authorities published on 19 March 2020).

- For tax payments due by 31 December 2020 or before, tax deferrals are now easier to obtain.

- Advance payments on taxes will be reduced quickly and without the need for complex applications, as soon as it has become clear that the taxpayer's income for the current year is likely to be lower than in the years before. Since 22 April 2020, small and medium-sized enterprises cannot apply only for their advance tax payments for 2020, but also for a reimbursement of payments made for 2019. These applications can be made on the basis of a generalised calculation of the losses for 2020 and must be submitted to the competent Tax Office.

- Until 31 December 2020, assets (e.g. bank accounts) will not be seized or tax penalties charged if the tax debtor is affected directly and not insubstantially by the effects of the coronavirus pandemic.

Applications for tax deferral must be made to the Tax Office in writing and need to be substantiated.

Companies benefitting from a permanent extension of the VAT payment deadline who can prove that they are directly and not insubstantially affected by the current coronavirus crisis can submit an application to the Tax Offices, which can then reduce the **VAT special advance payment amounts** payable in 2020 **in part or in full**, and therefore effectively refund payments that have already been made. The permanent extension of the VAT payment deadline will remain unaffected by this. Entrepreneurs who are directly and not insubstantially affected by the coronavirus crisis and have not yet applied for a permanent extension of the VAT payment deadline are free to apply for this extension.

The Federal Government has submitted an application as part of an urgency procedure to the European Commission asking for **aid deliveries/donations of medical supplies to be exempted from import levies** as a way to support efforts to combat the COVID-19 pandemic. The Central Customs Authority has been instructed to start applying these measures immediately. The European Commission has granted Germany's application.

2. Short-time work allowance

Short-time work allowance can be claimed where there is a lack of work, for instance as a result of empty order books or a disruption of the supply chain. The following modified provisions apply retroactively, as of 1 March 2020:

- The proportion of the workforce that must be affected by a **loss of working hours** before short-time work allowances can be granted has been lowered from a third to **10% of the workforce** (until 31 December 2021, for all companies that have notified short-time work until 31 March 2021).
- Employers are **reimbursed** by the Federal Employment Agency for the **social security contributions** they are having to pay for their employees (without contributions from the employees) for as long as these receive short-time work allowance. The reimbursement comes in the form of a lump sum payment and covers the social security contributions in full. (Reimbursements up to 30 June 2021 made in full, then halved up to 31 December 2021, for companies that have introduced short-time by 31 March 2021; the halved reim-bursement amount from 1 July 2021 can be increased to the full amount if training is pro-vided during short-time work.)
- **Workers employed by temporary agencies** will temporarily be granted access to short-time work allowances (until 31 December 2021, for companies that have announced short-time work until 31 March 2021).
- The **period for which short-time work allowance is paid** has been extended **to up to 24 months**, to be paid no longer than up to 31 December 2021, for companies that have intro-duced short-time work by 31 December 2020.
- **Possibilities for earning additional income** during short-time work have been expand-ed. Until 31 December 2021, low-paid jobs (mini-jobs up to €450) generally do not affect the amount of short-time work allowance paid out.
- For all employees whose entitlement to short-time work allowance was accrued up to 31 March 2021, the **short-time work allowance** was **increased** in two stages: once from the 4th month of payment and once again from the 7th month of payment.

The competent Employment Agency will ascertain on a case-by-case basis whether the re-quirements are met. A clearing point for difficult cases has been set up. Depending on the way that the SARS-CoV2 pandemic develops, Germany's coalition government will discuss the need to make further adjustments and extensions to short-time work assistance if necessary.

3. Export credit guarantees

It is now possible for the Federal Government to issue export guarantees for transactions with short-term payment obligations (of up to 24 months) **within the EU and with certain OECD countries**. This applies until 31 December 2020 and is to make up for potential bottlenecks in the private market for export-credit insurance. A swift and flexible decision by the European Commission to accede to the requests of several Member States to this effect has made it possible for governments to take quick and decisive action if the private market for export-credit insurance begins to dry up.

In addition to the other EU countries, the changes also benefit Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland, the UK and the US. The new rules will apply at least until 31 December 2020. For more details, see https://www.agaportal.de/exportkreditgarantien/praxis/marktfaehige-risiken

Another new instrument that has been available since mid-April is **government support for the private suppliers' credit insurance market**. Under this programme, the Federation will compensate the credit insurance providers for compensation payments due up to a maximum amount of €30 billion (guarantee framework). The credit insurance providers make their own substantial contributions and will pay out 65% of the income collected from premiums in 2020 to the Federation. Beyond this, they will also shoulder €500 million in compensation payments themselves as well as the risks that go beyond the guarantee framework agreed with the Federation. The contracts signed by credit insurance providers and their customers (suppliers) will not be affected by the guarantee as the Federation is acting in the background (in the capacity of a re-insurer). The aim of this instrument is to keep existing supply chains intact and avoid any additional burden on companies that would otherwise have to insist on prepayments.

III. Cost-of-living aid

Basic security benefits

Small-scale entrepreneurs and own-account workers should not be forced to use up their savings or be at risk of losing their livelihoods. They will have quick and easy access to basic security benefits pursuant to Social Code II, without the usual comprehensive means tests and without the need for them to give up their independent work.

On 17 June 2020, the Federal Cabinet decided to extend this simplified access until 30 September 2020. In addition, the decision of the Coalition Committee on 25 August 2020 extended simplified access to basic security benefits up to 31 December 2020.

In detail, this means that, from 1 March to 30 December 2020, the following rules apply:

- **Simplified means test in that applicants must merely state** that they do not have any sizeable assets (for six months). Sizable assets are deemed to exist if the sum of immediately realisable assets (cash and other liquid assets such as current accounts, savings books, jewellery, shares) exceeds €60,000 euros for the first household member to be taken into account and €30,000 euros for each additional household member to be taken into account. Classic pension products and business assets do not count towards the sum of sizable assets. In the case of self-employed persons, assets can also be recognised as pension provision even if they are not invested in a typical way (e.g. securities accounts, savings accounts, etc.).

- **Actual** housing and heating **costs t**o be approved in full, without requiring an adequacy test, for a period of six months.

- **Streamlined income** tests to speed up the approval of the benefits (for 6 months and on a provisional basis).

The contact points for these procedures are the local job centres.

IV. Further aid measures

1. The Federal Government has a keen interest in preventing the COVID-19 crisis from turning into a vocational crisis for young people and resulting in a shortage of skilled labour, and has therefore taken action to implement No. 30 of the decision taken by the Coalition Committee on 3 June 2020, namely the **'Safeguard vocational training places'** programme. The relevant funding guidelines are currently being drawn up. This is to support and encourage SMEs that provide vocational training for occupations requiring vocational training or for integrated practical training for healthcare and social professions regulated under federal or Länder law to continue to provide that training and allow young people to continue and successfully complete their vocational training. More specifically, the number of vocational training places is to be kept stable and – wherever possible – to be increased, short-time work for apprentices to be avoided, support given for training on-demand and training in cooperation with others, and action to be taken to ensure that apprentices working in a company that has to file for insolvency due to the pandemic can still complete their training.

2. **Suspension of the obligation to file for insolvency** and the ban on payments in this situation (until 30 September 2020) in cases where the insolvency is caused by the impact of the COVID-19 pandemic and where it is not clear that the company could not, in principle, be restored to viability. This suspension only applies if the insolvency is caused by the effects of the coronavirus pandemic. The suspension of the filing obligation comes with privileges in terms of liability and avoid-ance rights that allow the company to continue its business relations and to take out loans. The rule on the suspension of the obligation to file for insolvency for reason of excessive debt will continue to be suspended until 31 December 2020.

3. **Suspension of the insolvency applications filed by creditors** for a three-month transitional period and retroactively as of 28 March 2020.

4. Temporary relaxations regarding **legislation on companies, cooperatives, associations, foundations, residential property** and **transformations**, including easier opportunities for holding assemblies by means of telecommunications technologies. Changes in residential property law provide for an extension of the administrator's term of office and of the validity of the current economic plan.

5. Self-employed persons and freelancers are entitled to **compensation** under the Infection Protection Act (IfSG) if they are subject to a **ban on exercising their occupation (Sections 31, 42 IfSG) or have been placed in quarantine (Section 30 IfSG)**. Compensation is granted upon application. Under Section 56 Infection Protection Act, persons excreting pathogens and persons suspected of being infectious, ill or otherwise carrying pathogens, and against whom an official work-ban or official quarantine order has been issued, are entitled to compensation. In both cases, compensation can only be granted if the person has received an official document by the municipal health authority, stating that a personal work-ban or quarantine order has been imposed, and if the person has suffered income losses.