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## Client information: Bridging assistance

Dear client,

below we provide you with the “bridge assistance for small and medium-sized enterprises, which have to cease their business in the course of the Corona crisis completely or to a substantial extent” (short: ‘Bridging assistance’).

Bridging assistance is granted as a voluntary payment in the form of an equitable benefit pursuant to § 53 of the Federal Budget Code (BHO) if companies, self-employed persons and members of the liberal professions suffer significant losses in sales. The bridging aid is intended to ensure the economic existence of those affected by payments as a contribution to the fixed operational costs.

The programme replaces the Corona Emergency Assistance, which expired on 31 May 2020. The bridging aid shall be granted as a (in principle) non-repayable operating grant for the months of June to August 2020.

In contrast to the Corona emergency aid, you cannot apply for bridging assistance yourself. This can only be done by tax consultants or auditors.

### 1 Entitled to apply

- Companies whose turnover decreased by at least 60 % in April and May 2020 compared with April and May 2019 and whose sales declined by at least 40 % during the months of June to August 2020 (promotion period) are eligible for the application.
- Bridging aid can only be made available to companies set up before 1 November 2019. Younger companies do not meet the eligibility requirements.
- Only companies that do not qualify for the Economic Stabilisation Fund are eligible for the application.
- The bridging aid applies across sectors and thus also for non-profit organisations, for example.
- The application is submitted only by tax advisors or auditors.
- The application must be submitted by 31 August 2020 at the latest. The disbursement ends on 30 November 2020.
- The applicant may submit to himself on 31 January. Have not encountered economic difficulties within the meaning of Regulation (EU) No 651/2014 on December 2019.
- The grants must be repaid if the company does not continue until August 2020.

## 2 Type of support and calculation of production height

As mentioned at the outset,

- sales fell by at least 60 % in April and May 2020 compared with April and May 2019
- and the decline in sales between June and August 2020 continued by at least 50 % compared to the same months of 2019.

The bridging assistance shall reimburse a proportion of:

- 80 % of fixed costs with more than 70 % drop in turnover,
- 50 % of fixed costs with a drop-in sale between 50 % and 70 %
- 40 % of fixed costs with a drop-in sale between 40 % and 50 %

in the respective month of production compared to the month of the previous year.

Bridging assistance shall be granted for the three months of June, July and August 2020. The maximum amount of the subsidy is per month

- EUR 3,000.00 for enterprises with up to 5 employees as of 29 February 2020 (EUR 9,000,00 for the three months),
- EUR 5,000.00 for enterprises with up to 10 employees as of 29 February 2020 (EUR 15,000,00 for the three months),
- EUR 50,000.00 for enterprises with more than 10 employees as of 29 February 2020 (EUR 150,000,00 for the three months).

The specific amount of bridging aid depends on the actual sales trend in the months of June to August 2020. If the decline in sales in a month of production (June to August 2020) is less than 40 % compared to the turnover of the same month (June to August 2019), the bridging assistance for the respective month of production will be eliminated.

## 3 Fixed operating costs

Bridging assistance may be applied for fixed operating costs without input tax (excluding small entrepreneurs) incurred during the funding period. The costs must be contractually justified or fixed by the authorities and not unilaterally modified. The costs are incurred during the funding period if they are due for the first time during that period. These fixed costs must have been justified before 1 March 2020. Exceptions are hygiene measures which can be considered even if they have not been justified before 1 March 2020.

Fixed operating costs due for payment during the funding period and justified before 1 March 2020 may be fully recognized. Fixed operating costs, which are not due during the eligibility period, may not be estimated on a pro rata basis. This also applies to periodically (e.g. annual or quarterly) costs.

Fixed operating costs include:

1. Rents and leases for buildings, land and premises directly related to the business activities of the company. Costs for private spaces are not eligible.
2. Additional rental costs
3. Interest expenses on loans and loans
4. Share of financing costs for leasing rates
5. Expenses for necessary maintenance, maintenance, etc.
6. Expenditure on electricity, water, heating, cleaning and hygiene
7. Property taxes
8. Operating royalties
9. Insurance, subscriptions and other fixed expenses (e.g. telecommunications, payroll, financial accounting, accounting fees, etc.)
10. Costs for tax advisors or auditors arising from the application for Corona bridging assistance
11. Costs for apprentices
12. Personnel costs
13. Paid back commissions or margins for tour operators and certain packages.

Not covered by the bridging assistance:

- Costs of private living, such as rent or interest payments for the private dwelling (except for the pro rata cost of a study if it has already been taxed in 2019)
- Health insurance contributions
- Contributions to private pension provision

## 4 Further information

It is not necessary that other aid measures have already been used or exhausted before the request for bridging assistance.

Nor is it necessary for liquid operating funds or private reserves to be used up before the application is made.

If it turns out in retrospect that the actual turnover was higher than expected at the time of the application and has therefore been paid too much bridging aid, it must be reimbursed.

Even if the activity is permanently discontinued before 31 August 2020, the applicant must repay the bridging aid. If a Corona-related closed business is planned to resume and the reopening is still delayed due to continuing

health restrictions, there is no permanent cessation of operations.

Certain state aid rules must be complied with. In addition to the full KfW rapid loan and the maximum emergency Corona aid from the federal government, a commercial enterprise which did not avail itself of aid before 2020 may receive the maximum funding after the bridging aid.

The use of emergency aid does not preclude the use of the bridging aid, however, if the funding periods of Corona emergency aid and bridging aid overlap, the Corona emergency aid of the Confederation is credited proportionally to the bridging aid.

As mentioned above, an application for bridging assistance can only be submitted by auditors or tax advisors.

We are pleased to answer any questions, check the application requirements in your personal case and submit the application on your behalf. Please just contact us.

Sincerely,

Your ATC team