



Corona crisis - client information

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Audit / Tax / Advisory

Smart decisions. Lasting value.

Protective shield for employees and companies, contractual provision

More flexible reduced hours compensation benefit retroactive as of March, 1st

There are significant simplifications for the reduced hours compensation benefit:

- Only 10 percent of the employees must now be affected (previously 30%).
- Social security contributions that employers have to pay in the event of reduced working hours will be reimbursed in full.
- For the time being, the creation of negative working time accounts is no longer required, even if this is provided for in agreements on working time fluctuations for the company.
- Reduced hours compensation benefit is also possible for employees on temporary contracts.

These reductions are applied retroactively as of March, 1st, 2020 and also paid retroactively. Employers can now apply for improved reduced working hours.

Read more: [Information on labour law](#)



Tax-related liquidity assistance for businesses

- Taxes already due on company profits from previous financial years can be deferred interest-free under simplified conditions. The tax authorities may defer taxes if the collection would constitute a considerable hardship. The tax authorities are instructed not to impose strict requirements in this regard.
- Tax prepayments on profits of the current fiscal year can be adjusted more easily. As soon as it is obvious that profits in the current year are likely lower, tax prepayments are reduced quickly and easily.
- Enforcement measures (e.g. attachment of bank accounts) and late-payment penalties will be waived until 31 December 2020 if the debtor of a pending tax payment is directly affected by the coronavirus.

The Federal Ministry of Finance (Bundesfinanzministerium) has initiated these measures. The concrete form of these measures is a matter for the federal states (Länder).

Bavaria has already published the simplified form applications:

https://www.finanze.bayern.de/Informationen/download.php?url=LfSt/./Informationen/Formulare/Steuerzahlung/Steuererleichterungen_aufgrund_der_Auswirkungen_des_Coronavirus.pdf

We inform you about the latest developments.

A protective shield worth billions for businesses

The existing liquidity support programmes will be extended. This applies to:

- KfW Entrepreneur Loan (existing enterprises)
- ERP start-up loan - universal (for young companies under 5 years)
- KfW Special Programme

The assumption of risk (so-called release from liability) by KfW as a state bank is increased to up to 80 %. Large enterprises with a turnover of up to € 2 billion (previously € 500 million) will also be included.

For the guarantee banks of the federal states (Länder), the conditions for deficiency guarantees will be extended:

- Increase of the guarantee ceiling to € 2.5 million (previously € 1.25 million)
- higher risk assumption by the Federal Government through counter-guarantees
- Acceleration of the decision-making process

In addition to these expanded programs, there are other ways to improve liquidity under existing credit programs.

Caution: All measures are loans that have to go through the classic loan processing procedure. To do this, your financing partner, such as your house bank, needs the typical documents such as annual financial statements, current business management data and income and liquidity planning.

Check supply contracts and, if necessary adapt

Companies are currently concerned primarily with meeting their own delivery obligations to customers. Delays in delivery may result in claims for damages. Many have also contractually committed themselves to paying fixed contractual penalties if delivery is not made on time.

Affected companies are wondering whether they or their contractual partners have to fulfil existing supply contracts even though they are unable to do anything to limit their ability to deliver as a result of the Corona crisis, and whether they will therefore be liable for damages.

To provide clarity here, it must first be examined whether the contractual agreements were based on German or another law, whether the contract contains a clause on account of force majeure (force majeure clause) and what the exact content of this clause is.

The outbreak of the coronavirus is an epidemic and thus basically a case of force majeure, and can therefore lead to the application of an effectively agreed force majeure clause. Otherwise, the legal regulations come into effect.



We recommend companies that are affected by the crisis:

- If you are considering reduced hours compensation benefit: Prepare the documents for the application, especially the „Anzeige über den Arbeitsausfall“ (notification of loss of working hours) and familiarise yourself with the application forms. You will find the form under: www.arbeitsagentur.de/unternehmen/download-center-unternehmen > Finanzielle Hilfen | Kurzarbeitergeld
- If you expect a drop in your profits or if tax payments are due immediately that put an excessive pressure on your liquidity: Inform your tax advisor about the reduction of tax prepayments or possible tax extensions.
- If not already in place, prepare a corporate planning from which the capital requirement is determined. You will need these for applying for financial aid and also as a decision-making instrument for your own crisis management.
- Check your coronavirus threatened supply contracts with regard to effective force majeure clauses.

We will be pleased to support you in applying for reduced working hours compensation benefit, in making applications to the tax authorities, in procuring subsidies as well as in the effective preparation of supply contracts. Please contact your RWT consultant or one of our experts.

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