

# Covid-19: German Federal Support Measures

Info sheet on important Federal measures to support the German economy during Covid-19 crisis.  
*(Updated version as of August 2020)*

The Federal Government has decided on numerous state aid measures to overcome the Corona crisis. According to the Finance Ministry's stability program, this will burden the public budgets with approximately 450 billion EUR, and the federal and state governments will provide additional guarantees of almost 820 billion EUR. The Federal Government has also launched a comprehensive 130 billion EUR economic stimulus package and a 50 billion EUR package for the future. However, the final impact of the crisis cannot yet be finally quantified.

In addition, the EU launched a [Coronavirus Response Investment Initiative](#) (CRII) with a total of 37 billion EUR to combat the pandemic in the following sectors of the economy: health care, SMEs and employee support. Since 1<sup>st</sup> April the application of rules for faster and more flexible use of EU cohesion funds is in place. This applies retroactively to expenditures that Member States have made and continue to make since February to combat the crisis. Last, but not least, the EU leaders in July agreed on an unprecedented stimulus package worth 750 billion euros, with 390 billion euros of grants and 360 billion euros of low-interest loans.

This info sheet provides a brief overview of the federal measures to support the German economy as well as a selection of links to inform employees and interested groups in various languages.

## FOR SMALL COMPANIES, SELF-EMPLOYED AND START-UPS

- 50 billion EUR in direct subsidies from the Federal Government, do not have to be paid back (for companies with up to five employees 9 000 EUR, up to ten employees 15 000 EUR), thereof 25 billion EUR for bridging assistance (cross-sectoral programme)
- Supplemented by financial programs in the federal states to varying degrees 7.5 billion EUR for facilitated access to basic security of self-employed workers
- Low-interest loans via the KfW reconstruction bank (the Federal Government takes over up to up to 100 percent of the default risk)
- 2 billion EUR for public venture capital investors for financing rounds for start-ups
- Postponement of the due date for import VAT to the 26th of the following month

## FOR MEDIUM-SIZED AND LARGER COMPANIES

- Low-interest loans through the KfW
- Fast loans are also possible, where the Federal Government bears the default risk (maximum 500.000 EUR for 11 to 49 employees, from 50 employees maximum 800.000 EUR)
- Economic Stabilisation Fund with 600 billion EUR, thereof 100 billion EUR for capital measures and equity investments and 400 billion EUR in liquidity guarantees
- Modernization of corporation tax law, including a model for partnerships to opt for corporation tax
- Extension of the tax loss carryback: to a maximum of five million euros for 2020 and 2021

## FOR EMPLOYEES

- Extended short-time allowance: This instrument proved to be a key support for employment during the financial crisis of 2008/2009, and it continues to play a key role now. Companies can partially compensate for loss of work and loss of pay. The Federal Employment Agency pays 60 percent of the lost wages or 67 percent for households with at least one child (if short-time work has to be continued for more than three months, the allowance is higher).
- Simplified access to basic security without a financial audit and in addition to the child supplement
- Guarantee that social security contributions will not exceed 40% until the end of 2021 Partial compensation for loss of earnings due to childcare
- Relief contribution for single parents will be increased for a limited period of 2 years from the current EUR 1,908 to EUR 4,000 for the years 2020 and 2021
- Bonus payments due to the Corona crisis are tax-exempt up to 1 500 Euro
- Parental allowance months in systemically important occupations can be postponed
- One-time child bonus of EUR 300 for each child
- The VAT rates will be reduced from 19 to 16 percent and from 7 to 5 percent. The reduced rates are to apply as early as 1 July and are limited until 31 December 2020

## FOR THE HEALTH SYSTEM

- Central procurement and domestic production of protective equipment for hospitals and medical practices
- Around 2 billion EUR for more intensive care beds in hospitals and the procurement of ventilation equipment
- "Hospitals of the Future Programme" to promote the necessary investments, both in terms of modern emergency capacities, as well as a better digital infrastructure of the houses for better care, process organisation, communication, telemedicine, robotics, high-tech medicine and documentation (Financial requirements: 3 billion Euro)
- 2.8 billion EUR as compensation for postponed treatments
- Another 55 billion EUR for not yet defined measures planned
- A programme to promote flexible and, in the event of an epidemic, scalable domestic production of key pharmaceuticals and medical devices. (Financial requirements: 1 billion Euro)

**How do internationally active companies quickly inform their customers and employees about current regulations on the Corona crisis in English? Various Internet sites provide remedy – below you find a selection.**

<b>Integration Commissioner</b>	The Federal Government provides information on current regulations on the corona virus in various languages (including German, English, French, Turkish, Russian, etc.). Among other things, it also contains speeches by Chancellor Angela Merkel. <a href="https://www.integrationsbeauftragte.de/ib-de/amt-und-person/informationen-zum-coronavirus">https://www.integrationsbeauftragte.de/ib-de/amt-und-person/informationen-zum-coronavirus</a>
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<b>Federal Centre for Health Education</b>	<p>Besides hygiene routines you will also find leaflets and information graphics for free download.</p> <p><a href="https://www.infektionsschutz.de/coronavirus/informationen-in-anderen-sprachen.html">https://www.infektionsschutz.de/coronavirus/informationen-in-anderen-sprachen.html</a></p>
<b>WDRforyou</b>	<p>WDRforyou regularly creates videos e.g. in English, Arabic and Persian on its YouTube channel on the subject of corona virus.</p> <p><a href="https://www.youtube.com/channel/UCCLTfM5rbatSdc8n4KQE-Sg/videos">https://www.youtube.com/channel/UCCLTfM5rbatSdc8n4KQE-Sg/videos</a></p>
<b>Handbook Germany</b>	<p>Daily updated information can be viewed in different languages with a click on the globe and are divided into different categories such as "Corona virus and work".</p> <p><a href="https://handbookgermany.de/de/live/coronavirus.html">https://handbookgermany.de/de/live/coronavirus.html</a></p>