Package of measures to combat the impact of coronavirus on companies

(Last updated on 26 March 2021)

I. Equity, loans and guarantees

1. November and December Assistance Programmes

Given the dynamic spread of the infection, the Federal Government and the sixteen Länder agreed on 28 October, on 25 November and on 2 December on a set of targeted temporary measures to stop the wave of infections and contain the spread of the virus. Companies, businesses, self-employed persons, associations and institutions affected by these decisions are eligible for special economic assistance (November and December Assistance). This assistance is granted in the form of a one-off grant covering the period of closure in November/December 2020. It is subject to the limits that apply under the State-aid rules and can be looked up in the FAQs at www.ueberbrueckungshilfe-unternehmen.de.

Applications for November Assistance have been accepted since 25 November 2020. Regular payments by the Länder started on 12 January. Applications for December Assistance have been accepted since 22 December 2020. Regular payments by the Länder started on 1 February. Applications for November and December Assistance can be submitted until 30 April 2021.

Applications for expanded November and December Assistance, i.e. for assistance exceeding €2 million, have been accepted since 27 February. Companies are free to decide which State Aid framework they want to use as a basis for their application and use the scope available to maximise the benefit for their individual business.

Requests to change an application can now also be made.

Eligible applicants:

- Directly affected companies: All companies (including those held by the public sector), businesses, self-employed persons, associations and institutions which have had
to cease their operations due to the Closure Ordinances decreed by the Länder following the decision made by the Federal Chancellor and the Heads of Government of the Länder on 28 October 2020, on 25 November 2020, and on 2 December 2020.

- **Indirectly affected companies**: All companies that are able to prove that 80% of their turnover regularly depends on transactions involving companies that are directly affected by the above measures.

- All companies that regularly generate at least 80% of their turnover through third companies directly affected by the measures (e.g. event agencies). These companies must prove beyond any doubt that they suffered a decline in turnover of more than 80% in November 2020, and that this was caused by the Closure Ordinances imposed on the basis of the above decisions.

- Businesses in the hospitality sector and event venues are regarded as directly affected companies.

- **Corporate groups** are eligible to apply if more than 80% of total corporate turnover is accounted for by affiliated companies that are either directly or indirectly affected by the closure orders.

For **businesses comprising a restaurant**, access to November and December Assistance has now been simplified. They no longer need to prove that they generate 80% or more of their overall turnover through the restaurant. An application for the restaurant can now be filed regardless of the turnover made by the rest of the business.

**Funding amounts**

November and December Assistance is granted as a percentage of turnover generated during a reference period:

- Up to 75% of the turnover generated in November/December 2019 per week of closure (depending on claims for short-time work allowance and other coronavirus-related assistance in the same period, and observance of the necessary requirements under state aid law),

- Own-account workers can opt to use their average monthly turnover for 2019 as a reference.

- for start-ups/new businesses: Turnover in October 2020 or average monthly turnover since the start of the business (for businesses that started operating after 31 October 2019 or 30 November 2019 respectively).

- Up to 75% of the turnover of any affiliated companies affected will be reimbursed.

**Application**

Applications can be filed at [www.ueberbrueckungshilfe-unternehmen.de](http://www.ueberbrueckungshilfe-unternehmen.de) by a tax advisor or auditor. Following the decision taken by the Federation and the Länder on 9 December 2020, advance payments have been raised to up to €50,000 (or a maximum of 50% of the total assistance). Advance payments are granted automatically.

**Own-account workers** can file their application for up to €5,000 themselves, provided that they have not applied for Bridging Assistance. They will receive the requested sum in November
2. **New Start Assistance**

New Start Assistance is a financial support instrument for own-account workers in all economic sectors who are experiencing high losses in turnover between January and June 2021 due to the pandemic, and for whom compensation for fixed costs under Bridging Assistance III is not an option.

**Funding amounts**

New Start Assistance is calculated as 50% of a six-month reference turnover, which is calculated on the basis of the person’s annual turnover in 2019, up to a maximum of €7,500.

Artists employed on short-term contracts and those in discontinuous employment in all sectors can also claim New Start Assistance, provided that certain criteria are met. This means that actors without permanent employment and those in similar working arrangements can claim support under the New Start Assistance programme.

**Eligible applicants** are own-account workers who:

- exercise their self-employed activity in a full-time occupation as a freelancer or business person,
- employ less than one full-time employee,
- are registered with a German Tax Office for tax purposes,
- have not claimed and will not claim compensation for fixed costs under Bridging Assistance III, and
- took up their self-employed occupation prior to 1 May 2020.

New Start Assistance is paid out in advance. **Own-account workers can keep their New Start Assistance payment to the full amount if their turnover falls by more than 60% between January and June 2021, compared to the reference turnover.** If the loss in turnover is lower than that, a corresponding portion of New Start Assistance must be paid back by 30 June 2022.

New Start Assistance is subject to taxation, but will not be deducted from any basic security benefits granted.

**Application**

Own-account workers can file their application for New Start Assistance directly at [direktantrag.ueberbrueckungshilfe-unternehmen.de](http://direktantrag.ueberbrueckungshilfe-unternehmen.de), using their ELSTER certificate normally required for filing tax declarations. Applications for funding can be made once up to and including 31 August 2021. As a general rule, New Start Assistance will be paid out within a few days after the application is made.

Since 15 March 2021, the application process has been open also to own-account workers wishing to have their New Start Assistance calculated as a proportion of the turnover generated by a
non-incorporated firm, as well as to own-account workers who are sole partners in a corporation and wish to file an application on behalf of that corporation. Further information (including FAQs) is available at [https://www.ueberbrueckungshilfe-unternehmen.de/faq-neustarthilfe](https://www.ueberbrueckungshilfe-unternehmen.de/faq-neustarthilfe). An application process for corporations controlled by several partners will soon be available.

3. **Coronavirus Bridging Assistance II for small and medium-sized companies**

The application deadline for Coronavirus Bridging Assistance I (for June to August 2020) was 9 October 2020. Applications can therefore no longer be submitted.

Bridging Assistance II covers the funding months of September to December 2020.

**Deadlines for applications: Applications for funding under Bridging Assistance II must be filed by 31 March 2021.** Since 24 February 2021, companies who have had their initial applications approved at least in part have been able to submit requests for the amount of funding to be raised or to change their bank details. Any requests for changes must be submitted by 31 May 2021.

Applications for partial grants towards operational fixed costs can be made by companies, organisations, own-account workers, freelancers, and non-profit companies and organisations 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 key elements of the Bridging Assistance II instrument at a glance:

**Eligibility criteria:** In principle, applications can be made by companies of all sizes and by freelancers engaging in a full-time occupation in any sector (including primary agricultural production) who do not qualify for assistance from the Economic Stabilisation Fund because they did not exceed more than one of the following criteria in the last two financial years closed in balance sheet terms before 1 January 2020:

- a balance sheet total of €43 million,
- sales revenue of €50 million, or
- an average number of 249 employees per year

and who meet at least one of the following two criteria:

- a fall in sales of at least 50% in two consecutive months in the period April to August 2020 compared to the respective months in the previous year.
- an average fall in sales of at least 30% in the months April to August 2020 compared to the same period in the previous year.

and who additionally show a drop in turnover of at least 30% in the month for which the application is made compared to the same month in the previous year.

**Grant:** If these access criteria are met, eligible applicants will receive a monthly reimbursement of fixed costs of:

- up to 90% of fixed costs for those having lost more than 70% of their turnover in the month for which the application is made
o up to 60% of fixed costs for those having lost between 50 and 70% of their turnover in the month for which the application is made
o up to 40% of fixed costs for those having lost more than 30% of their turnover in the month for which the application is made.

If the drop in turnover in a month for which an application is made is less than 30% compared to the same month in the previous year, no Bridging Assistance II can be claimed for the month in question.

Other coronavirus-related assistance programmes operated by the Federal Government, the Länder or the municipalities with the same funding purpose in the same period are taken into account. They are subject to the limits that apply under the State-aid rules and can be looked up in the FAQs at www.ueberbrueckungshilfeunternehmen.de. Recipients of funding may be eligible to receive supplementary payments/be required to repay funding in line with the final settlement.

Further information (including FAQs) is available on the application website: https://www.ueberbrueckungshilfeunternehmen.de.

4. Coronavirus Bridging Assistance III for small and medium-sized companies

Bridging Assistance III runs from November 2020 to the end of June 2021. The application process has been open since 10 February 2021. The Federation began to make advance payments of up to €400,000 on 12 February and of up to €800,000 on 26 February. The process for paying out the regular amounts in Bridging Assistance III started in mid-March 2021. This means that the full amounts can be paid out by the Länder by the end of March. The key elements of Bridging Assistance III at a glance:

Eligibility criteria: Companies, own-account workers, freelancers from all sectors with an annual turnover of up to €750 million in 2020 can claim Bridging Assistance III for each month from November 2020 to June 2021 in which they suffered a loss in turnover of at least 30% compared to the reference month in 2019. The €750 million turnover ceiling does not apply to companies affected by lockdown, i.e. companies in retail, the events and cultural industries, hotels, hospitality, and pyrotechnics to the extent that they have been affected by closure orders issued on the basis of a decision taken by the Federation and the Länder, and to companies in wholesale and the travel industry.

Funding amounts: The maximum level of funding is €1.5 million per month; €3 million per month for affiliated companies. The upper limits imposed by EU State-aid rules apply.

The amount of the grant remains unchanged:
  o up to 90% of fixed costs for those having lost more than 70% of their turnover in the month for which the application is made;
  o up to 60% of fixed costs for those having lost between 50% and 70% of their turnover in the month for which the application is made;
up to 40% of fixed costs for those having lost more than 30% of their turnover in the month for which the application is made.

Other coronavirus-related assistance programmes operated by the Federal Government, the Länder or the municipalities with the same funding purpose in the same period are taken into account. In addition, the requirements under state aid law must be observed. Companies receiving November or December Assistance are not eligible for these two months. Benefits received under Bridging Assistance II for November and December 2020 are credited towards Bridging Assistance III.

For companies in the travel sector, the events and cultural industries, pyrotechnics, and retail, as well as for producers (including breweries) and wholesalers of perishable goods intended for the hospitality sector, and for vegetable growers and companies in horticulture, special arrangements apply in addition to the operating costs that are eligible for funding pursuant to the catalogue of fixed costs.

Further information (including FAQs) is available on the application website: https://www.ueberbrueckungshilfe-unternehmen.de.

5. Loans

a. KfW Special Programme

The KfW Special Programme will be available until 31 December 2021. Given the dynamic spread of infections and the tense economic situation caused by the COVID-19 pandemic, the Federal Government decided to once again extend the programme, including the KfW Instant Loan, as of 1 April, and to increase maximum loan amounts. 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.

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 high street 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; a max. annual turnover of no more than €50 million or a max. balance sheet total of €43 million) from 90% of their liability,
and large companies (even those turning over more than the previous threshold of €500 million) of up to 80% of their liability;
- 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. As of 1 April 2021, the maximum loan amount for this type of KfW Loan, with credit periods of more than six years, will be €1.8 million (compared to €800,000 previously).

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 assumes up to 80% of the risk associated with a project, but only 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 Instant Loan 2020

In addition to the KfW Special Programme and until 31 December 2021, loans for equipment and investments (not for debt restructuring or accessing credit lines) are also available to small and medium-sized enterprises. Loan sums must not exceed 25% of the company’s turnover in 2019. A 100% release from liability is granted. Since 9 November 2020, the KfW Instant Loan has also been available for own-account workers and for companies employing up to 10 staff. The rules on how the KfW instant loans must be repaid have also been improved. As of 16 November, it is now possible to repay part of the sum without the need for compensation for early repayment. This makes it easier for the instrument to be used in combination with other coronavirus assistance programmes. As for the loan volumes, the following caps apply as of 1 April 2021:

- €1.8 million maximum (up from €800,000) for companies with more than 50 employees;
- €1.125 million maximum (up from €500,000) for companies with 10 to 50 employees; and
- €675,000 maximum (up from €300,000) for companies with up to 10 employees.

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:** In principle, it is not possible to apply for a KfW Instant Loan and other KfW loans at the same time. Exempted from this rule are companies which have taken out a KfW Entrepreneur Loan or an ERP Start-up Loan under the KfW Special Programme in 2020. These can apply for a KfW Instant Loan in 2021, in which case the loans already granted are offset against the amount of the KfW Instant Loan and further conditions must be met. It is furthermore not possible to cumulate these loans with the instruments under the Economic Stabilisation Fund (ban on cumulation). However, the ban does not apply to grants provided under the Immediate Assistance or Bridging Assistance programmes or November or December Assistance. For further information, please follow the [link](https://www.kfw.de/inlandsfoerderung/Unternehmen/KfW-Corona-Hilfe/).

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

Municipal and social enterprises can access KfW’s own [KfW Investment loan for municipal and social enterprises (IKU, 148)](https://www.kfw.de/inlandsfoerderung/Unternehmen/KfW-Corona-Hilfe/), also to finance equipment. This scheme, which was originally due to expire at the end of 2020, has now been extended until 30 June 2021. The set loan period for this type of loan is four 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 to 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. (temporary measure expiring on 30 June 2021)

**Applications for loans must be submitted by your financing partner** (e.g. highstreet bank or savings bank). KfW supports you in your digital search for a financing partner at [https://www.kfw.de/inlandsfoerderung/Unternehmen/KfW-Corona-Hilfe/](https://www.kfw.de/inlandsfoerderung/Unternehmen/KfW-Corona-Hilfe/).
6. 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 less 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 90% guarantees to the company’s high-street 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).

The wider possibilities for support under the guarantee schemes are temporary and due to expire on 30 June 2021.

7. Supporting start-ups during the crisis (€2 billion)
In principle, start-ups can access all of the aid measures that are part of the coronavirus support package, so long as they meet the relevant programme requirements. But traditional loan instruments, in particular, often fail to meet the needs of start-ups, 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 (EIF) 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 on the CMF, please consult the websites of KfW Capital ([https://kfw-capital.de/corona-matching-fazilitaet/](https://kfw-capital.de/corona-matching-fazilitaet/)) and the EIF ([https://www.eif.org/what_we_do/resources/german-corona-matching-facility/index](https://www.eif.org/what_we_do/resources/german-corona-matching-facility/index)).

Further to this, the funds from the €2 billion EU package are being invested directly in start-ups via the two public venture capital funds, the High-tech Start-up Fund (HTGF) and coparion, and via 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 that are exempted from liability. This is done by way of co-financing their existing and new promotional programmes for start-ups and small enterprises with no access to Pillar 1. These companies can thus be given mezzanine and equity financing. The promotional institutes of the Länder can choose to also involve other intermediaries, such as family offices, business angels, or the SME venture capital companies of the Länder. Only companies with an annual turnover of €75 million or less are eligible for funding under Pillar 2. 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 Federal 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. Further information can be found [here](https://www.bundesverwaltungsamt.de/SharedDocs/Downloads/DE/Betrachtung/2020/100-dalpha-2020-09-17-betrachtung-2.1-aktuelle-aktionspunkte-der-bfs-wirtschaftsstabilisierungsanstalt-WSF-dazu-detaillierte-daten-zu-sozialversicherungsstabilisierung-und-betreuung-betreuung.html).

8. **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 in the real economy 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).

The conditions that apply under the WSF to guarantees for bank loans, to guarantees for corporate bonds and to recapitalisation measures taking the form of dormant investments and subordinated loans are largely standardised. 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, another instrument established in response to the crisis (cf. 4a).

As a general rule, the WSF is subsidiary to other assistance programmes. Only if these are not applicable 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) a workforce of more than 249 employees (on an annual average).

**Further requirements:**
- The company was not facing difficulties on 31 December 2019 already (according to the EU definition of "undertaking in difficulty") or left this status behind, at least temporarily, for a period beginning after 31 December 2019.
- 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 recapitalisation 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). Companies in the financial sector, banks or bridge institutions are not eligible for stabilisation measures under the WSF.

In exceptional cases, smaller firms can get access to the Fund if they are of particular significance to public security or the economy. The decision whether an individual company is granted exceptional access to the Fund rests with the interministerial WSF Committee.

**Organisational details:**
The Federal Ministry for Economic Affairs and Energy is the main point of contact for companies. It is responsible for the key stage of the application process leading up to the final decision. Decisions on the provision of stabilisation measures are taken by different institutions according to the volume of support requested:
• Decisions on guarantees of up to €100 million are made by KfW.
• Decisions on guarantees of €100 to €500 million and recapitalisations of up to €200 million are made by mutual agreement by the Federal Ministry for Economic Affairs and Energy and the Federal Ministry of Finance.
• Guarantees exceeding €500 million and recapitalisations exceeding €200 million are submitted to the interministerial WSF Committee.

Recapitalisation measures and guarantees can be granted up until 31 December 2021.

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 were 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 €10 million (or €20 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 for the use of investment deduction amounts 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 basic tax-free amount 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.

• For 2020 and 2021, taxpayers can count a flat-rate ‘home office allowance’ of up to €5 per day towards their income-related expenses (for a total of up to 120 days, i.e. a sum of up to €600). This is to compensate for the additional burden faced by teleworkers.
• The VAT rate on food consumed in restaurants and pubs has been lowered from 19 to 7%. The relevant provision has applied since 1 July 2020 and will expire on 31 December 2022.

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


• For tax payments due by 31 December 2020 or before, tax deferrals were made easier. For 2021, further relaxations will be granted upon application by 31 March 2021. Deferrals will be granted until 30 June 2021, and so will further extensions for follow-up deferrals. Deferrals are free of interest.

• 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. As of 22 April 2020, small and medium-sized enterprises can apply not 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 2021, taxpayers can apply for advance payments on income and corporate tax for 2021 to be adjusted according to their financial situation.

• For taxes due by 31 March 2021, assets will not be seized or tax penalties charged until 30 June 2021 if the tax debtor is affected directly and not insubstantially by the effects of the coronavirus pandemic.

At the request of companies benefitting from a permanent extension of the VAT payment deadline that were able to prove that they were directly and not insubstantially affected by the current coronavirus crisis, Tax Offices were allowed to reduce the VAT special advance payment amounts payable in 2020 in part or in full, and thus effectively refund payments that had 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 approved 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 by 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 30 June 2021; the halved reimbursement amount from 1 July 2021 can be increased to the full amount if training is provided 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 by 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 introduced short-time work by 31 December 2020.

• **Possibilities for earning additional income** during short-time work have been expanded. 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** has been 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 requirements 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 and €30 billion umbrella**

In mid-April 2020, a €30 billion umbrella was set up for the **private suppliers’ credit insurance market in Germany**. 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 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 safeguard existing supply chains in the range of approximately €420 billion and avoid any additional burden on companies that would otherwise have to insist on prepayments. Subject to approval by the European Commission, this support measure will be extended until 30 June 2021.

Moreover, until 30 June 2021, the Federal Government can issue export guarantees for transactions with short-term payment obligations (of up to 24 months) **within the EU and with certain OECD countries**. This is to make up for potential bottlenecks in the private market for export-credit insurance.

In addition to the other EU countries, the changes also benefit Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland, the UK and the US. For more details, see [www.agaportal.de/exportkreditgarantien/praxis/marktaehige-risiken](http://www.agaportal.de/exportkreditgarantien/praxis/marktaehige-risiken).
Furthermore, in July 2020, the Federal Government adopted a five-point package of measures to improve the conditions for government export credit guarantees. The package includes relaxations for new cover and existing business as well as improved options for refinancing export transactions. Many of the measures will be valid until mid-2021, some of them indefinitely. For more details, see [https://www.agaportal.de/news/beitraege/corona](https://www.agaportal.de/news/beitraege/corona)

III. Cost-of-living aid

**Basic security benefits**

Small-scale entrepreneurs and own-account workers in particular 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.

The rules on simplified access to basic security benefits have been extended until 31 December 2021.

In detail, this means that, from 1 March to 31 December 2021, the following rules apply:

- **For new applications:** **Simplified means test in that applicants must merely state** that they do not have any sizeable assets (for six months). Sizeable 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 for the first household member to be taken into account and €30,000 for each additional household member to be taken into account. Classic pension products and business assets do not count towards the sum of sizeable 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** to 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 six months and on a provisional basis).

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

IV. Further support 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 during the current period of economic difficulties. 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. **The suspension of the obligation to file for insolvency** will be extended until 30 April 2021 for debtors who filed applications for financial assistance under government assistance programmes between 1 November 2020 and 28 February 2021 in order to mitigate the fallout/consequences of the COVID-19 pandemic, or who can at least be considered eligible if they were unable to apply during this period on either legal or factual grounds. Such applications or entitlements, however, must not be manifestly futile or insufficient to correct the insolvency. Furthermore, the suspension of the obligation to file for insolvency only applies if the debtor has become insolvent due to reasons related to the pandemic.

3. In 2021, further relaxations in terms of insolvency law apply to companies which have run into specific economic difficulties as a result of the COVID-19 pandemic:
   a. The reference period for the going-concern prognosis as part of an overindebtedness assessment has been reduced to four months.
   b. The affected companies are exempted from the new, more stringent eligibility requirements for the self-administration procedure.
   c. Insolvent companies are to get easier access to the umbrella mechanism.

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 profession (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.