# Measures to mitigate the economic impact of the COVID-19 outbreak

**European measures**

**Commission**

* Use of all possible flexibility of Stability and Growth Pact, including its temporary suspension – this means that there will be no limitation for public expenditure for crisis measures, including those for SMEs – all crisis measures will not count for the budget rules.
* Corona Respond Investment Initiative – for 37 bn investments – Member States will not have to pay back unused money received from regional and social funds, if it is used for crisis measures and can be used to co-finance other projects from the regional/social funds. Furthermore, an easy way to change the operational programmes will be provided.
* 1bn budget guarantee for 100.000 SME/small mid-cap to provide liquidity – via the EIF – this measure will be implemented via national intermediaries – same procedure as for COSME financial instruments.
* State aid: allowing extended support by using Art 107 (2) b – extraordinary circumstances – 107 (3) b – exceptional distortions of the economy (currently only for Italy)

In order to approve such measures DG Competition offers fast track approval and a7/7 hotline to provide advice and templates for schemes which work

* Ensuring bank lending by allowing capital relieves for banks – supervisors will allow banks to work with reduced capital requirements – either less amount or lower quality as regards their regulatory capital requirements.
* Funding H2020 reoriented towards research virus

See [press release](https://ec.europa.eu/commission/presscorner/detail/en/ac_20_466) from 13 March.

* The Commission presented [Guidelines on effective border management](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/20200316_covid-19-guidelines-for-border-management.pdf) to set out principles to ensure the availability of essential services and goods such as food supplies. See [press release](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_468) from 16 March
* In order to avoid Internet congestion the Commission has called on internet access service providers to prevent the effects of network congestion by using the existing provisions in Regulation 2015/2120 (Article 3(3)(c)). Furthermore, the Commission expects users to make “REASONED” use of leisure activities, using low resolution for the content viewed. The European Commission and the Body of European Regulators for Electronic Communications (BEREC), with the support of the National Regulatory Authorities (NRAs), are setting up a reporting mechanism to ensure regular monitoring of the internet traffic situation in each Member State.
* Creation of a strategic **rescEU stockpile** of medical equipment such as ventilators and protective masks to help EU countries in the context of the COVID-19 pandemic. See [press release](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_476) from 19 March

**Temporary Framework on State aid**

* On 19 March 2020, the Commission published the announced “Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak”.
* The “[Temporary Framework for State aid](https://ec.europa.eu/competition/state_aid/what_is_new/sa_covid19_temporary-framework.pdf)” can be used for support measures since 1 February 2020 until the end of 2020. The main elements are:
* State aid under this framework can only be given to companies which have not been in difficulties on 31 December 2019.
* Up 800.000 can be given for everything (quasi deminimis), if it is based on a scheme with a fixed budget – special rules for processing and marketing of agricultural products.
* Guarantees and subsidised loans :
	+ Up to double of the annual wage bill or 25% of total turnover or the proved liquidity needs for the next 18 month (SMEs)
	+ The minimum premia for guarantees or the minimum interest rate for loans (IBOR + minimum) has to be:



*…. with 100 basis points (bps) = 1%*

* The maximum maturity of guarantees and loans is 6 years and both have to be provided before end 2020.
* The maximum level of a loan guarantee is 90%, if losses are shared equally and 35% if the first pieces of loss is taken
* Both can be used for investments and working capital.
* In addition the framework gives orientation for export credit schemes and support for loans distributed by banks.

**ECB**

* ECB will provide cheap money to banks for lending to SMEs.
* Extending Bond buying programme by 120 bn until the end of 2020, which will reduce the costs for government and corporate bonds. See [press release](https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200312_1~39db50b717.en.html) after the Board meeting of ECB on 12 March.
* ECB announced a Pandemic Emergency Purchase Programme (750 bn), which aims to buy government bonds to stabilise financial markets and resulted already in a significant decrease of the spread for bonds in Italy.

**EIB Group**

* Increase financing for health sector
* 10 bn extra investments to SMEs and midcaps with own resources

**EUROGROUP**

* Eurogroup agrees with measures proposed by Commission on Friday (37 bn investment, 8bn guarantee for SME finance, flexibility as regards State aid rules, using all possible flexibility in Stability and Growth Pact).
* Asks EIB Group to increase the support for SME finance to 20 bn guarantees for another 150.000 SMEs.
* Asks EIB to accelerate the impact of available resources by speeding up the programming and spending of money available.
* Welcome the monetary policy package from ECB / Supervisors – see above
* Agreed that automatic stabilisers will fully work. This means that lower revenues of taxes and social contribution as well as higher spending needs of the public sector (unemployment payments, health system, etc.) will not be compensated by reducing other spending or higher taxes. Higher budget deficits will be accepted.

See the [statement](https://www.consilium.europa.eu/en/press/press-releases/2020/03/16/statement-on-covid-19-economic-policy-response/) of the Eurogroup after the meeting on Monday 16 March.

**What our organisations ask to do**

SME organisations welcome the Commission’s general response to the Corona virus emergency, in particular the flexibility allowed in the application of the Stability and Growth Pact rules.

In addition our SME organisations ask for:

* Protect the integrity of the single market and enhance coordination among Member States to face the emergency jointly while promoting solidarity values.  The circulation of essential goods across borders should be ensured.
* The creation of an online information tool providing reliable information on logistics situation within the Schengen area, in order for companies willing to do business cross-border to be able to assess possible risks and delays by border controls, etc. Moreover a stabilisation of cross-border value chains has to be ensured as soon as possible;
* Swift application of the Platform2Business regulation to avoid that platforms take advantage of the current increase of providers on the platform (e.g. Deliveroo).
* Swift implementation of the support measures announced by the European Commission on Friday 13 March and supported by the Eurogroup on Monday 16 March, to ensure that actions are reaching the SMEs as fast as possible.
* Incentivise Member States to set up mechanisms to assist SMEs in difficulties through a more speedy implementation of the Insolvency Directive. The experience of the Early Warning Europe project, supported by COSME, can be used to move to a swift implementation.
* Postponement by one month of deadlines of all open public consultations and postponement of launch of new consultations, not directly related to the corona crisis, in order to grant stakeholders additional time for feedback while dealing with urgent measures to tackle the corona crisis. On the other side we encourage a rapid adoption and implementation of all crisis response measures.
* Rethink the SME strategy in order to consider new actions taking into account the long term impact of COVID 19 on SMEs and on the economy.
* The necessary medical equipment, such as test kits, masks and breathing equipment, should be produced within the EU and made available to all Member States. In addition the creation of a strategic stock at the EU level to respond to future emergency situations.
* Extension of non-performing-loan rule to 180 days: currently, after 90 days of repayment delay of a loan it becomes a “non-performing loan” and the bank has to hold more capital against it. A prolongation of this period to 180 days would reduce the costs for banks and relax their pressure on companies.
* *Providing State aid rules allowing income compensation for business owners hit hard by the crisis. In normal cases, a measure like taken by Belgium (providing a kind of “unemployment benefit” for entrepreneurs who have to close their business due to “force majeur” has not to be notified as it can be put under de-minimis rules. The reason why I have formulated it in this way is that Europe cannot provide such income compensation, but should make sure that is does not create problems, if a Member State wants to do.*
* *With regards to the 5 Commissioners Task Force we encourage the Commission to clarify its mandate, ensuring that all aspects related to SME policy are taken into account while responding to the crisis. In addition, we encourage the establishment of a “Working Group” composed of independent scientific bodies, including representative organisations of economic and social partners, able to support the work of the Task Force and provide an appropriate common response in terms of finding technical solutions and joint sustainable research methodologies useful for countering COVID 19 and its impact on businesses and society at large.*

## National measures

**ITALY**

**Measures taken by the Italian government**

The Italian Government has issued three decree laws. The first is a health emergency measure and the second involves some early measures for the enterprises of the “red zone” in the regions of Northern Italy. The third decree contains further urgent measures to limit the contagion, applicable to the whole national territory (suspension of commercial activities such as retail, restaurants, services).

The measures destined to SMEs in the second law decree are:

* Extension of deadlines for the 2020 pre-filled tax return.
* Suspension of the time limits for payment of the loads entrusted to the collection agent.
* Suspension of the time limits for the payment of social security contributions and compulsory insurance premiums.
* Suspension of payment terms. For example: a) until 30 April 2020, the deadline for payment of the annual fee for Chambers of Commerce.
* Suspension of withholding payments, contributions and premiums for the tourism-hotel sector.
* Special rules on ordinary income support fund and ordinary cheque. Compensation for self-employed workers of € 500 for a maximum of 3 months.
* SME Guarantee Fund. The intervention is free of charge and to the maximum extent currently allowed by national and EU regulations (80% direct guarantee and 90% reinsurance) for a period of 12 months and for a maximum amount guaranteed per company of € 2.500.000.

**What organisations ask/do**

There is a need for interventions that can support and relaunch productive activities when the health emergency is over. In particular:

* Instruments for intervention on the labour market aimed both at tackling the emergency through adequate funding for social security benefits and at stimulating employment;
* Tools to address the liquidity shortage of SMEs;
* Effective tools to compensate the self-employed and support measures for enterprises;
* Relaunch of Public Investment by ensuring the rapid and widespread start of construction sites already planned and by speeding up work to amend the Code of Public Contracts;
* The “unblocking” of construction sector and a simplified access to Public Tenders with SMEs preferential window;
* Launch of an investment plan for public works with a territorial impact, favouring the use of so-called 0-km businesses, with simplified access procedures for contracts worth less than €200,000;
* Facilitation of payments by the Public Administration, including through advances to local liquidity institutions through the intervention of public funding and resort to universal compensation of debts and receivables;
* Reprogramming of EU resources 2021-2027, giving priority to the intervention of the National Operative Programmes aimed at increasing the attractiveness of the territories;
* Acceleration of Green Deal policies and support to digitisation, especially in accompanying smaller companies to e-commerce platforms, in addition to actions aimed at reshoring relocated activities;
* Fiscal and administrative simplification that hampers business activity since the cancellation of the rule that introduced joint and several liability of principals on withholding tax for employees of contractors and subcontractors;
* Allocation to companies located in the areas concerned, which in the period from 21 February 2020 until the end of the containment measures have suffered a decrease in turnover compared to the median value of the corresponding figure for the three-year period 2017-2019, by up to 100% of the aforementioned decrease.
* Creation of Urban Free Zones for the territories affected by the health emergency.
* The suspension of the payment of the principal portion of the instalments of the business bank loans;
* The extension of the redundancy fund notwithstanding artisan businesses.
* The “CuraItalia decree”, which contains measures supporting families, workers and businesses is only a first step. The resources deployed, 25 billion, albeit important, will not be sufficient to protect self-employment and small businesses. So there will soon be a need for further stimulus and support for the economy as never experienced before.
* The interventions in favor of companies (e.g. suspension of payments) must be addressed with greater incisiveness in favor of self-employment, smaller-scale activities and the supply chains (tourism, transport, hotel, cinema and culture) which more than others are hit hardly.
* Therefore, we need more long-term and robust measures that give companies greater liquidity by reducing tax and social security costs by raising the threshold of 2 million in revenues for the suspension of payments.

**GERMANY**

**Measures taken by the German government**

The federal government already adopted a plan of measures on Sunday 8th March, including simplified regulations and higher financial support for short-time work.

**What organisations ask/do**

It is important that the companies do not go bankrupt as a result of Corona and are financially relieved. In addition, however, credit assistance and guarantees as well as tax relief are needed to offset the shortfalls on the revenue side

Possible starting points for economic policy:

Proclamation of an immediately applicable moratorium on additional financial and administrative burdens for companies!

Implement the easing of short-time work compensation in a timely manner; the planned Work of Tomorrow Act (coming into force in June 2020) comes too late to cushion possible corona effects. The following measures are to be implemented:

* Reimbursement of the social security contributions currently borne solely by the employer during short-time work i. 50 % to 100 % (e.g. from the seventh month, and in the case of further training),
* Legally regulated waiver of the build-up of negative working balances prior to the introduction of short-time work,
* Easier access to short-time work by lowering the quorum,
* Facilitated re-application after a short interruption of short-time work.
* Simplified application procedure, especially for small companies.
* Extension of the period of entitlement to short-time work compensation to up to 24 months should be considered if it becomes apparent that KuG is to be used for a longer period of time due to corona-related work absences.

Reducing the burden on employers with regard to contributions to statutory health insurance by suspending the parity-based financing of contributions for a limited period. The employer's share of the additional contribution of 0.55 percent on average could be replenished by tax revenues. A rough estimate of this would have resulted in a relief effect of € 500 million per month for the economy; a rough estimate of € 100 million of this would have been for employers in the craft trades.

Alignment of the framework conditions for trainees with those for students in health, nursing care and accident insurance. Vocational training is very cost-intensive for companies.

Extension of the submission and payment deadlines for tax returns and advance VAT returns and a generous deferral arrangement for tax payments because this would provide companies with short-term liquidity.

Retroactive reduction of income and corporation tax rates and abolition of the solidarity surcharge as of 1 January 2020, in particular for all companies and corporate forms. On the one hand, this would stimulate the economy and provide companies with urgently needed liquidity.

Short-term improvement of depreciation conditions, e.g. by introducing, if necessary also temporarily, digressive depreciation for movable assets.

The need for a fundamental reform of corporate taxation must not be lost sight of if Germany is to remain competitive as a business location.

Credit and guarantee programme (guarantees, special Kfw programmes, facilitation of guarantees, etc.). During the financial and economic crisis, the following very successful measures were implemented to support guarantee banks:

* Raising the upper limit for guarantees to € 2.5 million (2009: € 2 million) what will enable guarantee banks to help existing companies that already have guarantees and whose financial circumstances are therefore known, quickly and without problems in the crisis if the normal standard amount of €1.25 million is exceeded.
* Increase of the counter-guarantee ratio of the German Government by 10 % to 49 %. A higher counter-guarantee increases the leverage and enables the guarantee banks to shoulder the risks that are difficult to assess during the crisis more easily.
* Acceleration of decisions (personal competence). In a crisis situation, the craftsmen/SMEs must be helped quickly and without bureaucracy. As the guarantee banks bear a significant part of the risk, there is no moral hazard problem.
* All the above measures must be implemented without delay. In addition, the existing restriction that guarantee banks may only have 35 % of working capital financing in their portfolio would have to be suspended for the times of the crisis. In addition to collateralisation with guarantees, a short-term liquidity requirement for working capital can also be covered by the KfW Entrepreneur Loan and the ERP Start-up Loan, considering the possible streamlining of the underlying procedures.

Need for improvement in announced measures

1. systemic relevance of craft enterprises

Craftsmen are absolutely necessary to keep the community going and to consider them as systemically relevant, for example in access to childcare. This must be taken into account both in the state regulations on the closure of certain facilities, companies, etc. and with regard to the provision of emergency childcare.

2. make aid available without delay

The decision to retroactively apply the short-time working allowance on 1 March is to be welcomed. Trainees must also be included in the scope of the short-time working allowance. A further problem for many handicraft enterprises arises in the area of marginal employment, which has not yet been included in the KuG application area.

3. liquidity assistance and other support measures

Temporary adjustments to insolvency law are also necessary. As was already the case during the financial crisis, effective relief should be provided. It is therefore right to temporarily suspend the obligation to file for insolvency

4. social security

- One option: the suspension of parity-based contribution financing - at least in the statutory health insurance system - for a limited period of time. This measure has already proved its worth.

- Alignment of the framework conditions for trainees with those for students in health, nursing care and accident insurance (also a contribution to greater equivalence)

- Cushioning of an impending cost increase in the case of U1 apportionment by compensation for employer expenses in the case of continued remuneration in the event of illness.

- The possibility of deferral of contributions to statutory accident insurance by the workers' compensation associations should be opened up.

5. tax policy

Announced deferrals of tax payments should cover all types of tax, i.e. income tax as well as wage and sales tax. A uniform and coordinated application by all federal states must be ensured.

A positive example is Bavaria. The Free State has already published an unbureaucratic application for the interest-free (!) deferral of taxes for three months and for adjustment (reduction) of advance payments for income and corporation tax.

Other demands tax policy:

- A short-term, temporary and flexible instrument would be the reduction of income and corporation tax.
- The offsetting of losses must be improved.

6. commercial rents

Insofar as the public sector or publicly owned companies (e.g. municipal commercial centres, properties owned by Deutsche Bahn real estate companies, federal and state offices for real estate tasks) are themselves lessors of craft trade properties, a quick explanation regarding reduction, deferral or suspension of rent payments is desirable from the point of view of the craft trade sector. The private and institutional landlords of commercial property are also called upon to implement joint solutions for the long-term maintenance of leases that are important for both sides. It would be urgently necessary for all landlords of real estate to send a signal of partnership to their commercial customers.

7. mobility of craftsmen

The mobility of craft enterprises and their accessibility for customers and suppliers must continue to be ensured. It is not yet fully foreseeable how the restriction of the activity of the authorities will affect approval processes relevant to the trade in the transport sector (heavy transport, permits for restricted access areas, exceptions to Sunday driving bans, etc.). Flat-rate exceptions for necessary services are to be striven for here.

8. public procurement

In the event of disruptions in public procurement in the context of the Corona crisis due to force majeure, partnership-based solutions are essential to ensure the livelihood of affected craft enterprises as contractors.

9. educational institutions

Courses for inter-company apprentice instruction and vocational orientation, as well as master craftsman and other further training courses can no longer be held. Both partial and complete cancellations of subsidised and non-subsidised training courses lead to very substantial losses of income, while at the same time the full costs for the operation and maintenance of the buildings and for personnel continue to be incurred. In view of the already existing shortage of teachers, a dismissal of staff must be avoided at all costs.

Depending on the duration of the closure, this development will lead to considerable liquidity bottlenecks, to insolvency and to a general threat to the continued existence of these urgently healthy and necessary vocational training facilities.

Receivables from educational institutions:

In order to avoid this, aid measures are required which allow financial compensation for all already planned training courses and courses for the loss of eligible and non-eligible courses and bridging, non-repayable liquidity aid in order not to jeopardise these structures.

10. subsidised advisory programmes

The Corona crisis is triggering a considerable need for advice among companies, which must be met quickly and unbureaucratically. However, the requirements of the directive are an obstacle to their use.

Obstacles must be removed as quickly as possible from the subsidised business consultancy for the skilled crafts sector.

In the BAFA advisory programme "Promotion of entrepreneurial know-how", short-term, 100 percent subsidised crisis advisory services should be made possible, as is already being considered in the BMWi. In addition, it is necessary to make the periods from the day of application to the day of settlement more flexible, to double the volume of funding for companies in order to make it possible for those who have already exhausted their funding possibilities to make use of it, and the daily limit of 5 days of maximum consultancy per type of consultancy for existing companies should be dropped.

11. perfectly fitting staffing and welcome pilots

In the programs "Perfectly fitting cast" and "Welcome Guides", the implementation of the program is made more difficult by, for example, the closure of schools, the cancellation of job fairs and some of the bans on contact with customers that have already been imposed in some places. Here our measure carriers need security that no disadvantages result from imposed precautionary measures.

**BELGIUM**

**Measures taken by the Belgian government:**

- All of these measures are designed, on the one hand, to enable the affected companies to place their employees on temporary economic unemployment in order to safeguard employment and, on the other hand, to provide for arrangements for spreading, deferring and exemption from payment of social security contributions, withholding taxes, for companies and the self-employed.

- Temporary unemployment due to force majeure will be extended by three months, until 30 June 2020. It may also be invoked pending recognition of the status of company in difficulty. Temporary unemployment benefits - both for economic reasons and force majeure - will be increased from 65 to 70% for a period of three months in order to limit the loss of income suffered by the workers affected. Temporary unemployment is now automatically granted, with a minimum of red-tape.

- For all federal government contracts, and provided that it is demonstrated that the delay or failure to perform is due to Covid-19, the Federal Government will not apply penalties or sanctions against contractors, companies and self-employed persons.

- Deferral of the payment of certain amounts of taxes: VAT until 20 May 2020 and payroll tax until 13 May. For all companies, automatically, unconditional.

- Extra period of 2 month for paying personal income tax and corporate tax in addition to the normal period.

- For secondary professions: it is allowed to remain active even if a person is unemployed for technical reasons in its primary profession. Also postponement of social contribution payments.

**Measures Flemish Government:**

* Indemnity of 4000 euro for companies that were obliged to close down. After 21 calendar days they will receive a daily indemnity of 160 euro.
* Introduction of a “Crisis” guarantee . Possibility for a guarantee up to 75% by the Flemish Government of financing agreements at a reduced premium (0.25% instead of the normal 0.5% ). In addition companies can for existing debts obtain a guarantee for bridging loans for a period of 12 months (instead of the actual 3 months).
* Collection of vehicle taxes postponed with 4 months for companies.
* Flemish government has asked the local authorities to postpone local taxes where ever possible.
* The Flemish Government will pay the water-, gas and electricity invoices for a period of 1 month of families of which family members have become technical unemployed due to the COVID-19 measures.

**Measures Walloon Region:**

* Creation of an Extraordinary solidarity Fund: 233 mio € of support for SMEs and self-employed in the sectors affected by the crisis;
* Indemnity of 5000 € for companies who have to close down
* Indemnity of 2500 € for the sectors partially affected (e.g. hairdressers)
* The Walloon Financial instruments (SOWALFIN, SOGEPA et SRIW) will be used to help by according guaranties, co-guaranties (with bancs) or loans. Urgent loans of maximimum 200 000 € can be granted to meet cash requirements
* Suspension of the payment period for taxes as long as the crisis continues.
* Concerning fiscal litigations: time limits for complaints (introduction, appeal, …) and negative administrative decisions are frozen.

**What organisations ask/do**

* Delayed payments of corporate tax, fiscal and para-fiscal exemptions, delayed payments of social contributions, temporary unemployment due to unforeseen circumstances (is less burocratic and cheaper for enterprises than the economic unemployment measures taken by the government), correct provision of information to employers and employees about the possible measures.
* Organisations have a 24/24 helpline and a chatbox for members with questions.
* As there is from 14/3 onwards a partial lockdown in Belgium : request for the creation of a disaster fund for horeca, tourism sector, retail and amusement sector.
* Crisis Bridging Payment for self-employed (under discussion in Parliament, will be voted soon).
* Possibility to detach employees that have become unemployed due to the coronacrisis to strategic sectors.

**FRANCE**

**Measures taken by the French government**

The application of support measures on a case-by-case basis to businesses that would meet with serious difficulties, in particular :

* The postponement of social and/or fiscal payment deadlines (URSSAF, taxes) ;
* If necessary, a plan to spread the debts with the support of the State and the Banque de France;
* Obtaining or maintaining a bank credit via Bpifrance, which will guarantee all cash loans that businesses may need because of the epidemic;
* The financing of employees through the temporary unemployment scheme (chomage partiel);
* Support in dealing with conflicts with customers or suppliers;

The State considers Coronavirus a case of “force majeure”. This means that for all State public procurement contracts, penalties for delays will not be applied.

Ministers called on the major contractors to show solidarity with their suppliers and sub-contractors who may find it increasingly difficult to obtain supplies and to respect the delivery deadlines.

The provision of all useful information on the business and logistical situation in the different Chinese provinces.

Acceleration of approval procedures in certain sectors for new sources in the supply chain, in particular for the construction or chemical sector in order to help diversify their sources of supply while respecting social standards, environmental and European.

The launch of a reflection on the security of supplies for certain sectors strategic sectors, such as the automotive industry, in order to make them more independent from their supplies from overseas.

On 16 March 2020, Emmanuel Macron announced accompanying measures for enterprises:

* Social and fiscal tax delay or relief
* Delay for bank loans
* Float guaranted by Bpifrance
* Creation of a solidarity fund for small enterprises (this fund will be created « for the smallest enterprises, for independent workers who have less than 1 million euros turnover » and « lost, between March 2019 and March 2020, 70% of their turnover ». Eligible enterprises to the solidarity fund will benefit from a flat-rate aid of 1.500 euros if they fit in the category of activities that are affected by legal closing, or if they lost 70% of their turnover. Administrative burden will be reduced : a single declaration will be enough.
* Suspension of gaz and electricity invoices as well as professional rents
* Improvement of the short-time work measures.

On the long-term, the Minister of Economy and Finances announced that the state will spend several billion euros for an economic recovery plan and flanking measures for struggling businesses.

Concerning short-time work measures

Enterprises using short-time work will benefit from a compensation enabling them to cover 100% of the compensation given to the workers, up to 4,5 SMIC (French minimum wage).

This measure is possible even for enterprises with only one employee and concerns also apprenticeships.

Employees working short time will receive 84% of their net salary, except for those who are paid the minimum wage or those who are in training who will receive 100% of their salary.

Enterprises can apply for short-time work measures during 30 days, with retroactive effect. The administration is trying to shorten authorisations delay to 48 hours (usually 15 days).

More info available here: <https://www.gouvernement.fr/info-coronavirus>

**What organisations ask/do**

* The French government to consider covering operating losses incurred by craft, commercial and liberal enterprises, if necessary through insurance companies.
* Compensation for independent workers and corporate officers’ income in micro enterprises was one of the measures requested

**CROATIA**

**What organisations ask/do**

Some of the measures considered helpful are delay for payment of taxes and social contributions, technical unemployment. If the CORONA-virus epidemic is going to last longer, some legislative measures on national level will be necessary to help crafts to recover.

**SPAIN**

**Measures taken by the Spanish government**

The Spanish Government has approved a [Royal decree-Law](https://www.lamoncloa.gob.es/lang/en/gobierno/councilministers/Paginas/2020/20200317council.aspx) with the following measures:

* Government to mobilise up to 200 billion euros, almost 20% of GDP, to address economic and social impact of coronavirus, of which 117 billion euros will be public funding the rest will be complemented by freeing up private resources.

**ERTEs (lays-off of employees):**

* prioritise the suspension of contracts and reduction of working days  as an option prior to dismissing workers
* lays off to be considered as force majeure
* workers entitled to unemployment benefit
* self-employed exempted from National Insurance Constributions, facilities will be given to receive benefits

**Liquidity of the companies:**

* in case of ERTEs, the enterprises do not need to pay social contributions
* avoid lack of liquidity turns into insolvency: the enterprises are exempted from the obligation to start the insolvency procedure while the "state of emergency" is in force and not earlier than two months after the "state of emergency" is lifted.
* 100.000 million in guarantees
* reform on foreign investment to prevent companies from outside of the EU taking control of Spanish businesses in strategic sectors, by taking advantage of the temporary drop of their shares´value

**Digitalisation:**

* The speed up of a support program to help enterprises digitalise.

**What organisations ask/do**

* Significant measures deployed by the Spanish government such as the ERTEs, the application of telework or the exemption of social contribution to business forced to shut down -while workers are not losing their own social contributions- can help enterprises to cope with this issue.
* Before the approval of the Spanish Royal Decree Law, oganisations already asked for the implementation of economic measures in order to minimise the consequences of the current crisis on SMEs and self-employed:
	+ speed up the administrative procedures, in particular on the temporal lay-off of staff (expedientes de regulación temporal de empleo (ERTE))
	+ widening the scope of ERTE as force majeure
	+ immediate suspension of the social contributions of SMEs and self-employed
	+ postpone the VAT payment and compensation of fiscal debts
	+ widening of the contingency funds to provide liquidity to SMEs and self-employed as well as easy and quick access to credit
	+ postpone the payment of mortgages and credits
	+ cancellation of the power ratio of the energy bills
	+ immediate payment of the outstanding bills of the public administration
* The support program to help enterprises digitalise should include support to purchase IT equipment to put in place tele-working by SMEs .

**UNITED KINGDOM**

**Measures taken by the British government**

Government measures, the majority of which were announced in last week’s budget:

* Her Majesty’s Revenue & Customs (HMRC – the UK government tax collection dept.) has now set up a dedicated phoneline for coronavirus-related challenges to help small businesses unable to pay their taxes on time (corporation tax, income tax, PAYE, VAT) with options to defer or delay payment. Known as ‘Time To Pay’, the helpline has 2,000 dedicated staff available.
* The Government has agreed to cover the costs of 14 days of Statutory Sick Pay (SSP) per employee, for those off work due to coronavirus, in SMEs. This will cover all companies up to 250 employees as at 28 February 2020. We are currently working with government to figure out how this will work in practice, but it will likely be a rebate claimed from HMRC.
* In addition, the government announced a change in policy to SSP, meaning that workers can claim it from day one of sickness rather than day four as is normal. The SSP rebate referred to above has been brought in line with this.
* The Employment Allowance has been increased to £4000. This means that small employers with a National Insurance (akin to social security) bill of £100,000 or less will be have funding to cover the normal National Insurance bills for up to four employees.
* Business rates (local taxation payable to local authorities, based on a complex “rateable value” system) changes:
	+ The Government announced in the Budget that small businesses with a rateable value of between £12K and £51K in England, across retail, hospitality and leisure sectors will see their relief increase from 33% to 100%, for one year. Pubs will additionally also get a £5,000 discount. In total, an estimated 900,000 businesses will now not pay business rates for one year.
	+ 700,000 businesses that already qualify for Small Business Rate Relief or Rural Rate Relief will be given a £3,000 cash grant.
* The Government has suspended the ‘minimum income floor’ from Universal Credit (UC) for the self-employed, so those in the system due to low income are no longer held to the assumption that they earn the equivalent of the living wage (£8.72 p/h). The requirement for UC applicants to attend job centres in person has also been dropped, with a move towards phone/online consultation.
* Self-employed individuals eligible for Employment Support Allowance (ESA) who test positive for coronavirus or who are in self-isolation will be able to claim from day one of a claim instead of waiting the usual seven days.
* The Department for Business, Energy and Industrial Strategy (BEIS) has launched a dedicated business support helpline, where small business owners in England can get advice on how to minimise/cope with the impacts of coronavirus. The Scottish, Northern Irish, and Welsh governments have set up their own versions. In addition, the Bank of England has:
* Cut interest rates from 0.75% to 0.25%.
* Announced the introduction of a new Term Funding Scheme with additional incentives for SMEs. The scheme will, over the next 12 months, enable banks and building societies to access Bank of England funds equivalent to 5% of their lending to the real economy at an interest rate very close to the BoE’s 0.25% bank rate. It is expected that this scheme could provide upwards of £100 billion in financing for SMEs.

More info can be found in the Bank of England press release [here](https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19).

And finally:

* The British Business Bank (state-owned, UK development bank) is setting up a Coronavirus Business Interruption Lending Scheme which will provide lenders with a government-backed 80% guarantee against the outstanding facility balance. We hope this will enable a ‘no’ decision from a bank to become a ‘yes’.

**ROMANIA**

**What organisations ask/do:**

Some of the measures proposed have already been applied by the Romanian government.

Developing a communication plan containing a website with information on all measures taken to support the economy during the coronavirus epidemic, as follows:

* Economic measures
* Institutions in charge of combating the effects: ANAF; ONRC; DSP
* Submission of all statements to be performed online

The measures to support SMEs are divided into 3 categories:

1. MEASURES TO STABILISE EMPLOYMENT

1. Provision of subsidies for social security and health insurance amounts

SMEs which find themselves in temporary difficulties due to the outbreak of coronavirus and do not lay off employees or minimize lay-offs will receive grants representing up to 75 % of their wages (financed from the POCU European grants 2014-2020, The investment priority 8v – Adapting workers, businesses and entrepreneurs to change);

2. SMEs affected by the coronavirus epidemic should have the right to ask for the postponement of the payment of social and health contributions due by employees and paid by employers up to 3 months after the official statement of the epidemic, while maintaining the insured status.

3. Ensuring the legislative framework for flexible working policies

Encouraging businesses to adopt and use flexible working policies such as wage adjustment, job rotation, flexible working hours and other measures to stabilize jobs are done by providing a legislative framework to ensure rapid adaptation to the company's crisis situation.

4. Wage subsidies up to 75% for SMEs in the affected fields for a period of 3 to 6 months;

5. The reactivation of the State Aid Scheme for investment support which promotes regional development through job creation adopted by Government Decision No 332/2014.

B. FINANCIAL SUPPORT MEASURES:

1. Support for the working capital with 0 interest

Ensuring of the legal framework for banks to provide zero-interest loans to SMEs for the working capital and leasing, in particular in sectors strongly affected by the coronavirus: tourism, hotels and catering, wholesale and retail trade, transport, logistics and storage, culture and entertainment.

FNGCIMM should offer guarantees of 80% and the state of 20% for SMEs accessing credits in the production sector, especially in sectors that are heavily affected, and who want to return to economic activity

2. Subsidies of loan interest rates

The epidemic-hit SMEs, which have bank loans, have the possibility of refinancing or extending maturity periods for loans and interest payments reduced by at least 50%.

3. Deferral of tax payments for SMEs in difficulty. SMEs with tax difficulties due to the coronavirus epidemic can apply for deferred tax payments up to 3 months without penalty;

 4.Introduction of the institution of the SME credit mediator.

C. SOCIAL MEASURES

1. Granting leave to one of the parents (or single parent/legal representative taking care of the minor) under the age of 12, in exceptional cases – epidemics, adverse weather conditions – leading to the closure of the immune units. The salary payment in these cases is to be charged to the unemployment insurance budget at 75% of the net wage in the previous month.

2. The Health Ministry shall pay in full and directly from the health insurance fund, the corresponding sick for the sick and quarantined employees (without payment from the employer and then to recover the money from the health fund).

**CYPRUS**

**Measures taken by the Cypriot government**

The President of the Republic has announced new measure for facing the situation. Briefly:

From 1 am on March 15 and for a period of 15 days to start with, entry will be prohibited to any citizen, irrespective of nationality, who does not belong to one of the following categories:

* Cypriot citizens
* Legal residents in the Republic of Cyprus
* EU nationals or nationals of third countries who work in the Republic
* Nationals of countries who are in a designated diplomatic service or mission under bilateral or international conventions.
* Isolated cases of EU or third country nationals who have unavoidable professional obligations, provided they secure the relevant permission from the competent ministry
* EU or third country nationals studying at educational institutions in the Republic of Cyprus.

A full package of support measures for workers, companies and vulnerable groups of the population will be announced in the next few days.

**What organisations ask/do**

* Extending the deadlines for the payment of taxes and other contributions (including social contributions) without the imposition of penalties.
* Using State Aid measures to provide liquidity and working capital to businesses. Possibilities are offered through the de minimis facility and the schemes for rescue and restructuring.
* Suspension of installment payments and facilitation of loan repayments.
* Banks should provide the necessary liquidity to all businesses facing problems. In this direction the government could provide targeted credit guarantees possibly in relation to the provision of bridge loans to cover short term liquidity needs of companies.
* In addition to paid sick leave for confirmed cases or cases that have been put under quarantine for precautionary reasons, provision of income support to the employees of companies that are forced to suspend their operations.
* Extension of the suspension of operations for hotels until 31/5/2020 and payment of unemployment benefit to the affected employees as is the case presently on the basis of the scheme for the suspension of hotel operations for the low season.
* Concerning travel agencies that have been seriously affected by the pandemic, the state should subsidise the provision of leave on a rotation to the employees for a period of at least 3 months.
* Concerning touristic businesses, reduction in the cost of electricity that constitutes together with the payroll the largest part of the expenditure of these businesses, especially hotels.
* Extending the deadline for the submission of tax declarations since many accounting/tax offices may not be able to comply with deadlines as a result of absence of their employees from work.
* Encouraging working from home/teleworking where possible so as to reduce the spreading of the virus.
* At the same time we should not create disproportionate barriers to the free circulation of products while the stabilization of cross-border value chains should be safeguarded.
* The measures should be continuously evaluated and if necessary extended.

**AUSTRIA**

**Measures taken by the Austrian government**

On 18 March, the Austrian government announced an aid package for the economy of up to 38 billion euros. Of this amount, up to 4 billion euros are earmarked for supporting SMEs and short-time working, around 9 billion euros for loan guarantees, around 15 billion euros for companies and sectors that have been particularly hit hard, and around 10 billion euros for tax deferrals.

**What are the concrete measures/possibilities offered to companies?**

* Hardship fund for one-person companies and micro-enterprises: The details are currently being worked out, including where this support can be applied for.
* The existing bridging guarantees for working capital loans for one-person-entrepreneurs/ SMEs and tourism enterprises will be continued and expanded.
* Also companies with 250 and more employees are to be offered guarantees (details are currently being worked out)
* Direct loans for affected companies: details are currently being worked out.
* Tax deferrals, reduction of tax prepayments, waiver of interest on arrears, deferral interest and late payment surcharges
* Social security for self-employed (SVS): Deferments, payment in instalments, reduction of contribution bases and leniency for interest on arrears are possible.
* Health insurance for employees (ÖGK): Deferments, payment in instalments, leniency for late payment surcharges, suspension of execution requests and insolvency applications possible.
* Exporting companies can apply for a credit line of 10 percent (large companies) or 15 percent (SMEs) of their export turnover at OeKB. The maximum limit per customer is 60 million euros. For the time being, the financing is limited to two years with the possibility to extend it. In addition to an existing export activity, the prerequisite is proof that the company was economically sound until the start of the COVID-19 effects in Austria. The Federal Government is prepared to assume guarantees for 50 to 70 percent of these working capital loans. In total, the credit line comprises two billion euros.
* Banks may defer loan installments, among other things. Talk to your bank if you have or fear current liquidity problems. You can also request deferrals for other current contracts (rent, leasing, insurance, etc.). However, this is always a decision of the contractual partner, for example, whether a deferral of payment is granted.
* Furthermore, the Austrian Social partners together with the government have negotiated a **dedicated Corona short term working model** which is subsidized by the Employment Service Agency. (see below for further explanation)

What is the new COVID-19 short-term work in Austria?

* In case of economic necessity, a reduction of the working time of 10 - 90% can be applied for on the basis of a social partner agreement. In the averaging period, this can even be reduced to 0% in phases.
* The resulting loss of remuneration is compensated by the AMS (Austrian employment service agency) in the form of a short-time work allowance, resulting in a net salary of 80 - 90%, graduated according to income level. The employer is also reimbursed for the proportionate employer's social security contributions.
* Before the start of short-time work, old holidays and time credits must be used up in full. The number of employees must be maintained during the short-time work and for at least 1 month beyond.

**What organisations ask/do**

* Creation of an **emergency task force within the organisation**. Members are serviced by a **telephone hotline** - that gives information on all the details of short-time work and labour law, how to deal with the virus as well as emergency measures of the government.
* The government introduced first help for the tourism sector, and now for all the businesses in need. The aid package for the economy was prepared with the help of all social partners to keep the economy running, to help businesses and to preserve jobs. The new model for short time work has been negotiated and established together with the social partners and further improvements to the model have been achieved.
* As regards the economic aid package of the Austrian government, there is commitment to ensuring that these funds are made available to companies as quickly and unbureaucratically as possible.

**Measures for financial relief**

* The organisation decided to suspend the basic membership fee (basic levy) for its members for this year until further notice.
* In the event of an economic emergency due to the Corona crisis, there is the possibility of applying for a deferral or an instalment payment of taxes - including levy 1 and levy 2 of the organisation. In addition, an application can be made for the deferral interest to be reduced to zero.

**FINLAND**

**Measures taken by the Finnish government**

On Friday 20 March, the Parliament will be given an additional budget of EUR 100 million. It focuses only on the costs of coronavirus control and preparedness and, inter alia, on securing corporate finance. Of this amount, EUR 27 million is for social and health expenditure and the remainder is business finance.

The government also encourages Finnvera (a specialised financing company owned by the State of Finland and it is the official Export Credit Agency (ECA) of Finland) to double its domestic funding volume from EUR 2 billion to EUR 4.2 billion. The State will compensate Finnvera for possible credit losses.

The State Pension Fund will increase investments in commercial papers of Finnish companies for a limited period. The size of the investments is EUR 0.5-1 billion.

In addition, support is available through Business Finland (a Finnish innovation funding, trade, investment and travel promotion organization). This support is targeted at the creative industries and tourism. The total volume of financing is EUR 30 million.

The EUR 50 million business finance through the regional authorities will be targeted specifically at managing the impact of the service sectors, but also, where appropriate, of all sectors.

**What organisations ask/do**

Where necessary, it may be justified to maintain domestic demand, for example by reducing taxation. So far, however, there is no justification for this.

**NETHERLANDS**

**Measures taken by the Dutch government**

In order to deal with the economic consequences of COVID-19, the Dutch government has introduced several measures, which as of March 17th include:

1. A guarantee facility for SME loans (BMKB) is already in place and working – EUR 665 million of an available budget of EUR 765 million, 0.08% of GDP. The Ministry of Economic Affairs and Climate Policy has expanded guarantees to a higher guarantee percentage, up to 90% of the credit risk of banks for SMEs that want to take out a loan of EUR 1.5 mln maximum but that do not have the required collateral. This measure was recently expanded for SMEs coping with risks associated with the nitrogen ruling (adopted) and is further expanded to apply to SMEs affected by COVID-19.
2. The social assistance decree, aimed at self-employed persons, (Bbz, Besluit bijstandverlening zelfstandigen 2004) will be expanded, meaning that the self-employed and entrepreneurs will be able to receive social assistance if they meet certain standards, which will be relaxed. This social assistance will include additional benefits to meet livelihood standards and/or a loan for working capital.
3. A new temporary measure will be introduced to help entrepreneurs paying wages, in order to prevent unemployment. This measure replaces the current working time reduction scheme, which was not designed for handling a pandemic. In the new scheme, employers will be supported more quickly than before. Employers using the scheme must commit to not firing their employees on economic grounds. Employers who expect a decline of at least 20% in revenue can request an allowance for a period of 3 months of maximally 90% of the total wage sum. The Employee Insurance Agency (UWV) will pay a deposit beforehand, and it will be determined afterwards whether a firm has received too much or too little support. The Dutch government will work on the details of the proposal in the coming period and will send a request to the European Commission regarding state- aid rules. The costs will strongly depend on the number of applications. If 25% of all employers apply for an average of 45% of their wage bill, the costs will be around 10 billion euros in the first 3 months. These costs will increase when the number of applications rise.
4. Businesses can request for a special deferral of payment in income tax, corporate tax, turnover tax, energy tax and wage tax. Temporarily, no penalties for failure to pay taxes (on time) will be imposed. Businesses that already forecast lower profits due to the epidemic can request a reduction of the provisional tax assessment and will be able to pay less initial tax in order to avoid liquidity problems. To avoid immediate liquidity problems, the requirement for a “third expert” will not have to be included in the request immediately (but after two weeks). Moreover, the tax authorities will temporarily decrease the recovery interest rate from 4% to 0.01%.
5. The so-called GO-regulation, through which SMEs can secure a 50% guarantee from the government on their bank loans and bank guarantees, will be expanded. The maximum ceiling guaranteed will be increased from EUR 400 million tot EUR 1.5 billion and the maximum GO-facility per firm will be increased from EUR 50 million to EUR 150 million. This will enable both small and large firms to benefit from this policy.
6. In order to support small firms and start-ups with little financial reserves, we will expand the Qredits-programme. Through this program, we expect to support approximately 3000 to 6000 firms by a deferment of payment for a period of a maximum of six months and by giving those firms a discount on their rent payments for the same period.
7. Agricultural and horticultural SMEs will be supported by temporarily relaxing the guarantee for working capital, which is part of the existing decree Borgstelling MKB-Landbouwkredieten (BL). The decree will ease acute liquidity problems for agricultural and horticultural business who experience those problems due to the COVID-situation. The credit is for a maximum of 2 years.

8. The central government will discuss with local governments on how they can support local entrepreneurs within the current regulatory frameworks. In order to support the liquidity of local firms, the central government will discuss whether it is possible to postpone the collection of local taxes, including tourist taxes.

9. To support firms that are affected by government’s health measures - for example by the closure of restaurants - an emergency desk will be introduced, through which those firms can receive a one-off lump sum allowance of EUR 4000. The conditions for this allowance are currently being drafted.

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