



Package of measures to combat the impact of coronavirus on companies

(Current as at 1 May 2022)

I. Equity, loans and guarantees

1. Bridging Assistance IV

Bridging Assistance IV is a further extension of the Bridging Assistance Programme. Applications can be submitted **until 15 June 2022**. The requirements that have to be met for Bridging Assistance IV are largely equivalent to those for Bridging Assistance III Plus. Applications must be made via a third party scrutinising the application.

Changes and additions compared to Bridging Assistance III

- Funding period: 1 January to 30 June 2022.
- Simplified access to the equity grant.
- The maximum funding rate drops to 90% (previously 100%) of fixed costs for those having lost more than 70% of their turnover.
- Increased aid frameworks can be used.
- Adjustment of sector-specific special provisions:
 - The travel industry can claim for costs of cancellation and preparation for trips scheduled for the period from October to December 2021. The booster assistance scheme (20% of the payroll of the reference month) is being continued.
 - The events and cultural industry can claim for costs of cancellation and preparation for business activities in the period from September to December 2021. The booster assistance scheme (20% of the payroll of the reference month) is being continued.
 - Companies in the pyrotechnics industry which suffered a loss in turnover of at least 80% in December 2021 compared to December 2019 are eligible to apply for Bridging Assistance IV. Funding can also be claimed for storage and transport costs as well as cancellation costs for this period.
 - Private operators of Christmas markets, fairground operators and market traders affected by the cancellation of Advent and Christmas markets in 2021 will receive an increased equity grant amounting to 50% (rather than 30%) of the reimbursed fixed

costs for every eligible month, provided they recorded a coronavirus-related loss in turnover of at least 50% in December 2021 compared to December 2019.

- Additional eligibility for
 - companies which voluntarily closed down between 1 and 31 January 2022 after having become unprofitable due to coronavirus rules.
 - young companies established until 30 September 2021 (previously 31 October 2020).
- The funding for hygiene measures is being expanded to cover material and staff costs with regard to the implementation of coronavirus-related access restrictions (see Annex 3, FAQs, beginning of 2022 only).

Eligibility criteria

Companies, own-account workers, freelancers from all sectors and start-ups established prior to 1 October 2021, 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 IV for each month between January to March 2022 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 directly affected by lockdown**, nor to companies in the travel sector, pyrotechnics and wholesale.

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 have been suspended on the basis of a COVID-19-related closure order can claim up to €54.5 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 90% (previously 100%) 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)

In case of a monthly loss in turnover of at least 50% on average in December 2021 and January 2022, companies, own-account workers and freelancers engaging in a self-employed activity as their main occupation can receive an equity grant of 30% on top of the possible [reimbursement of fixed costs](#) for every eligible month.

Companies affected by the cancellation of Advent and Christmas markets will receive an increased equity grant amounting to 50% of the [possible reimbursement of fixed costs](#) for every eligible month, provided they recorded a loss in turnover of at least 50% in December 2021.

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 rules must be met.

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

<https://www.ueberbrueckungshilfe-unternehmen.de/ueberbrueckungshilfe-iv.html>

2. New Start Assistance 2022

Under New Start Assistance 2022, New Start Assistance Plus is being continued for the periods from January to March and from April to June 2022. Applications are to be submitted on a quarterly basis **by 15 June 2022**.

You are eligible to apply for New Start Assistance 2022 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
- you have not drawn on Bridging Assistance III.

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

Funding amounts

For the funding period in question, New Start Assistance 2022 is calculated as 50% of a three-month reference turnover, based on the annual turnover (plus any income from employment, if applicable) in 2019, and is limited to €4,500 per quarter for own-account workers and partners in a partnership, and to €18,000 per quarter for incorporated companies with more than one shareholder and for cooperatives.

The eligibility criteria for New Start Assistance 2022 correspond to the ones for New Start Assistance.

New Start Assistance 2022 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 payment for the relevant quarter under New Start Assistance 2022 to the full amount if their turnover falls by more than 60% between January and March 2022 or April to June 2022, compared to the respective 2019 reference turnover. If the loss in turnover is lower than that, a corresponding portion of New Start Assistance 2022 must be paid back by 31 December 2022 (applications via scrutinising third parties are subject to other repayment time frames).

New Start Assistance 2022 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, as well as those in non-permanent employment) can

submit their applications for the funding period from January to March 2022 and April to June 2022 either directly at direktantrag.ueberbrueckungshilfe-unternehmen.de (using their [ELSTER certificate](#)) **until 15 June 2022** (extended deadline) or via a scrutinising third party. Applications for corporations and cooperatives are also submitted separately for the 2021 funding period via a scrutinising third party.

Further information is available at <https://www.ueberbrueckungshilfe-unternehmen.de/neustarthilfe-2022>.

3. 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 where these fail to provide sufficient relief. 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. Assistance in Cases of Hardship ensures that assistance can also be provided to businesses which, due to the particularities of their specific case, are not eligible for support under the existing programmes.

The implementation of Assistance in Cases of Hardship is the responsibility of the Länder. In mid-February 2022, the Conference of Minister Presidents decided to **extend** the Assistance in Cases of Hardship provided by the Länder **until 30 June 2022** (in parallel to Bridging Assistance). Up-to-date information on the specifics of the programme as implemented in the Länder as well as on application deadlines is available at www.haertefallhilfen.de. The Federal Government and the Länder are making a one-time allocation of funds worth a total of up to €1.5 billion to the assistance programme. They each contribute half of these funds.

Companies and self-employed persons that have experienced extreme financial hardship as a result of the COVID-19 pandemic 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.

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](#).

4. 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. The deadlines for the registration of events and for the submission of applications apply ([FAQ 2.6](#)).

The deadline for registration and the notification of cancellations has been extended from 23 December 2021 until the end of January 2022. Voluntary cancellations are considered eligible under the cancellation safety net subject to the following conditions:

- The event was scheduled to take place between 18 November 2021 and 28 February 2022.
 - o The event was voluntarily cancelled by 31 January 2022, i.e. a public announcement of the cancellation was issued and notified to the IT platform by 31 January 2022.
- The event had been registered on the IT platform prior to its public cancellation.
 - o If the event was registered prior to 7 December 2021, no further conditions apply.
 - o If the event was registered between 7 December 2021 and 31 January 2022, proof must be provided that preparations for the event (e.g. ticketing) had begun by 6 December 2021 at the latest.

Events organisers can find further information, including on the application process, at:
<https://sonderfonds-kulturveranstaltungen.de>.

5. Special Federal Fund for Trade Fairs and Exhibitions

The Special Federal Fund for Trade Fairs and Exhibitions is a new insurance programme provided by the federal and Länder governments to help restart trade fairs and commercial exhibitions in Germany. Funding applications can be made by organisers of trade fairs and commercial exhibitions and have been accepted since 25 October 2021. The Special Federal Fund is designed to complement existing federal and Länder assistance and promotion programmes. The aim is to provide incentives for companies to organise and implement large commercial events which will also trigger positive effects in the downstream value chain.

These can be private or public companies that organise and hold trade fairs or exhibitions in Germany.

Funding applications may be made for trade fairs and exhibitions accompanied by a conference if the majority of the revenue is generated from the trade fair or exhibition part.

Should a ban on events be imposed to help curb the spread of COVID-19, the special fund will reimburse 80% of the damages incurred. The damages will be calculated as the difference between the costs of the event and the revenue generated despite the ban together with any insurance benefits and funding received. They shall be paid on the condition that the planned trade fair or exhibition is unable to be held due to a complete ban on events being imposed.

Cover can be provided for events scheduled to take place up to 30 September 2022, and the trade show or exhibition must be registered in advance on a central IT platform. Further details on registration and application can be found in the FAQs at <https://sonderfonds-messe.de/>.

The legal basis for aid disbursed under the insurance programme is provided for by the Federal Framework for Commercial Events, available at:
<https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/BMWi/bundesregelung-gewerbliche-veranstaltungen.html>.

6. Loans

a. KfW Special Programme

In view of the dynamic situation regarding the number of infections and the continuing tense economic situation caused by the COVID-19 pandemic, the Federal Government is again extending the deadline for applications under the KfW Special Programme until 30 April 2022 and is increasing the loan ceilings.

This means that **applications for assistance** under the KfW Special Programme 2020 can be submitted **until 30 April 2022**. By that date, applications for loans under the KfW Special Programme can be submitted to KfW (Kreditanstalt für Wiederaufbau) via the high street banks. Loan commitments can be made by KfW until 30 June 2022.

No limit has been set for the funds that can be made available under the KfW Special 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**). Low interest rates and simplified risk assessment by KfW for loans of up to €10 million are helping to ease the burden on businesses.

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);
 - Maximum loan amount of €100 million (higher loan amounts available in the form of syndicated loans), limited to a maximum of 25% of annual turnover in 2019 or twice the companies' wage costs in 2019;
 - For loans of more than €2.3 million (previously €1.8 million), an alternative maturity of up to 6 years is possible; for loans of up to €2.3 million (previously €1.8 million), the alternative maturity is up to 10 years.
 - 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.

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 KfW Special Programme has 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.

The KfW Special Programme provides for a flexible repayment of loans (KfW

Entrepreneur Loan, ERP Start-up Loan with a release from liability, KfW Instant Loan). A second grace year for loans with just one initial grace year can subsequently be granted in a non-bureaucratic manner; the application for this is to be filed via the respective high street bank. Initially limited until 31 December 2021, the arrangement has been extended until 17 June 2022 (receipt of application by KfW).

b. KfW Instant Loan

In addition to the KfW Special Programme, **loans for equipment and investments** (but excluding for debt restructuring or accessing credit lines) are available to small and medium-sized enterprises, including own-account workers. Loan amounts can be granted for up to 25% of the company's turnover in 2019, with a **100% release from liability**. The loan applications must be submitted to KfW **by 30 April 2022** via the high street banks. As for the loan amounts, the following caps apply as of 1 January 2022:

- €2.3 million maximum (up from €1.8 million) for companies with more than 50 employees;
- €1.5 million maximum (up from €1.125 million) for companies with 10 to 50 employees; and
- €850,000 maximum (up from €675,000) 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 high street 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 high street 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 commitment. 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. A total of three applications may be submitted until the maximum loan amount is reached within the KfW Instant Loan programme.

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 took 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 for 2021 and the following year 2022, 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 31 December 2021, will once again be extended **until 30 June 2022**. 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 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. (Loan applications can be submitted **until 30 April 2022** to the Länder promotional institutes participating in the KfW special loan programme, or, if applicable, to a high street bank involved in the scheme. The Länder promotional institutes can issue loan commitments until 30 June 2022.)

KfW supports you in your digital search for a financing partner at <https://www.kfw.de/inlandsfoerderung/Unternehmen/KfW-Corona-Hilfe/>.

7. [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 many cases, their young age and usually highly innovative business models prevent them from meeting the high street bank's requirements for a loan. The package of measures therefore addresses start-ups and small enterprises with sustainable business models.

While the package, which was launched in the summer of 2020, was originally built on two pillars, funding is now only possible via 'Pillar 2'. Under this pillar, KfW acts on behalf of the Federation to provide 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 5th revision of the 2020 Federal State-aid rules for small amounts of aid, the state can use this cooperation to provide up to €2.3 million (up from €1.8 million) per company group. Private investment may be added to this. Pillar 2 will be available until 30 June 2022. Further information can be found [here](#).

8. 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 is first of all aimed at large companies from across the real economy that are of particular (macroeconomic) relevance and of high importance for the economy, technological sovereignty, security of supply, critical infrastructure or the labour market. The WSF provides two stabilisation instruments (which may be combined with one another):

- Federal guarantees to hedge loans including credit lines and capital market products (borrowed capital) (maximum total of €100 billion).
- Recapitalisation measures as a direct means of strengthening equity (maximum total of €50 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.

Eligibility criteria:

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). In individual cases, exceptional access to the Fund may be granted upon the decision of the Economic Stabilisation Fund Committee. Companies in the financial sector, banks or bridge institutions are not eligible for stabilisation measures under the WSF.

Organisational details:

The Federal Ministry for Economic Affairs and Climate Action (BMWK) 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 Climate Action and the Federal Ministry of Finance (BMF).
- Guarantees exceeding €500 million and recapitalisations exceeding €200 million are submitted to the interministerial WSF Committee.

At present, recapitalisation measures and guarantees can be granted up until 30 June 2022. The application deadline for stabilisation measures under the WSF expired on 30 April 2022. It is no longer possible to submit an application.

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 include the following tax relief for businesses and citizens:

- **Import VAT** is now payable on the 26th day of the second month after the import took place.
- The increase in the **carry-back of losses for tax purposes** has been extended beyond 2020 and 2021 until the end of 2023. For 2022 and 2023, the maximum carry-back amount has been raised to €10 million (or €20 million in the case of joint taxation); from 2022, the carry-back option will be permanently extended to two years, with losses to be carried back into the two preceding years.
- Continued 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, 2021 or 2022.

- 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 deadlines under section 6b Income Tax Act, due to expire in 2022, have 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 2022.
- The **rebate factor** as per section 35 Income Tax Act has been increased from 3.8 to 4.0.
- As regards **trade tax**, 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, 2021 and 2022, 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: In total, companies are 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](#); [Letter by the Federal Ministry of Finance of 7 December 2021](#); [Letter by the Federal Ministry of Finance of 31 January 2022](#)). All information provided by the Federal Ministry of Finance can be found [here](#).

Tax deferrals have been extended until 30 June 2022 (for taxes due by 31 March 2022 and only if applied for before that deadline). Simplified procedures for tax deferrals beyond that deadline, combined with instalment payment agreements, will be possible up until 30 September 2022.

- **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 the current year and must be submitted to the competent Tax Office. Until 30 June 2022, 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 2022, **assets will not be seized** until 30 June 2022 if the tax debtor is affected directly and not insubstantially by the effects of the coronavirus pandemic. Simplified procedures for the suspension of seizures beyond that deadline, combined with instalment payment agreements, will be possible up until 30 September 2022.

Certain medical devices and materials used to combat the COVID-19 pandemic (see [aid deliveries/donations of medical supplies](#)) can be imported into the EU duty-free and without the payment of import VAT until 31 December 2021.

Further information can be found [here](#).

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 **lack of work** before short-term work allowances can be granted has been lowered from a third to **10% of the workforce** (up to 30 June 2022 (previously 31 March)).
- Employers are reimbursed by the Federal Employment Agency for the **social security contributions** paid by them for their 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 initially in full (up to 31 December 2021) and then at a rate of 50% (until 31 March 2022). Reimbursements at the rate of 50% will be possible beyond 31 March 2022 if training is provided during short-time work.
- **Workers employed by temporary agencies** will temporarily be granted access to short-time work allowances (up to 31 March 2022).
- The **period for which short-time work allowance is paid** has been extended to **up to 28 months (up from 24 months)**, to be paid no longer than up to 30 June 2022 (previously 21 March 2022), for companies that had introduced short-time work by 31 December 2020.
- **Possibilities for earning additional income** during short-time work have been expanded. Until 30 June 2022 (previously 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/.

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 2022** (previously 31 March 2022).

In detail, the following rules have applied since 1 March 2020:

- 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 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. In addition, trainees can receive funding for exam preparation courses. 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 and for exam preparation courses, please visit [https://www.kbs.de/DE/Bundesprogramm Ausbildung/node.html](https://www.kbs.de/DE/Bundesprogramm_Ausbildung/node.html).

2. 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.