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SMC NEWSLETTER

CORONA TEMPORARY FINANCIAL ASSISTANCE II -

SUPPORT PERIOD SEPTEMBER TO DECEMBER 2020 FOR SMALL AND MEDIUM-SIZED ENTERPRISES

The German Federal Government has granted in order to secure their existence further liquidity support to companies that have suffered a large loss of turnover due to the health policy measures necessary to combat the corona pandemic. This document is a summary of important information from the guidelines for applicants published by the Federal Ministry of Economics.

I. Application requirements

1. Revenue reduction

To be eligible, companies must meet at least one of the following two criteria:

- Revenue reduction of at least 50 percent in two consecutive months in the period April to August 2020 compared to the respective months of the previous year.
- Revenue reduction of at least 30 percent on average in the months April to August 2020 compared to the same period of the previous year.

In addition, the reduction in turnover of the company entitled to apply must have been caused directly or indirectly by the Corona Pandemic.

In the case of affiliated companies, the cumulative turnover of the entire group is taken as a basis.

2. Companies entitled to apply

Eligible to apply are amongst others

- Companies established before 31 October 2019,
- Companies that were not in difficulty (over-indebtedness, etc.) on 31 December 2019,¹
- Companies or groups of companies with an annual turnover of less than 750 million euros or a consolidated annual turnover of less than 750 million euros,
- Companies or affiliated companies which do not qualify for the Economic Stabilization Fund or whose group of companies does not meet the size criteria for access to the Economic Stabilization Fund².

II. Level of support

Temporary financial assistance can be applied for a maximum of four months from September to December 2020.

Depending on the extent of the reduction of turnover, the temporary financial assistance will reimburse a minimum of 40% to a maximum of 90% of the company's fixed costs.

Payments within a group of companies are explicitly not eligible.

Eligible costs are ongoing fixed operating costs incurred during the period covered by the temporary financial assistance period, whether contractually agreed or fixed by the authorities and not subject to unilateral change, such as rents and leases, interest expenditure on operating loans and credits, expenditure on electricity, water, heating, cleaning and hygiene measures, insurance.

III. Application deadline

The application period for Bridging Aid II ends on 31 January 2021.

¹ The following exception applies: for small and micro enterprises (fewer than 50 employees and an annual turnover and/or balance sheet total of less than €10 million) this applies only if they are subject to insolvency proceedings under national law or have already received rescue or restructuring aid.

² Companies that meet at least two of the following criteria in the last two completed financial years before 1.1.2020: a) more than 43 million euros balance sheet total, b) more than 50 million euros turnover or c) more than 249 employees on an annual average

IV. Submission of applications

For affiliated companies, only one application may be submitted for all affiliated companies as a whole.

The application for temporary financial assistance has to be made by a tax consultant, auditor, certified public accountant or lawyer commissioned by the applicant.

If you have any questions regarding eligibility and the required information or documents for the application, please do not hesitate to contact us.

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