



Key facts on the Coronavirus Immediate Assistance Programme of the Federal Government

Current as of: 30 March 2020

1. **Eligible groups:** own-account workers, freelancers, small companies (including farming businesses) employing up to 10 people (full time equivalents) that are conducting commercial operations on the market. These operations must take place in a permanent establishment in Germany; alternatively, management must be headquartered in Germany. Applicants must be registered with a German Tax Office.
2. **Scope of the immediate assistance:** The immediate assistance is designed to uphold companies' economic viability and bridge acute cash-flow problems caused by the coronavirus crisis. Companies and self-employed people from all sectors and employing no more than 5 people can claim a one-time grant of up to €9,000 for three months; companies employing up to 10 people can claim a one-off payment of up to €15,000, also for three months.
3. **Proof of cash-flow problem caused by coronavirus crisis:** Applicants must give assurance that their economic survival is under threat as a result of the coronavirus crisis. Applicants must not have been in financial difficulty on 31 December 2019 already.
4. **Payment via the Länder:** The Länder have taken on the role of implementing the programme and making the payments. A list of contacts is available at www.bmwi.de/coronahilfe.
5. **Applications without red tape:** The Immediate Assistance Programme is especially designed to be non-bureaucratic so as to ensure that payments can be made swiftly. However, all information given in the application must be correct. Providing false information may constitute subsidy fraud, which is punishable under criminal law. Soon, electronic application forms will be made available by the competent contacts in the Länder.
6. **Deadline for applications and payment:** Applications must be filed with the competent Länder authority no later than on 31 May 2020.
7. **Cumulation with other state-aid; tax treatment:** As a general rule, the financial assistance provided by the Federal Government can be combined with other aid. Any amount of over-compensation, however, must be reimbursed. In the interest of ensuring that recipient companies can fully benefit from the grant, it will not be taken into account for advance tax payments to be made for 2020. Whilst the grant is subject to taxation, this will only become relevant when the tax return for 2020 is submitted, i.e. no earlier than next year. The individual tax rate will only be applied to the grant if the recipient company posts positive earnings in 2020.

Key FAQs:

To what extent do applicants for the federal grant have to prove that they are experiencing cash-flow problems?

The aid under the Immediate Assistance Programme is to reach its recipients – i.e. micro-enterprises, own-account workers, and freelancers whose economic survival is under threat due to the coronavirus crisis – in a way that is as fast and non-bureaucratic as possible. The process would become bogged down if the approval bodies of the Länder had to scrutinise comprehensive documentation for each application. Instead, applicants are asked to give a credible assurance of their situation for which they may be held accountable under criminal law. However, they are asked in the application form to explain how their economic activities are being significantly affected by the coronavirus pandemic and to what extent their economic survival is under threat. Deliberate or grossly negligent false statements may constitute subsidy fraud and lead to criminal prosecution.

Why are there, contrary to initial plans, double payments (i.e. one payment by the Federal and state government each) in some Länder, but not in others?

The Federal Government has set up a uniform Immediate Coronavirus Assistance Programme for Micro-Enterprises and Own-Account Workers. Within the framework of this programme, the Länder are in charge of approving applications and making the payments. The Immediate Assistance Programme already covers roughly 90% of the three million small enterprises and own-account workers. In addition, a number of Länder have adopted their own immediate assistance programmes. It is possible for the Länder to establish such aid programmes in an effort to address specific regional issues or a greater demand that may arise, for example, from higher commercial rents in large cities. Combining the federal Immediate Assistance Programme with other public aid, e.g. a state programme, is permissible as long as this does not result in over-compensation. Applicants who have received immediate assistance from a state programme, for instance, are allowed to obtain additional assistance from the federal programme up to a maximum limit, provided that they meet the eligibility criteria for the federal programme and the maximum funding amount has not yet been reached.

What steps will be taken to establish whether there has been a case of over-compensation?

The amount of the one-off payment in immediate assistance is based on the liquidity shortage for three consecutive months as credibly confirmed by the applicant. It may not exceed €9,000 or €15,000, depending on the size of the company. When indicating the amount of the assistance hoped for, applicants are required to state their expected liquidity shortage. This shortage is determined on the basis of the applicant's estimated turnover as well as material and financial resources for the three months following the date of application. In case the assistance is granted as applied for and it turns out later that the amount of material and financial resources or the actual decline in turnover has not been as great as expected, the company will be obliged to repay the excess amount. Over-compensation may also occur if several assistance programmes are combined. Whether over-compensation is the case will be determined as part of the general procedures, e.g. within the framework of the tax return for 2020. Any suspicion of subsidy fraud may lead to criminal prosecution.

What steps are being taken whether there has been any abuse? Must applicants have been self-employed on a full-time basis on a specific date in the past?

When applying for assistance, applicants have to prove their identity. Among other things, they must have a tax identification number which shows that they are registered with a German Tax Office. There is no fixed date on which applicants must have been economically active – either as companies on the market or as freelancers or own-account workers engaging in a full-time occupation. This is to ensure that start-ups are not excluded from assistance. Businesses that have not registered until now may find it hard to comply with the obligation to prove credibly that their economic operations are being significantly affected by the coronavirus crisis. In this case, no assistance is granted.

Is federal immediate assistance only intended for running costs such as rents, leases, etc.? Are people allowed to use the grant for private as well as occupational expenses, for instance if they have difficulty with private payment commitments related to rents and purchases?

According to the key points adopted on 23 March 2020, the Immediate Assistance Programme of the Federal Government is designed to financially support small companies, own-account workers, and freelancers as they try to survive economically and bridge acute cash-flow problems. Running costs may include commercial rents, leases, and loans for business space that will be incurred within three months following the date of application. Immediate assistance is not intended, however, for private subsistence costs such as rent payments or health insurance contributions. In order to ensure that small companies, freelancers, and own-account workers do not have to fear for their subsistence due to private financial difficulties, access to benefits under Social Code II, in particular Unemployment Benefit II, is being made easier. For a duration of six months, means testing will be greatly simplified. Also, housing and heating costs will be approved in full for a period of six months following the date of application.