

Information from 4 August 2020

## COVID-19 –State aid for affected companies (Overview)

### 1. General information on the appropriate funding programme

- <https://www.foerderdatenbank.de/FDB/DE/Home/home.html>

### 2. Measures at federal level

#### 2.1 General information:

- <https://www.bmwi.de/Redaktion/DE/Coronavirus/coronahilfe.html>;
- [https://www.bmwi.de/Redaktion/DE/Downloads/M-O/massnahmenpaket-fuer-unternehmen-gegen-die-folgen-des-coronavirus.pdf?\\_\\_blob=publicationFile&v=6](https://www.bmwi.de/Redaktion/DE/Downloads/M-O/massnahmenpaket-fuer-unternehmen-gegen-die-folgen-des-coronavirus.pdf?__blob=publicationFile&v=6)

#### 2.2 KfW Entrepreneur Loan

##### a) Information:

- [https://www.kfw.de/inlandsfoerderung/Unternehmen/Unternehmen-erweitern-festigen/Finanzierungsangebote/KfW-Unternehmerkredit-Fremdkapital-\(037-047\)/](https://www.kfw.de/inlandsfoerderung/Unternehmen/Unternehmen-erweitern-festigen/Finanzierungsangebote/KfW-Unternehmerkredit-Fremdkapital-(037-047)/);
- [https://www.kfw.de/Download-Center/Foerderprogramme-\(Inlandsfoerderung\)/PDF-Dokumente/6000000188-Merkblatt-037-047.pdf](https://www.kfw.de/Download-Center/Foerderprogramme-(Inlandsfoerderung)/PDF-Dokumente/6000000188-Merkblatt-037-047.pdf)

##### b) Applicants

- Domestic companies that are mainly privately owned and have been active on the market for at least 5 years
- Domestic entrepreneurs or freelancers which have been active on the market for at least 5 years
- The following will be funded
  - All companies without turnover restriction
  - Companies suffering temporary financial difficulties due to Corona Crisis, i.e. companies that were not a company in difficulty as defined by the European Union on 31 December 2019 can apply for the loan

##### c) Maximum loan amount: EUR 100 million for each group of companies, limited to a maximum of

- 25% of annual turnover 2019 or
- twice the wage costs 2019 or

- (iii) current liquidity requirements for the next 18 months for small<sup>1</sup> and medium<sup>2</sup> sized companies and 12 months for large companies

For loans exceeding EUR 25 million, the loan amount is limited to a maximum of 50% of the total debt or 30% of the balance sheet total per group of companies. The higher one of both these figures is decisive for the maximum loan amount.

- d) Interest rates: Interest rate is based on the development of the capital market and is fixed on the day of the commitment
- e) Release from liability
  - (i) KfW releases the financing partner from 90% of the liability for financing small and medium sized companies.
  - (ii) KfW releases the financing partner from 80% of the liability for financing companies exceeding the threshold for small and medium sized companies.
- f) Loan period:
  - (i) Loans up to EUR 800,000.00 per group of companies: maximum loan period of 10 years with up to 2 years of capital repayment grace. Loans over EUR 800,000.00 per group of companies: maximum loan period of 6 years with up to 2 years of capital repayment grace.
- g) Securities: Securities customary in banking must be provided. The form and scope of the security must be agreed with the financing partner.

### 2.3 ERP Start-up Loan – Universal

- a) Information:

- [https://www.kfw.de/inlandsfoerderung/Unternehmen/Gründen-Nachfolgen/Förderprodukte/ERP-Gründerkredit-Universell-\(073\\_074\\_075\\_076\)/](https://www.kfw.de/inlandsfoerderung/Unternehmen/Gründen-Nachfolgen/Förderprodukte/ERP-Gründerkredit-Universell-(073_074_075_076)/)
- [https://www.kfw.de/PDF/Download-Center/Förderprogramme-\(Inlandsförderung\)/PDF-Dokumente/6000004523\\_M\\_75-76\\_Universell.pdf](https://www.kfw.de/PDF/Download-Center/Förderprogramme-(Inlandsförderung)/PDF-Dokumente/6000004523_M_75-76_Universell.pdf)

- b) Applicants

- (i) Domestic companies based in Germany that are mainly privately owned and have been active on the market for at least 3 years and less than 5 years
- (ii) Domestic entrepreneurs or freelancers in Germany that have been active on the market for at least 3 years and less than 5 years
- (iii) The following will be funded
  - All companies without turnover restriction

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<sup>1</sup> Companies with fewer than 50 employees and an annual turnover or balance sheet not exceeding EUR 10 million.

<sup>2</sup> Companies with fewer than 250 employees and an annual turnover not exceeding EUR 50 million or an annual balance sheet not exceeding EUR 43 million.

- Companies suffering temporary financial difficulties due to Corona Crisis, i.e. companies that were not a company in difficulty as defined by the European Union on 31 December 2019 can apply for the loan
- c) Maximum loan amount: EUR 100 million for each group of companies, limited to a maximum of
- (i) 25% of annual turnover 2019 or
  - (ii) twice the wage costs 2019 or
  - (iii) current liquidity requirements for the next 18 months for small and medium sized companies and 12 months for large companies
- For loans exceeding EUR 25 million, the loan amount is limited to a maximum of 50% of the company's total debt or 30% of the balance sheet total per group of companies. The higher one of both these figures is decisive for the maximum loan amount.
- d) Interest rates: Interest rate is based on the development of the capital market and is fixed on the day of the commitment
- e) Release from liability
- (i) KfW releases the financing partner from 90% of the liability for financing small and medium sized companies.
  - (ii) KfW releases the financing partner from 80% of the liability for financing companies exceeding the threshold for small and medium sized companies.
- f) Loan period:
- (i) Loans up to EUR 800,000.00 per group of companies: maximum loan period of 10 years with up to 2 years of capital repayment grace.
  - (ii) Loans over EUR 800,000.00 per group of companies: maximum loan period of 6 years with up to 2 years of capital repayment grace.
- g) Securities: Securities customary in banking must be provided. The form and scope of the security must be agreed with the financing partner.

## 2.4 Consortium financing

### a) Information:

- [https://www.kfw.de/inlandsfoerderung/Unternehmen/Erweitern-Festigen/Foerderprodukte/Direktbeteiligung-fuer-Konsortialfinanzierung-\(855\)/](https://www.kfw.de/inlandsfoerderung/Unternehmen/Erweitern-Festigen/Foerderprodukte/Direktbeteiligung-fuer-Konsortialfinanzierung-(855)/);
- [https://www.kfw.de/PDF/Download-Center/Foerderprogramme-\(Inlandsfoerderung\)/PDF-Dokumente/6000004518\\_M\\_855.pdf](https://www.kfw.de/PDF/Download-Center/Foerderprogramme-(Inlandsfoerderung)/PDF-Dokumente/6000004518_M_855.pdf)

- b) Applicants: Domestic and foreign companies that are mainly privately owned for projects in Germany.
- c) Funded will be companies that meet the following requirements:

- (i) As of 31 December 2019
    - It is not a company in financial difficulty as defined by EU
    - The company has an orderly economic situation. The consortium bank is not aware of any unregulated payment arrears of more than 30 days, existing deferral agreements or breaches of covenants
  - (ii) At the time of application, the consortium partner concludes, on the basis of the financial situation of the company at 31 December 2019, that the company
    - is in a position to bear the loans to be taken out to cover the crisis,
    - the company will continue to operate beyond 31 December 2020 assuming that the overall economic situation returns to normal after three months at the latest, and
    - is therefore in a position to raise appropriate follow-up financing.
- d) Risk share: At least EUR 25 million, limited to
- (i) 25% of annual turnover 2019 or
  - (ii) twice the wage costs 2019 or
  - (iii) current liquidity requirements for the next 12 months
- The risk assumption by KfW can amount to a maximum of 80% of the project financing, whereby KfW's share of the company's total debt is limited to a maximum of 50%.
- e) Conditions: KfW's participation is at market conditions with a term of up to 6 years *pari passu*, i.e. the economic conditions are provided by the financing partner and accepted by KfW.

## 2.5 *KfW Express-Loan*

### a) Information:

- [https://www.kfw.de/inlandsfoerderung/Unternehmen/Erweitern-Festigen/Foerderprodukte/KfW-Schnellkredit-\(078\)/](https://www.kfw.de/inlandsfoerderung/Unternehmen/Erweitern-Festigen/Foerderprodukte/KfW-Schnellkredit-(078)/)
- [https://www.kfw.de/PDF/Download-Center/Foerderprogramme-\(Inlandsfoerderung\)/PDF-Dokumente/6000004525\\_M\\_078.pdf](https://www.kfw.de/PDF/Download-Center/Foerderprogramme-(Inlandsfoerderung)/PDF-Dokumente/6000004525_M_078.pdf)

### b) Applicants:

- (i) Commercial companies based in Germany which are majority-owned by private individuals and have been active on the market since at least 1 January 2019
- (ii) Individual entrepreneurs or freelancer in Germany who have been active on the market since at least 1 January 2019
- (iii) Funded will be companies that meet the following requirements:

- Companies that have made a profit in the sum of the years 2017 to 2019 or in 2019;
  - Companies that are experiencing temporary financing difficulties as a result of the Corona crisis, i.e. companies that were not companies in difficulty as defined by the European Union on 31 December 2019, can apply for the loan;
  - Remuneration for managing directors or managing partners does not exceed a maximum amount of EUR 150,000.00 per year and per person.
  - Withdrawals, distributions of profits and dividends and the granting of loans by the company to the shareholders, as well as the repayment of shareholder loans and the payment of interest thereon, will not be made from the date of application to the KfW until full repayment of the loan.
- c) Maximum loan amount:
- (i) Maximum of EUR 500,000.00 for companies with more than 10 employees up to and including 50 employees
  - (ii) Maximum of EUR 800,000.00 for companies with more than 50 employees
- A maximum of up to 25% of the annual turnover in 2019 can be financed per group of companies. A maximum of two applications may be submitted until the maximum credit amount is reached.
- d) Interest rates: Interest rate is based on the development of the capital market and is fixed on the day of the commitment
- e) Release from liability: KfW releases the financing partner from 100% of the liability.
- f) Securities: The provision of securities is not permitted.

## 2.6 *Bank guarantees*

- a) General: For companies that had sustainable business models until the corona crisis, guarantees can be made available for working capital. Up to an amount of EUR 2.5 million these are processed by the guarantee banks. Beyond that amount, the individual states or their institutes are responsible (see section 2.2)
- b) Information: <https://finanzierungsportal.ermoeglicher.de/>
- c) Extent: Guarantees can cover a maximum of 90% of the credit risk, i.e. the respective bank must assume at least 10% of its own liability.
- d) Decision on the guarantee: Guarantee banks may make guarantee decisions up to an amount of EUR 250,000 independently and within 3 days.

## 2.7 *Economic stabilization fund*

- a) Information:

- <https://www.bmwi.de/Redaktion/DE/Coronavirus/WSF/wirtschaftsstabilisierungsfonds.html>
- b) Applications may be submitted by companies of the real economy
  - c) Funded will be companies that have met at least two of the following three criteria in the last two fiscal years preceding 1 January 2020:
    - balance sheet total of more than EUR 43 million,
    - revenues of more than EUR 50 million and
    - at least 250 employees,
  - d) Stabilization measures:
    - (i) Guarantees to secure loans, including credit lines, and capital market products in the debt capital area.
    - (ii) Recapitalisation to directly strengthen equity.
  - e) Conditions for the Stabilization measures:
    - (i) No other financing possibilities are available,
    - (ii) positive prognosis after overcoming the COVID 19 pandemic, and
    - (iii) no company in difficulty as defined by the EU as of 31 December 2019.

## 2.8 *Program for interim financial aid*

- a) Information:
  - <https://www.stmwi.bayern.de/ueberbrueckungshilfe-corona/>
  - <https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Naviga-tion/DE/Dokumente/FAQ/faqlist.html>
  - <https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Naviga-tion/DE/Home/home.html>
- b) Applicants: Small and medium-sized companies and organisations from all sectors of the economy with a permanent establishment or registered office in Germany and registered with a German tax office, unless they qualify for the Economic Stabilization Fund (see section 2.7), self-employed persons, members of the liberal professions in their main occupation, non-profit enterprises and organisations which are permanently economically active on the market.
- c) Funded will be companies
  - (i) whose revenues have been reduced by at least 60% in April and May 2020 compared to April and May 2019 due to Corona (Companies which, due to strong seasonal fluctuations in their business in April and May 2019, have in these month generated less than 5 percent of annual sales in 2019 are exempted from this condition of a 60 % reduction in turnover.), and

- (ii) which were not a company in difficulty as defined by the EU as of 31 December 2019

For companies established after April 2019, the months of November and December 2019 will be relevant.

- d) Amount of interim financial aid: The financial aid will cover the months of June, July and August 2020. During this period, the interim financial aid will provide a subsidy of
  - (i) 80 % of fixed costs in the event of a decrease in turnover of more than 70 % compared to the same month of the previous year;
  - (ii) 50 % of fixed costs in the event of a decrease in turnover of between 50 % and 70 % compared to the same month of the previous year;
  - (iii) 40 % of fixed costs in the event of a decrease in turnover of between 40 % and less than 50 % compared to the same month of the previous year.
- e) Maximum amount of refund:
  - (i) Maximum refunding amount for three months: EUR 150,000
  - (ii) For companies with up to five employees: EUR 9,000
  - (iii) For companies with up to ten employees: EUR 15,000

In exceptional and duly justified cases, these maximum amounts may be exceeded.

- f) Procedure
  - (i) Application: The application must be submitted by an auditing third party on behalf of the applicant (tax consultants, auditors and certified accountants and, from 10 August 2020, lawyers). Applications for interim financial aid may be submitted from July 2020, after the second supplementary budget for 2020 has come into force. Applications can be submitted until 31 August 2020.
  - (ii) In stage 1, the application requirements and the amount of eligible fixed costs must be substantiated with the help of a tax adviser/auditor/lawyer
    - Decrease in turnover: Companies submit an estimate of their turnover in April and May 2020 when submitting their application. They also provide a forecast of their turnover for the funding period applied for.
    - Fixed costs: Companies provide an estimate of their expected fixed costs for which reimbursement is requested when submitting their application.

The application procedure is carried out by a tax advisor/auditor/lawyer and transmitted directly to the EDV of the granting authorities of the federal states via a digital interface.

- (iii) In stage 2, the application requirements and the amount of eligible fixed costs must be proved with the help of a tax adviser/auditor/lawyer
- Decrease in turnover: When the final turnover figures for the actual decrease in turnover in April and May 2020 are available, they will be forwarded to the granting authorities of the federal states by a tax advisor/auditor/lawyer. If it turns out that 60% decrease in turnover has not been achieved contrary to the forecast, any subsidies already paid out must be repaid. Once the final turnover figures are available, the tax advisor/auditor/lawyer will inform the granting authorities of the federal states of the actual decrease in turnover in the respective funding month. If this results in deviations from the turnover forecast, any subsidies paid in excess must be repaid.
  - Fixed costs: The tax advisor/auditors/lawyers submit the final fixed cost statement to the granting authorities of the federal states. If this results in deviations from the cost forecast, any subsidies already paid out must be repaid.

## 2.9 *Aid for start-ups*

The German government has launched a special package of measures for start-ups with a volume of EUR 2 billion.

### a) Information

- [https://www.bmwi.de/Redaktion/DE/Downloads/S-T/start-up-schutz-schild.pdf?\\_blob=publicationFile&v=4](https://www.bmwi.de/Redaktion/DE/Downloads/S-T/start-up-schutz-schild.pdf?_blob=publicationFile&v=4)
- <https://www.kfw.de/inlandsfoerderung/Unternehmen/KfW-Corona-Hilfe/Start-ups.html>

### b) Measures:

- (i) Measures for start-ups previously financed by private VC funds or to be newly financed by private VC funds
- Applications may be submitted by private VC fund managers with a German portfolio to which the following applies:
    - Independent German or European VC fund manager
    - Successful completion of the audit by KfW Capital or EIF
  - Corona Matching Facility" (CMF): Public investors can support financing rounds with public funds (up to 70%) as long as private investors participate in the financing round. Further information on CMF: <https://kfw-capital.de/corona-matching-fazilitaet/>
- (ii) Start-ups that do not have access to measures under (i):
- Start-ups that do not have access to the "Corona Matching Facility" due to a lack of private investors are to benefit from public programs at state level.



- Funded will be companies
  - that have their economic focus in Germany,
  - that were not a company in difficulty as defined by EUR as of 31 December 2019
  - whose group turnover does not exceed EUR 75 Mio.

#### 2.10 *European Recovery Plan (ERP)-Wirtschaftsplangesetz 2021*

On 29 July 2020, the Federal Cabinet adopted the draft of the European Recovery Plan (ERP) Wirtschaftsplangesetz 2021. On this basis, small and medium-sized enterprises will be able to obtain low-interest financing and equity capital with a volume of around 7.9 billion euros in the coming year. Details can be found under: <https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2020/20200729-altmaier-mit-erp-mittelstandsfoerderung-unterstuetzen-wir-unternehmen-bei-bewaeltigung-der-corona-pandemie.html>

#### 2.11 *Export guarantees*

For a limited period of time until 31 December 2020, export transactions can also be covered by official export credit guarantees of the Federal Government on short payment terms (up to 24 months) within the EU and in certain OECD countries. Details can be found under: <https://www.agaportal.de/exporkreditgarantien/praxis/marktfaehige-risiken>

#### 2.12 *Compensation under the Infection Protection Act (Infektionsschutzgesetz, IfSG)*

Anyone who is, or has been, subject to a ban on activities or quarantine on the basis of the Infection Protection Act, may claim compensation on applications. A requirement in both cases is a decision of the public health department concerning the person.

You can find more detailed information under: <https://www.berlin.de/sen/finanzen/presse/nachrichten/artikel.908216.php>

### **3. Measures at state level (Bavaria)**

#### 3.1 *General information:* <https://www.stmwi.bayern.de/coronavirus/> <https://lfa.de/website/de/aktuelles/informationen/Coronavirus/>

#### 3.2 *Guarantee by LfA Förderbank*

- a) Information: [https://lfa.de/website/downloads/merkblaetter/produktmerkblaetter/merkblatt\\_buergerschaft.pdf](https://lfa.de/website/downloads/merkblaetter/produktmerkblaetter/merkblatt_buergerschaft.pdf)

- b) Applications may be submitted by medium sized companies (industry und service companies) and members of the liberal professions<sup>3</sup>
- c) Maximum amount: Guarantees are provided up to an amount of EUR 30 million.
- d) Extent: Guarantees can cover a maximum of 90% of the credit risk.
- e) Procedure: For guarantees up to EUR 500,000 the simplified application and processing procedure applies.

### 3.3 *Loan programmes by LfA Förderbank*

- a) Protective shield loan
  - (i) Information: [https://lfa.de/website/downloads/merkblaetter/infoblaetter/in-foblatt\\_corona-schutzschirm-kredit.pdf](https://lfa.de/website/downloads/merkblaetter/infoblaetter/in-foblatt_corona-schutzschirm-kredit.pdf)
  - (ii) Applications may be submitted by companies with an annual turnover (group turnover) of up to EUR 500 million and members of the liberal professions.
  - (iii) Funded will be companies that are experiencing temporary financing difficulties as a result of the Corona crisis, i.e. companies that were not a company in difficulty as defined by the European Union on 31 December 2019 can apply for a loan
  - (iv) Minimum loan amount: EUR 10,000.00
  - (v) Maximum loan amount: EUR 30 million, limited to
    - 25% of annual turnover 2019 or
    - twice the wage costs 2019 or
    - current liquidity requirements for the next 18 months for small and medium sized companies and 12 months for large companies
  - (vi) Release from liability: Risk assumption of 90% of the credit default risk
- b) Express Loan Corona
  - (i) Information: [https://lfa.de/website/downloads/merkblaetter/infoblaetter/in-foblatt\\_lfa-schnellkredit.pdf](https://lfa.de/website/downloads/merkblaetter/infoblaetter/in-foblatt_lfa-schnellkredit.pdf)
  - (ii) Applications may be submitted by companies with up to 10 employees
  - (iii) Funded will be companies that
    - have been active in the market since 1. October 2019,
    - have been profitable, throughout 2019 or on average during the last 3 years, and
    - were not already companies in difficulty as defined by the European Union on 31. December 2019

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<sup>3</sup> Guarantees from Bürgschaftsbank Bayern GmbH are available for trade, commerce, hotels, restaurants and horticultural companies.

(iv) Maximum loan amount:

- Companies with up to 5 employees: EUR 50,000.00
- Companies with up to 10 employees: EUR 100,000.00

The maximum loan amount is limited to the sum of 25% of total sales in 2019. Received emergency aid (by Federal Government or State of Bavaria) must be deducted.

(v) Interest rate: 3 % p.a.

(vi) Release from liability: Risk assumption of 100 % of the credit default risk

### 3.4 *Bavarian fund*

- a) Information: [https://www.bayern.landtag.de/www/ElanTextAblage\\_WP18/Drucksachen/Folgedrucksachen/0000005500/0000005778.pdf](https://www.bayern.landtag.de/www/ElanTextAblage_WP18/Drucksachen/Folgedrucksachen/0000005500/0000005778.pdf)
- b) Applications may be submitted by companies located or with main activity in Bavaria
- c) Funded will be companies that
  - (i) have met at least two of the following three criteria in the last completed financial year preceding 1 January 2020.
    - balance sheet total of more than EUR 10 million,
    - revenues of more than EUR 10 million,
    - at least 50 employees,
  - or
  - (ii) have been valued by private investors in at least one completed financing round since 1 January 2017 with an enterprise value of at EUR 5 million including the capital raised by this financing round.
- d) Stabilization measures:
  - (i) Assumption of guarantees up to EUR 36 billion for liabilities of companies established from the effective date of BayFoG until 31 December 2021.
  - (ii) Participation in the recapitalisation of companies. Recapitalisation measures include the acquisition of subordinated debt, hybrid bonds, profit participation rights, silent partnerships, convertible bonds, acquisition of shares in companies, etc.
- e) Conditions for the Stabilization measures:
  - (i) No other financing possibilities are available,
  - (ii) positive prognosis after overcoming the COVID 19 pandemic, and
  - (iii) no company in difficulty as defined by the EU as of 31 December 2019.

#### **4. Measures of other Federal States**

Information for the individual federal states:

- <https://www.bmwi.de/Redaktion/DE/Artikel/Wirtschaft/grw-gemeinschaftsaufgabe-laender.html>;

#### **5. Contact persons**

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