

Cornerstones of the extended Corona Bridging Aids

I. Aim of the programme

Securing the economic existence of small and medium-sized enterprises which suffer considerable loss of turnover due to complete or partial closures or conditions imposed by Corona.

II. Eligible Applicants

Companies and organisations from all sectors of the economy to the extent that they do not qualify for the Economic Stabilisation Fund and to the extent that they have had to discontinue their business activities completely or to a significant extent as a result of the Corona crisis. Solo self-employed and self-employed members of the liberal professions in their main occupation are also eligible to apply.

A cessation of business activities in whole or in significant parts as a result of the Corona crisis is assumed if revenue in the months of April and May 2020 taken together has fallen by at least 60% compared to April and May 2019.

For companies founded after April 2019, the months of November and December 2019 are to be used for comparison instead of April and May 2019.

The applicant must not have been in difficulty on 31 December 2019 as defined by the EU.

Non-profit enterprises and organisations affected by the Corona crisis in the above sense are also eligible to apply, regardless of their legal form, which are economically active on the market on a permanent basis (e.g. youth training centres, inter-company vocational training centres, family holiday centres). In the case of these companies and organisations, the focus is on income (including donations and membership fees) rather than on turnover.

Public enterprises are excluded from funding. This does not apply to educational institutions of the self-administration of the economy in the legal form of public-law corporations (educational institutions of chambers, district unions or guilds).

The grants are to be repaid if the enterprise is not continued until August 2020.

The subsidies cannot be paid out to companies that have ceased business operations or filed for insolvency.

The application deadlines end in each case on 31 August 2020 at the latest and the payment deadlines on 30 November 2020.

III. Eligible Costs

Eligible costs shall be continuous fixed costs incurred during the period of eligibility, whether contractually established or fixed by public authorities and not subject to unilateral change, in accordance with the following list, which also takes account of specific features of the sector:

1. rents and leases for buildings, land and premises directly related to the business activity of the enterprise Costs for private premises are not eligible.
2. other rental costs
3. interest expenses for credits and loans
4. financing cost component of leasing instalments
5. expenditure on necessary servicing, maintenance or storage of fixed assets and leased assets, including IT
6. expenditure on electricity, water, heating, cleaning and hygiene measures
7. property taxes
8. operating licence fees
9. insurance, subscriptions and other fixed expenses
10. costs for tax consultants or auditors incurred in connection with the application for Corona bridging aid
11. costs for trainees
12. personnel costs during the eligibility period which are not covered by short-time working allowance will be subsidised at a flat rate of 10 % of the fixed costs referred to in points 1 to 10. Cost of living or an employer's salary are not eligible.
13. in order to take appropriate account of the particular affliction of travel agencies, commissions which owners of travel agencies have repaid to tour operators due to Corona-related cancellations are also treated as equivalent to the fixed costs under Nos. 1 to 12.

The fixed costs under Nos. 1 to 9 must have been justified before 1 March 2020. Payments for fixed costs made to affiliated companies or to companies owned or controlled directly or indirectly by the same person or company are not eligible.

IV. Type of subsidy and calculation of the subsidy amount

The bridging allowance reimburses a share of

- 80 % of fixed costs with more than 70 % drop in sales,
- 50 % of fixed costs in the event of a drop in sales of between 50 % and 70
- 40 % of fixed costs in the event of a drop in sales of between 40 % and less than 50 %

in the month of promotion compared to the same month of the previous year.

For companies founded after June 2019, the months December 2019 to February 2020 are to be used for comparison.

If the turnover in the funding month is at least 60% of the turnover of the previous year's month, the bridging allowance is not applicable for the respective funding month. Any overcompensation must be repaid.

The benefits received as bridging assistance under the above conditions are taxable and must be taken into account in the determination of profits in accordance with the general tax regulations.

V. Limitation

The maximum grant is EUR 150,000 for three months.

For companies with up to five employees, the maximum reimbursement amount is EUR 9,000 for three months, for companies with up to ten employees EUR 15,000 for three months.

These maximum reimbursement amounts can only be exceeded in justified exceptional cases.

A well-founded exceptional case exists if the bridging aid based on the eligible fixed costs is at least twice as high as the maximum reimbursement amount. In such cases, the applicant is reimbursed 40% of the fixed costs not yet included in the maximum reimbursement amount, provided that the company suffers a loss of sales of between 40% and 70% in the funding month. In the case of a loss of sales exceeding 70%, 60% of the fixed costs not yet taken into account will be reimbursed. This does not affect the maximum subsidy of EUR 150,000 for three months.

Legally independent affiliated companies or companies that are owned or directly or indirectly under the controlling influence of the same person or company may only apply for bridging assistance up to a total amount of EUR 150,000 for three months. This consolidation requirement does not apply to accommodation facilities run on a non-profit basis, such as youth hostels, school country homes, providers of international youth exchange, institutions for the disabled.

VI. Duration

The programme will run from June to August 2020 and a grant may be awarded for a maximum of three months.

VII. Evidence

The number of employees is based on the number of employees in full-time equivalents on the reporting date of 29 February 2020. In the case of affiliated companies, the employees of the individual companies are considered together.

A two-stage procedure is used to prove the collapse in sales and the reimbursable fixed costs that justify the claim.

In the first stage (application), the application requirements and the amount of the reimbursable fixed costs must be substantiated with the help of a tax advisor or auditor, in the second stage (subsequent verification) with the help of a tax advisor or auditor.

1st stage

- Slump in sales

When submitting their application, companies shall provide an estimate of their turnover in April and May 2020. They also provide a forecast of their turnover for the funding period applied for.

- Fixed costs

When submitting an application, undertakings shall provide an estimate of their likely fixed costs for which reimbursement is sought.

The application procedure is carried out by a tax advisor or auditor and transmitted directly to the IT systems of the licensing offices of the *Bundesländer* via a digital interface. Only then can approval be granted. Within the scope of the application procedure, the tax consultant or auditor will take into account the advance VAT returns for 2019 as well as the annual financial statements for 2019 and the income or corporation tax return for 2019. If the annual financial statements for 2019 or other required key figures are not yet available, the annual financial statements for 2018 or other required key figures from 2018 can be submitted.

2nd stage

- Slump in sales

When the final sales figures on the actual sales slump in April and May 2020 are available, they will be forwarded by a tax consultant or auditor to the approval authorities of the federal states. If this results in the fact that, contrary to the forecast, the 60% slump in sales was not achieved, any subsidies already paid out must be repaid.

In addition, when the final turnover figures are available, the tax consultant or auditor will inform the approval offices of the federal states of the actual drop in turnover in the respective funding month. This notification can also be made after the end of the programme.

If this results in deviations from the turnover forecast, any overpayments must be repaid or will be increased retroactively. When confirming the final turnover figures, the tax consultant or auditor will take the advance turnover tax returns of the applying companies into account.

- Fixed costs

The tax consultants or auditors also submit the final fixed cost statement to the approval authorities of the *Bundesländer*. This notification can also be made after the end of the programme. If this results in deviations from the cost forecast, any subsidies already paid out must be repaid or will be increased retrospectively.

VIII. Aid scheme

The Bridging Aid programme falls under the amended Federal Regulation on Small Grants 2020, and the use of bridging aid and other emergency aid from the Federal Government and the Länder must not exceed the maximum amount permitted under the Small Grants Regulation 2020, possibly cumulated with the maximum amount of aid under the de minimis Regulation.

IX. Cumulation and relationship with other programmes

The bridging aid programme follows on from the emergency aid programme of the Federal Government. Financial hardships that arose before the programme came into force (March to May 2020) will not be compensated. Companies that have made use of emergency aid from the federal government or the federal states, but continue to be affected by sales losses to the extent mentioned above, are eligible to apply again.

Utilization of the emergency aid does not exclude simultaneous utilization of the bridging aid; however, if the support period overlaps, the emergency aid will be credited proportionately. Fixed costs can only be reimbursed once. A corresponding self-declaration must be submitted by the companies when the application is submitted.

Details on the relationship of the bridging assistance to other federal and state Corona-related grant programmes are regulated in the implementation notes to the administrative agreements with the states.

Source (7/2020):

<https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Navigation/DE/Home/home.html>