# Information from 31 March 2020

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

# Measures at federal level

## General information: <https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Public-Finances/Articles/2020-03-23-corona-assistance.html>

## KfW Entrepreneur Loan

#### Information: <https://www.kfw.de/inlandsfoerderung/Unternehmen/Unternehmen-erweitern-festigen/Finanzierungsangebote/KfW-Unternehmerkredit-Fremdkapital-(037-047)/>; https://www.kfw.de/Download-Center/Förderprogramme-(Inlandsförderung)/PDF-Dokumente/6000000188-Merkblatt-037-047.pdf

#### 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 in financial difficulty on 31 December 2019 can apply for a loan if, at the time of application
  + According to the current planning (assumption: on the basis of an overall economic situation returning to normal), the company is likely to be fully financed until 31 December 2020 and
  + Assuming that the overall economic situation returns to normal, there is a positive forecast for the company
* According to EU regulation, companies suffering financial difficulties include – inter alia – companies that are not small or medium sized companies and where, over the last two years, (i) the book value-based debt ratio has exceeded 7.5 and (ii) the ratio of EBITDA to interest expenditure has exceeded 1.0. Against this background the granting of loans to portfolio companies could be difficult.

#### Maximum loan amount: EUR 1 billion for each group of companies, limited to a maximum of

##### 25% of annual turnover 2019 or

##### twice the wage costs 2019 or

##### current liquidity requirements for the next 18 months for small[[1]](#footnote-1) and medium[[2]](#footnote-2) 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.

#### Interest rates:

##### Interest rate is based on the development of the capital market and is fixed on the day of the commitment

##### Small and medium sized companies: 1.00-1.46%

##### Large companies: 2.00-2.12%

#### Release from liability

##### KfW releases the financing partner from 90% of the liability for small and medium sized companies.

##### KfW releases the financing partner from 80% of the liability for companies exceeding the threshold for small and medium sized companies.

## ERP Start-up Loan – Universal

#### Information: <https://www.kfw.de/inlandsfoerderung/Unternehmen/Gründen-Nachfolgen/Förderprodukte/ERP-Gründerkredit-Universell-(073_074_075_076)/>; https://www.kfw.de/Download-Center/Förderprogramme-(Inlandsförderung)/PDF-Dokumente/6000002259-Merkblatt-ERP-Gründerkredit-068.pdf

#### Applicants

##### Individuals who wish to establish a company, a freelance existence or a commercial enterprise within the first 5 years after starting the business

##### Individuals who take over a commercial enterprise or an active participation, even if they have been self-employed for more than 5 years

##### Domestic companies that are mainly privately owned, within the first 5 years after starting the business

##### Domestic entrepreneurs or freelancers, within the first 5 years after starting the business

##### 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 in financial difficulty on 31 December 2019 can apply for a loan if, at the time of application
  + According to the current planning (assumption: on the basis of an overall economic situation returning to normal), the company is likely to be fully financed until 31 December 2020 and
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## Consortium financing

#### Information: <https://www.kfw.de/inlandsfoerderung/Unternehmen/Erweitern-Festigen/Förderprodukte/Direktbeteiligung-für-Konsortialfinanzierung-(855)/>; <https://www.kfw.de/PDF/Download-Center/Förderprogramme-(Inlandsförderung)/PDF-Dokumente/6000004518_M_855.pdf>

#### General: KfW participates in consortium financing for investments and working capital of large companies

#### Applicants: Domestic and foreign companies that are mainly privately owned for projects in Germany.

#### Funded will be companies that meet the following requirements:

##### As of 31 December 2019

* It is not a company in financial difficulty as defined by EU (verification and confirmation by consortium bank)
* 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

##### At the time of application

* According to the current planning (assumption: on the basis of an overall economic situation returning to normal), the company is likely to be fully financed until 31 December 2020
* Assuming that the overall economic situation returns to normal, there is a positive forecast for the company

#### Risk share: At least EUR 25 million, limited to

##### 25% of annual turnover 2019 or

##### twice the wage costs 2019 or

##### 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%.

#### 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 accpeted by KfW.

## Bank guarantees

#### 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)

#### Information: <https://finanzierungsportal.ermoeglicher.de/>

#### 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.

#### Decision on the guarantee: The Federal Government offers the possibility for guarantee banks to make guarantee decisions up to an amount of EUR 250,000 independently and within 3 days.

## Economic stabilization fund

In addition, the Federal Government has launched a large-volume economic stabilization fund. It consists of EUR 400 billion for state guarantees for liabilities, EUR 100 billion for direct state investments and EUR 100 billion for refinancing by KfW (<https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2020/03/2020-03-23-pm-Wirtschaftsstabilisierungsfond.html>)

## Corona emergency aid for micro companies and solo freelancers

#### Informationen: <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2020/03/2020-03-23-pm-Soforthilfefond-download.pdf?__blob=publicationFile&v=2>

#### Applicants: Micro companies from all economic sectors and members of liberal professions with up to 10 employees

#### Requirement: Economic difficulties due to corona crisis. Companies must not have been in economic difficulties before March 2020. Damage occurring after 11 March 2020.

#### Amount of the emergency aid:

##### Up to EUR 9,000 single payment for 3 months for up to 5 employees (full time equivalents)

##### Up to EUR 15,000 single payment for 3 months for up to 10 employees (full time equivalents)

## Export guarantees

The Federal Government also continues to provide export credit guarantees (so-called Hermes cover) (<https://www.agaportal.de/en>)

## 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.

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

# Measures at state level (Bavaria)

## *General information:* <https://www.stmwi.bayern.de/coronavirus/>

## *Guarantee by LfA Förderbank*

#### Information: <https://lfa.de/website/de/aktuelles/_informationen/Coronavirus/>

#### Applications may be submitted by medium sized companies and members of the liberal professions

#### Maximum amount: Guarantees are provided up to an amount of EUR 30 million.

#### Extent: Guarantees can cover a maximum of 90% of the credit risk

#### Procedure: For guarantees up to EUR 500,000 the simplified application and processing procedure applies

## Loan programmes by LfA Förderbank

#### Universal loan

##### Information: <https://lfa.de/website/downloads/merkblaetter/infoblaetter/infoblatt_universalkredit.pdf>

##### Intended use: Financing will be provided for investments, acquisition of warehouses and general working capital requirements

##### Applications may be submitted by companies with an annual turnover (group turnover) of up to EUR 500 million and members of the liberal professions.

##### Maximum loan amount: EUR 10 million.

##### Release from liability: Risk assumption of 80% for loans of up to EUR 4 million

#### Emergency loan

##### Information: <https://lfa.de/website/downloads/merkblaetter/produktmerkblaetter/merkblatt_akutkredit.pdf>

##### Intended use: Granting loans to companies with liquidity and profitability problems (before corona crisis)

##### Applications may be submitted by medium sized companies.

##### Maximum loan amount: EUR 2 million.

## Emergency aid Corona

#### Information: <https://www.stmwi.bayern.de/soforthilfe-corona/>;

#### <https://www.verkuendung-bayern.de/baymbl/2020-156/>;

<https://www.ihk-muenchen.de/de/Service/Recht-und-Steuern/Arbeitsrecht/Bestehende-Arbeitsverhältnisse-Kündigung-und-Sozialversicherung/Corona-Virus-Dienstreisen-Arbeitsausfall-Arbeitsschutz/>

#### Applications may be submitted by companies and members of the liberal professions with up to 250 employees and business premises in Bavaria.

#### Requirements: An economic imbalance directly related to the pandemic triggered by the corona virus SARS-CoV-2, which threatens the existence of the company due to massive liquidity shortages that cannot be compensated for by means of compensation payments, tax deferrals, other equity or borrowed funds or other liquidity measures. If the company is an affiliated company, the liquidity bottleneck must be assessed for the company as a whole.

#### Amount of the emergency aid: Between EUR 5,000 and EUR 30,000, depending on the size of the business premises

* Up to 5 employees: EUR 5,000
* Up to 10 employees: EUR 7,500
* Up to 50 employees: EUR 15,000
* Up to 250 employees: EUR 30,000

## Bayernfonds

Through a Bavarian Fund, Bavaria can also invest directly in companies that would otherwise become insolvent.

# Measusures of other Federal States

Information for the individual Federal states: <https://www.bmwi.de/Redaktion/DE/Artikel/Wirtschaft/grw-gemeinschaftsaufgabe-laender.html>

# Measures of the European Union

The European Commission has adopted a Temporary Framework which extends the possibilities for companies to receive aid from Member States.

You can find detailed information under: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC0320(03)&qid=1585056753088&from=DE>

# Contact persons

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1. Companies with fewer than 50 employees and an annual turnover or balance sheet not exceeding EUR 10 million. [↑](#footnote-ref-1)
2. 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. [↑](#footnote-ref-2)