



Package of measures to combat the impact of coronavirus on companies

(Current as of: 9 September 2021)

I. Equity, loans and guarantees

1. Bridging Assistance III Plus

Bridging Assistance III Plus is the extended version of Bridging Assistance III. The funding period covers the period from July 2021 to September 2021. The application deadline for this programme is 31 October 2021. The requirements that have to be met for Bridging Assistance III Plus are equivalent with the ones for Bridging Assistance III. A new 're-start premium' is also available. Applications must be made via third party scrutinising the application.

Changes and additions compared to Bridging Assistance III

- Funding period: 1 July to 30 September 2021
- 'Re-start premium': Introduction of a grant towards the higher labour costs (re-start premium) borne by companies that call back employees from short-time work, hire new staff, or otherwise raise the level of employment as they re-open for business. Applicants can choose between this premium and the flat-rate assistance payment towards staff costs.
- Reimbursement of legal fees for corporate restructuring in the face of an impending insolvency (up to €20,000/month).
- Adjustment of sector-specific special provisions:
 - The booster assistance grants available to the tourism industry (as an alternative to the new 're-start premium') are being continued.
 - Reimbursement of cancellation and preparatory costs for business activities planned by the events and cultural industries from January to August 2021 and continuation of booster assistance payments (as an alternative to the new 're-start premium').
 - Continuation of the special provision allowing manufacturers, wholesalers, retailers and professional users of perishable and seasonal goods to write off stock.

- The advance payment under New Start Assistance Plus has been raised to up to €4,500 for own-account workers between July and September 2021; this option is available as an alternative to Bridging Assistance III Plus to those own-account workers who cannot claim compensation for fixed costs.

Further information (including FAQs) is available on the application website: <https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Navigation/DE/Ueberbrueckungshilfe/Ueberbrueckungshilfe-III-Plus/ueberbrueckungshilfe-iii-plus.html>.

Extension of Bridging Assistance III Plus until the end of 2021

The Federal Government has now extended Bridging Assistance III Plus beyond 30 September, until 31 December 2021. However, the 're-start premium', which is available for July, August and September 2021, has not been extended beyond this point. The equity grant, however, will be available until December 2021.

The FAQs on Bridging Assistance III Plus are currently being revised and will be published shortly. Once the adjustments have been made to the programme, applications can be submitted via the usual platform: [ueberbrueckungshilfe-unternehmen.de](https://www.ueberbrueckungshilfe-unternehmen.de). Information about when applications will be accepted will also be published on the application platform.

2. Bridging Assistance III

Bridging Assistance III ran from November 2020 to the end of June 2021. The deadline for **applications and for requests to change applications** was extended to 31 October 2021. In early April 2021, the Bridging Assistance III programme was expanded to include an equity grant for severely affected companies, an increase in the monthly percentage reimbursement rate for fixed costs to up to 100%, and a booster assistance grant for the events, cultural, and travel industries, and to widen the eligibility criteria to include church-owned companies and start-ups established prior to 1 November 2021.

Eligibility criteria

Companies, own-account workers, freelancers from all sectors and start-ups established prior to 1 November 2020, non-profit and church-owned companies and organisations of all sectors with an annual turnover of up to €750 million in 2020 can claim Bridging Assistance III for each month between 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.** This applies, for instance, to 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. Companies that turned over more than €750 million in 2020 are eligible to apply if at least 30% of their turnover in 2019 was generated in industries that were directly affected by closure orders or that are listed in the preceding sentence.

Funding amounts

The maximum amount of funding is €10 million per month. This also applies to affiliated companies, within the limits imposed by the EU State-aid rules. Companies whose operations or business activities were suspended between 16 March 2020 and 30 June 2021 on the basis of a

COVID-19-related closure order can claim up to €40 million in COVID-19 Bridging Assistance under the federal provision on compensation for damages.

Depending on the amount of turnover lost, companies receive grants of:

- up to 100% (up from 90%) of fixed costs for those having lost more than 70% of their turnover in the month for which the application is made;
- 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.

Equity grant (in addition to reimbursements of fixed costs)

Companies experiencing a drop in monthly sales of at least 50% in the period from November 2020 until June 2021 are eligible for the following top-up payments in addition to Bridging Aid II for each month in which this threshold has been reached:

- 25% on top of the reimbursement of fixed costs for a loss in turnover of at least 50% in three months;

- 35% on top of the reimbursement of fixed costs for a loss in turnover of at least 40% in four months;

- 40% on top of the reimbursement of fixed costs for a loss in turnover of at least 50% in at least five months.

The specified number of months has to be reached within the whole period and need not be in consecutive order. Only months for which Bridging Assistance III has been claimed can be factored in. For companies that have received November or December Assistance, a loss in turnover of 50% will be stipulated for that particular period (November and/or December).

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. The caps under the State-aid rules apply.

For companies in the travel sector, the events and cultural industries, pyrotechnics, retail and wholesale, as well as for producers (including breweries), wholesalers and professional users of perishable and seasonal goods, special arrangements apply in addition to the reimbursement of fixed costs as per the fixed-costs catalogue. With the exception of the provisions for the pyrotechnics industry, these special arrangements were expanded in early April 2021.

Further information (including FAQs) is available on the application website:

<https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Navigation/DE/Ueberbrueckungshilfe/Ueberbrueckungshilfe-III/ueberbrueckungshilfe-iii.html>.

3. New Start Assistance

New Start Assistance is a financial support instrument for own-account workers, unincorporated companies, those in the performing arts who are on short-time contracts, those in discontinuous employment, and corporations with one or more shareholder(s), and cooperatives, of any sector, who experienced 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, based on the annual turnover in 2019, and is limited to €7,500 for own-account workers and partners in a partnership, and to €30,000 for corporations with more than one shareholder and for cooperatives.

Artists employed on short-term contracts and those in discontinuous employment in all sector 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 also claim support under the New Start Assistance programme.

Your are eligible to apply for New Start Assistance, if:

- you are self-employed, i.e. work freelance or operate a business (if applicable, this includes your share of the income generated by an unincorporated company (partnership having legal personality));
- your self-employed activity is your main occupation, i.e. if you generate at least 51% of your income from this activity;
- you employ no more than one person part time;
- you have registered with a German Tax Office; and
- if you have not drawn on Bridging Assistance III.

Additional requirements apply for incorporated firms and cooperatives. For this information, please consult the [FAQs](#).

New Start Assistance is paid out in advance. **Eligible applicants 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, irrespective of whether or not they are partners in a partnership, can choose whether they want to file their application for New Start Assistance via a scrutinising third party or directly at direktantrag.ueberbrueckungshilfe-unternehmen.de, using their EL-STER certificate normally required for filing tax declarations. Applications for incorporated firms or cooperatives receiving New Start Assistance are submitted via a scrutinising third party acting on their behalf, which will also be the recipient of the New Start Assistance payment. The deadline for **applications and for requests to change applications** has been extended to

31 October 2021. Forms for requests to change applications to be used by scrutinising third parties will soon be made available. As a general rule, New Start Assistance will be paid out within a few days after the application is made. Further information (including FAQs) is available at <https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Naviga-tion/DE/Neustarthilfe/neustarthilfe.html>.

4. New Start Assistance Plus

Under New Start Assistance Plus, New Start Assistance will be continued from July until the end of September 2021. Parallel to this, the monthly advance payments (flat rate for operating costs) available to own-account workers, whether they are partners in a partnership or not, short-term employees in the performing arts sector, those in discontinuous employment, corporations with one shareholder, corporations with several shareholders and to cooperatives have been increased.

Funding amounts

New Start Assistance is calculated as 50% of a three-month reference turnover, based on the annual turnover in 2019, and is limited to €4,500 for own-account workers and partners in a partnership, and to €18,000 for incorporated companies with more than one shareholder and for cooperatives.

The eligibility criteria for New Start Assistance Plus correspond to the ones for New Start Assistance

New Start Assistance is paid out in advance. Own-account workers, whether they are partners in a partnership or not, short-term employees in the performing arts sector, those in discontinuous employment, incorporated companies with one or more shareholder(s), and cooperatives can keep their New Start Assistance payment to the full amount if their turnover falls by more than 60% between July and September 2021, compared to the 2019 reference turnover. If the loss in turnover is lower than that, a corresponding portion of New Start Assistance must be paid back by 30 September 2022.

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

Application

Natural persons (own-account workers, whether they are partners in a partnership or not, short-term employees in the performing arts sector, those in discontinuous employment) can file their application directly at direktantrag.ueberbrueckungshilfe-unternehmen.de (using their [ELSTER certificate](#)). Applications on behalf of incorporated companies and cooperatives can be filed by a scrutinising third party at a later point.

Further information is available at <https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Navigation/DE/Neustarthilfen/Neustarthilfe-Plus/neustarthilfe-plus.html>.

Extension of New Start Assistance Plus until the end of 2021

The Federal Government has now extended New Start Assistance Plus beyond 30 September, until 31 December 2021. This means that own-account workers who continue to suffer losses in turnover due to coronavirus can receive up to €4,500 in support for the period of October to December 2021.

The FAQs on New Start Assistance III Plus are currently being revised and will be published shortly. Once the adjustments have been made to the programme, applications can be submitted via the usual platform: [ueberbrueckungshilfe-unternehmen.de](https://www.ueberbrueckungshilfe-unternehmen.de). Information about when applications will be accepted will also be published on the application platform.

5. Assistance in Cases of Hardship

The assistance provided in cases of hardship is an additional offer supplementing the Federal Government's and the Länder's existing COVID-19 related assistance programmes. The programme allows the Länder to provide assistance based on a case-by-case assessment and to support those companies that, in their opinion, are in need of the assistance. The Federal Government and the Länder are making a one-time allocation of funds worth a total of €1.5 billion to the assistance programme. The Federal Government and the Länder each provide half of the funds. The Federal funds will be available up until 15 December 2021.

Companies and self-employed persons which have experienced extreme financial hardship as a result of the COVID-19 pandemic between 1 March 2020 and 30 September 2021 are eligible for funding. The decision whether a company's situation qualifies as hardship is made by the Länder at their own discretion and based on the principle of equity. Companies that are not registered with a German tax office, companies that have no permanent establishment or office in Germany, and public-sector companies are not eligible for the funding.

The amount of funding that will be provided depends on the extent to which a company's COVID-19 related financial burden has not yet been offset. As a general rule, the funding amount will be based on the costs that are covered by existing Federal Government assistance programmes for companies, which means in particular eligible fixed costs. Depending on the financial burden a company is facing, Assistance in Cases of Hardship should as a general rule not exceed €100,000 in the funding period. The funds must be granted in line with State-aid rules. The maximum permissible aid amount – fully exploiting the possibilities to accumulate aid – must not be exceeded (this includes in particular the rules set out in the de minimis Regulation, the Federal Framework 'Small amounts of compatible aid' (Bundesregelung Kleinbeihilfe) and the Federal Framework 'Support for uncovered fixed costs' (Bundesregelung Fixkostenhilfe)).

Just like Bridging Assistance, Assistance in Cases of Hardship needs to be applied for by a third party scrutinising the application (tax advisers, lawyers, auditors) in the relevant Land. The Länder determine the body responsible for processing the applications and the start of the application period.

There is no legal entitlement to receiving Assistance in Cases of Hardship.

More information can be found [here](http://www.heartefallhilfen.de). [Link: www.heartefallhilfen.de]

6. Special Fund for Cultural Events

The Special Fund for Cultural Events is designed as an addition to the above support instruments and is to help the cultural sector, in particular, to relaunch. The programme is being implemented on behalf of the Federal Ministry of Finance and the Federal Government Commissioner for Culture and the Media. Up to €2.5 billion is available to allow for cultural events to resume and to ensure that planning for these is possible.

Small-events support is available for events taking place with a smaller audience to ensure compliance with the Länder hygiene regulations, so that these can be economically viable. This support is available for events attended by up to 500 people from 1 July 2021 and by up to 2,000 people as of 1 August 2021. **A cancellation safety net** for larger cultural events being planned for September 2021 or later is also available. Events organisers can find further information, including on the application process, at: <https://sonderfonds-kulturveranstaltungen.de>.

7. Loans

a. KfW Special Programme

The KfW Special Programme 2020 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 release of liability of up to 90% 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), and of up to 80% 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 2020, 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 consortia 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](#).

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 \(IKU, 148\)](#), also to finance equipment. This scheme, which was due to expire on 30 June 2021, has again been extended for the second time, until 31 December 2021. Applications for financing of working capital can be made for a loan during between four and ten 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 31 December 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/>.

8. Guarantees

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 only apply for funding that has been approved by 31 December 2021. In addition, guarantee banks have been able to issue guarantees of up to €1.8 million (up from previously €800,000) under the Federal Framework 'Small amounts of compatible aid' since 1 April 2021.

7. Improved counter-guarantees offered by the Federal Government and the Länder

Under the counter-guarantees schemes offered by the Federal Government and the Länder, up to €2.5 million in funding is available for equity investments by the SME venture capital companies in the Länder (MBGs). MBGs offer equity capital as a useful supplement to the classic bank loan. Equity financing (usually in the form of a silent partnership) often helps to increase the economic equity ratio. This helps improve the rating of small and medium-sized enterprises.

The guarantee banks in Germany offer guarantees as collateral for those involved. These guarantees are collateralised with a counter-guarantee offered by the Federal Government and the Land in question. In response to the coronavirus crisis and especially with a view to helping companies compensate for the loss in equity they are suffering due to this crisis, the Federation has worked with the Länder to expand the joint counter-guarantees schemes and ease the access criteria. Where desired by the respective Land, the guarantees provided by the guarantee banks have been increased to 80% and the counter-guarantees for the guarantees raised by 10 percentage points, i.e. from 75% to 85% in the New Länder and from 70% to 80% in the Old Länder. The increased volume of counter-guarantees granted to the guarantee banks by the Federal Government and the Länder brings down the risk borne by the MBGs and the guarantee banks, enabling them to give SMEs access to equity even in difficult times.

In addition to this, the conditions were eased in several ways to allow for the instrument to be harnessed in a crisis: for instance, the requirement stipulating that the investment provided

should not exceed the company's equity volume was lifted and the approval process streamlined. Furthermore, the funds can now also be used for working capital. The previous standard ceiling for silent investments was lifted from €1 million to €2.5 million. These adjustments made during the COVID-19 pandemic and the improvements made to the counter-guarantee declarations have been extended until 31 December 2021.

For more information, please visit <https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/BMWi/rueckgarantien-laender-bund.html> and the MBGs' websites. An overview of the MBGs can be found at www.vdb-info.de/mitglieder.

8. Support for start-ups and small medium-sized enterprises affected by the crisis

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 package of measures therefore addresses start-ups and small enterprises with sustainable business models.

Acting on behalf of the Federation, KfW provides the promotional institutes of the Länder with global loans for start-ups and small SMEs, which are exempted from liability. This is done by way of co-financing their existing and new promotional programmes. 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 this scheme. 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 4th revision of the 2020 Federal State-aid rules for small amounts of aid, the state can use this cooperation to provide up to €1.8 million per company group. Private investment may be added to this. Further information can be found [here](#).

9. Federal Economic Stabilisation Fund (WSF)

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.

Tax deferrals for companies: Companies are now granted **tax deferrals for billions of euros in tax** ([Letter by the Federal Ministry of Finance of 19 March 2020](#), [Letter by the Federal Ministry of Finance of 22 December 2020](#) / [corresponding decisions by the Länder Financial Authorities published on 19 March 2020](#)). All information provided by the Federal Minister of Finance can be found [here](#).

- 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.

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 introduced short-time work by 30 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 October 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 introduced short-time work by 30 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. You can find more information at www.arbeitsagentur.de/m/corona-kurzarbeit/.

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 2021. 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/exporkreditgarantien/praxis/marktfaehige-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 the end of 2021, others even indefinitely. Einzelheiten unter <https://www.agaportal.de/news/beitraege/bmwi-pm-20210618>

III. Cost-of-living aid

Basic social 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. Further information at <https://www.arbeitsagentur.de/m/corona-grundsicherung/>.

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 overall volume of the programme, which has recently been prolonged and widened in scope, is €725 million for the 2020-2022 period. This is to support and encourage SMEs that provide vocational training for occupations requiring such 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. For further information and for the application forms, please visit <https://www.arbeitsagentur.de/unternehmen/finanziell/bundesprogramm-ausbildungsplaetze-sichern>; for information on funding for vocational training provided in cooperation with others, please visit [https://www.kbs.de/DE/Bundesprogramm Ausbildung/node.html](https://www.kbs.de/DE/Bundesprogramm-Ausbildung/node.html).

2. In 2021, further relaxations in terms of insolvency law apply to companies which have run into 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.
3. 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.
4. Under the Infection Protection Act, there is also financial support for those affected by measures taken to protect the population against infection. As per Section 56(1a) Infection Protection Act, employees and self-employed persons who are affected by school or child day-care closures or the closure of facilities for people with disabilities are eligible for compensation, if certain conditions are met (compensation in the case of a need to give active care). Employees or self-employed people who have lost income due to a quarantine measure imposed by the authorities or a ban on exercising their profession may also be eligible for compensation. The relevant requirements are set out in Section 56(1) Infection Protection Act.

Employers must continue to pay their employees affected by such measures for six weeks. They can then claim the sum of this compensation payment back. Beginning from week 7 of the measure, employees can file their own application for compensation. Self-employed persons can file an application on their own behalf for the entire duration of the relevant period. Further information can be found at: www.ifsg-online.de.