

Corona Information for Germany (updated monthly)

Status week 52 — December 21, 2020

Dear Sir or Madam,

We hope you and your families are doing well in these special times. Without claim of completeness, we would like to give you an overview of the most important measures and information right now.

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A. Restrictions on social contacts — Lockdown

With infection rates continuing to rise despite existing measures, the Prime Minister's Conference has agreed to a "**hard lockdown**" from December 16, 2020 to January 10, 2021:

- During this period, **retail** and personal care service businesses (e.g., hair salons) will be closed. An exception will be made for grocery stores and retail of urgently needed goods for daily use.
- **Leisure facilities** (theaters, cinemas, swimming pools, gyms, etc.) and restaurants will remain closed. However, the delivery and takeaway of food will continue to be possible. Events that serve entertainment purposes remain prohibited.
- **Schools** and daycare centers will generally be closed.
- **Private gatherings** will remain limited to one's own household and one other household, but in any case to a maximum of five people. From December 24 to 26, countries may allow private meetings with 4 people from the immediate family beyond one's own household. Children up to 14 years of age are exempt in each case.
- On **New Year's Eve**, there will be a ban on gathering and fireworks in public places. The sale of pyrotechnics will be prohibited.
- **Alcohol consumption** will be prohibited in public places.
- **Religious services** will remain permitted, subject to the minimum distance of 1.5 meters and the obligation to wear masks.
- The population is asked to keep social contacts to a minimum, employers are to encourage home work or mobile work at home. Travel that is not absolutely necessary is strongly discouraged.

The implementation and concretization is left to the respective Federal States. In some cases, more far-reaching restrictions on leaving the country have already been adopted. A list of links to the measures taken by the Federal States can be found at [Corona-Regeln in den Bundesländern \(bundesregierung.de\)](https://www.bundesregierung.de/Corona-Regeln-in-den-Bundeslaendern).

B. Extension of December aid and interim aid III

December aid will be **extended** for the duration of the closure in December 2020 — i.e. for the entire month of December. Extraordinary economic aid of up to 75% of the corresponding turnover of the month of the previous year will be granted to the companies affected by the closure. For the closure period from January 1 to January 10, compensation will only be available under **interim aid III**, the maximum amount of which has been **raised to EUR 500,000 per month**.

C. Deadline extensions

The BMF has extended the filing deadline for **2019 tax returns** prepared by a tax advisor by one month beyond February 28 to March 31, 2021. Deferral options will also be extended. In addition, partial depreciations are to be made possible quickly and without bureaucracy due to the loss of value associated with the closure orders.

In addition, the Federal Office of Justice has decided that no administrative penalty proceedings will be initiated for the disclosure of annual financial statements as of Dec. 31, 2019, which are published after Dec. 31, 2020, but before March 1, 2021.

D. VAT

With the [BMF letter](#) dated December 16, 2020, the general obligation to submit VAT returns on a monthly basis for start-ups

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is suspended for the years 2021 to 2026. Please also note that the sales tax rates will be raised again to 19% and 7% as of January 1, 2021.

E. Compensation for parents in case of homeschooling

The Infection Protection Act has been amended to include compensation for parents who have to care for their children at home due to extended school vacations, suspended classroom attendance or hybrid classes and no other reasonable care option can be secured. The parents concerned are entitled to compensation amounting to 67% of the loss of earnings, up to a maximum of EUR 2,016 per month. The entitlement applies for a total of 20 weeks. For more details, see: [Entschädigung bei Homeschooling \(bundesregierung.de\)](https://www.bundesregierung.de/entschaedigung-bei-homeschooling)

F. Guarantee Banks

The German Federal Government extends the funding opportunities of private Guarantee Banks until June 30, 2021, thereby supporting the supply of credit to SMEs.

G. Rental law - disturbance of the basis of business

For commercial leases and tenancies affected by state Covid-19 measures, there is now a statutory presumption under Article 240 § 7 of the Introductory Act to the German Civil Code that significant restrictions as a result of the Covid-19 pandemic may constitute a serious change in the basis of the transaction. This will simplify negotiations between commercial tenants or lessees and owners.

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A. Restrictions on social contacts and access to the country

Nationwide the distance and hygiene rules continue to apply, as the number of infections is expected to rise, especially in the cold season. An "A" for "Use Corona Warning App" and an "L" for "ventilation" are added to the general applicable formula "AHA" for keeping a distance of 1.5 m, hygiene and wearing everyday masks. Regular shock ventilation in all private and public rooms can considerably reduce the risk of infection. The further and, if necessary, more stringent regulations are the responsibility of the German Federal States. <https://www.bundesregierung.de/breg-de/themen/coronavirus/corona-massnahmen-1734724>

Since November 8, 2020, people entering the country from a risk area must register digitally at www.Einreiseanmeldung.de. Upon entry, they must immediately enter a ten-day quarantine. The quarantine ends prematurely if the result of a corona test is negative, which was carried out on the fifth day after entry at the earliest.

B. Tax support measures

An overview of the measures adopted by the Tax Administration in relation to the Corona crisis can be found at the following link: https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Steuern/2020-04-01-FAQ_Corona_Steuern.html

Companies directly affected by the effects of the Corona pandemic may apply for the following:

- interest-free deferral,
- reduction of advance payment,
- reduction of the base rate for advance payment of trade tax, and
- retrospective refund of the 1/11 special advance payment of VAT.

The simplified deferral regulation applies to income tax, corporation tax and value added tax. Application forms are available on the homepages of the respective tax offices. Tax-deductible amounts within the meaning of section 222 sentences 3 and

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4 AO (*Abgabenordnung – German Fiscal Code*) (wage tax and capital gains tax) cannot be deferred. Enforcement measures may be suspended in special cases.

SMEs should be allowed to **offset foreseeable losses** in 2020 against tax prepayments from 2019.

In order to promote aid for people affected by the Corona crisis, according to a [letter from the German Ministry of Finance](#)

- lower requirements for proof of financial support
- a deduction of operating expenses for benefits to business partners is allowed
- donations of wages are not considered as taxable income.

The **Corona Tax Aid Act** (BR-Drs. 290/20) contains:

- Reduction of the VAT rate to 7% for the supply of food in the catering trade from July 1, 2020 to June 30, 2021 (§ 12 Paragraph 2 No. 15 UStG)
- Extension of the transitional periods to § 2b UStG for the public sector until December 31, 2022 (§ 27 para. 22 UStG)
- Tax exemption of employer's allowances for short-time work compensation and seasonal short-time work compensation (for wage payment periods between March 1, 2020 and December 31, 2020) up to 80% of the difference between the target wage and the actual wage according to § 106 SGB III (§ 3 No. 28a EStG)
- Tax exemption of Corona special payments by the employer up to EUR 1,500 between March 1, 2020 and December 31, 2020 (§ 3 No. 11a EStG)
- Extension of the tax retroactive periods from 8 to 12 months in §§ 9 sentence 3, 20 sub-section 6 UmwStG
- Authorisation of the BMF to extend the deadline for notification of cross-border tax arrangements.

The **Second Corona Tax Aid Act** (BGBl. I 2020, 1512), which has already come into force, provides for the following actions:

- Reduction of the VAT rate from 19 to 16% and from 7 to 5% in the period from July 1, 2020 to December 31, 2020. The final version of a [BMF letter](#) on the temporary reduction of the VAT rate as of July 1, 2020 is now also available. According to this letter, there will be no objections if services rendered in July between entrepreneurs who are entitled to deduct value-added tax are still invoiced according to the previous tax rates. To technically facilitate the reduction of the VAT rate, entrepreneurs can make use of the exemption option under Section 9 (2) PAngV and grant **flat-rate discounts** at the cash register. However, an exception applies to price-fixed articles. Further details are available for download here: https://www.bmw.de/Redaktion/DE/Downloads/A/absenkung-mehrwertsteuersaetze.pdf?__blob=publicationFile&v=4
- Postponement of the **due date of the import turnover tax** by about 6 weeks to the 26th of the second calendar month following the import
- **Child benefit:** In September and October, parents will receive a one-off payment of EUR 150 for each child entitled to child benefit in 2020; allowances are doubled for single parents
- **Degressive depreciation** of newly acquired movable fixed assets in the tax years 2020 and 2021 (25% per year, up to a maximum of 2,5 times the straight-line depreciation)
- Extension of the **tax loss carryback** for 2020 and 2021 to a maximum of EUR 5 million (or EUR 10 million in the case of joint taxation), which can already be used in the 2019 tax return
- Increase of the **reduction factor for income from trade** (§ 35 EStG) to four times the trade tax base
- Increase in the **maximum basis of assessment of the tax research allowance** to EUR 4 million from 2020 to 2025
- Extension of tax incentives for the **private use of company cars without CO2 emissions** per kilometer driven by increasing the maximum amount of the gross list price from EUR 40,000 to EUR 60,000
- Temporary extension of the **reinvestment periods of § 6b EStG** by one year
- Extension of the **periods for investment deductions according to § 7g EStG** by one year
- Increase in the tax-free allowance for **additions under Section 8 No. 1 GewStG** to EUR 200,000
- Extension of the absolute **prosecution period** to 25 years in cases of particularly serious tax fraud
- Extension of the **confiscation possibility** of acquired deed earnings also after the statute of limitations according to § 47 AO.

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For further details see:

https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze_Gesetzesvorhaben/Abteilungen/Abteilung_IV/19_Legislaturperiode/Gesetze_Verordnungen/2020-06-30-Zweites-Corona-Steuerhilfegesetz/4-Verkuendetes-Gesetz.pdf?__blob=publicationFile&v=3

C. Short-time allowance

Short-time allowance can be claimed if at least 10% of the employees suffer from a loss of earnings of more than 10%. In principle, short-time work benefits can be drawn for up to 12 months, but this period has been extended to up to 24 months.

Agency/loan workers may also work short-time and claim short-time allowance. In companies allowing working-time accounts, these working-time accounts do not need to accumulate negative hours.

The Social Protection Package II regulates an increase in the short-time work allowance to 70% from the 4th month onwards or 77% with children and to 80% or 87% from the 7th month onwards by the end of 2020. In addition, the additional income possibilities were expanded. The package also provides for an extension of unemployment benefit by 3 months. For further details please see: <https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Schlaglichter/Corona-Schutzschild/2020-03-19-Beschaefigung-fuer-alle.html> as well as in the data sheet <https://www.arbeitsagentur.de>.

In the meantime, the Federal Government has extended the special regulations on short-time work compensation. Among other things, the short-time working allowance has been increased to 80% of the lost net pay until the end of 2021 and the maximum period of entitlement has been extended to 24 months.

<https://www.bundesregierung.de/breg-de/themen/coronavirus/verlaengerung-kurzarbeitergeld-1774190>

D. Interim aid II, III

The interim aid provides financial support for SMEs, self-employed persons and non-profit organisations. The services are intended to mitigate the decline in turnover during the Corona crisis. The second phase of the bridging aid (II) covers the funding months September 2020 to December 2020. Since October 21, 2020, interim aid of a maximum of EUR 50,000 per month can be applied for in these funding months. The interim aid is granted as a subsidy to cover fixed costs in any sector.

In principle, companies with a 50% drop in turnover in two related months in the period April to August 2020 compared to the same months of the previous year or an average drop in turnover of 30% in these months are eligible to apply. Applications may only be submitted by tax consultants, lawyers, auditors and chartered accountants.

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

The German Federal Government has agreed to extend bridging assistance for the period from January 2021 to June 2021. **Interim aid III** covers the period from January 2021 to June 2021 and supports companies, self-employed individuals and freelancers who are particularly hard hit by the measures to combat the pandemic. In terms of the amount, instead of the previous maximum of EUR 50,000 per month, up to a maximum of EUR 500,000 per month in operating costs can be reimbursed in the future.

This also includes a "**restart assistance for solo self-employed persons**". In future, the costs to be taken into account for this group are to include a one-off flat-rate operating cost allowance of 25% of sales in the comparison period. The restart assistance amounts to a one-off sum of up to EUR 5,000 and covers the period up to June 2021. The application is to become possible a few weeks after the program start in January. More details at: [BMW - Mehr Hilfe für Soloselbständige und die Kultur- und Veranstaltungsbranche](#)

E. November aid/December aid

The firms, businesses, associations and institutions affected by the renewed closure will be granted exceptional economic aid amounting to 75% of their turnover in the same month of the previous year (**November aid**). Companies with more than 50 employees will receive up to 70%. Applications may only be submitted by a tax consultant, accountant, lawyer or sworn auditor. Solo self-employed persons who have not yet submitted an application for bridging allowance may apply for up to EUR 5,000 themselves. Applications can be submitted from November 25, 2020 until probably January 31, 2021.

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For further details, particularly on the crediting of services received and revenues generated, please refer to <https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2020/11/20201105-ausserordentliche-wirtschaftshilfe-november-details-der-hilfe-stehen.html>

November aid will be extended until December 20, 2020 due to the continued closures. This means that grants of up to 75% of the comparable turnover in 2019 will also be available as aid to companies affected by these closures during the December measures. For further details please see: [BMW - Stark durch die Krise: Dezemberhilfe kommt, Überbrückungshilfe wird deutlich erweitert und verlängert](#)

F. Financial support measures

To protect the liquidity of companies, the existing programmes for liquidity support will be expanded and made available to more companies, such as the KfW loans <https://www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/KfW-Corona-Hilfe-Unternehmen.html> and ERP loans [https://www.kfw.de/inlandsfoerderung/Unternehmen/Gr%C3%BCnden-Nachfolgen/F%C3%B6rderprodukte/ERP-Gr%C3%BCnderkredit-Startgeld-\(067\)/](https://www.kfw.de/inlandsfoerderung/Unternehmen/Gr%C3%BCnden-Nachfolgen/F%C3%B6rderprodukte/ERP-Gr%C3%BCnderkredit-Startgeld-(067)/)

KfW's **rapid loan program** has now been **extended and expanded** until June 30, 2021:

- Solo self-employed persons and companies with up to 10 employees can now also apply for loans of up to EUR 300,000 via their principal banks. <https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2020/11/20201106-kfw-sonderprogramm-wird-verlaengert-und-erweitert-kfw-schnellkredit-nun-auch-fuer-kleinstunternehmen.html>
- Enterprises with more than 10 employees that have already been active on the market since January 1, 2019 and have made a profit can apply for KfW rapid loans with a loan volume of up to 3 months' turnover in 2019, but not exceeding EUR 500,000 for up to 50 employees and EUR 800,000 for more than 50 employees.

The interest margin is 3%, the term is 10 years. The company must not have been in difficulties on December 31, 2019 and must have sound financial circumstances at that date. A credit assessment will not be carried out. The house bank is released from 100% of the liability.

Since May 5, 2020, **small Bavarian companies** with up to 10 employees have been able to apply also for LfA fast loans of up to EUR 100,000 via their house banks.

The German government is **concretising** the announced **support programmes for start-ups** with a volume of EUR 2 bn. A new so-called corona matching facility will provide venture capital funds (KfW Capital, EIF) with additional public funds, enabling them to finance up to 70% of promising start-ups as long as 30% are contributed by private investors. For start-ups without access to the Corona Matching Facility, other measures are envisaged.

Since August 3, 2020, start-ups and SMEs focusing on business activities in Bavaria have been able to apply for **equity capital** from Bayerische Beteiligungsgesellschaft in order to increase their own capital resources. For further details see: <https://www.stmwi.bayern.de/service/foerderprogramme/beteiligungskapital/>

The German Federal Government has now **extended** the **support programs for start-ups** until June 30, 2021. Thanks to the extension, young companies will now be able to receive commitments for equity and quasi-equity financing from the package of measures (corona matching facility, global loans) for a further six months.

The Federal Government is significantly expanding the existing investment offerings of the Mittelständische Beteiligungsgesellschaften (MBGen) in cooperation with the Federal States. Details at: [BMW - Bund stärkt die Rekapitalisierung von kleinen und mittelständischen Unternehmen während der Corona-Krise](#)

A KfW special loan programme of one billion EUR was set up for **non-profit organisations**.

The Federal Government has adopted a 5-point action package to facilitate the financing of **export transactions**. The measures are available for download at: https://www.bmwi.de/Redaktion/DE/Downloads/C-D/corona-massnahmenpaket-unterstuetzung-deutsche-exportwirtschaft.pdf?__blob=publicationFile&v=10

By facilitating the funding conditions for **regional economic development**, the Federal Government and Federal States intend

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to support investment projects for coping with the corona pandemic. For further details see:

<https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2020/20200714-altmaier-aufstockung-regionaler-wirtschaftsfoerderung-gibt-regionen-neuen-schwung-fuer-bewaeltigung-der-corona-pandemie.html>

SMEs can apply for grants for the **transition to digital business processes**. Depending on the number of employees, grants of up to 50% of the costs incurred are possible. In particular, the programme is intended to help to remedy the digitisation deficits which became apparent during the Corona pandemic.

Further information is available at: <https://www.bmwi.de/Redaktion/DE/Dossier/digital-jetzt.html>

With the [Ordinance for the implementation of pandemic-related and other adjustments in ordinances based on the Energy Industry Act](#), the Federal Cabinet has eased the conditions for **reduced grid fees for energy-intensive companies**.

A **nursing bonus** of up to EUR 1,000 will now also be granted to nursing staff in hospitals who have worked in high-stress areas.

The Federal Ministry of Education and Research is investing EUR 20 million in the research and development of innovative **medical technology**. The funding measures are primarily intended to benefit medical technology companies. The aim is to improve diagnostics, prevention and mobile care, which should lead to better handling of the pandemic in future.

<https://www.bmbf.de/de/karliczek-mit-innovativen-medizinprodukten-und-diagnostika-die-corona-pandemie-12471.html>

G. Support for trainees and students

The cabinet has decided on the cornerstones for a training bonus. SMEs with up to 249 employees affected by the Corona crisis will receive a bonus for each training place if they maintain (EUR 2,000) or increase (EUR 3,000) their training performance compared to previous years. Companies that take on trainees from firms that are insolvent due to the Corona crisis are also to receive a bonus of EUR 3,000. For further details see:

<https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2020/20200624-karliczek-altmaier-heil-jetzt-in-die-zukunft-der-ausbildung-investieren.html>

H. Car tax and innovation bonus for e-vehicles

As expected, the [draft bill](#) presented to amend the German Motor Vehicle Tax Act provides for a stronger focus on CO2 values in the tax tariff for first-time registered cars. The tax exemption for purely electric vehicles is extended.

The support directive for the **innovation bonus for e-cars** has come into force. In future, pure e-cars will receive up to EUR 9,000 in funding, while plug-in hybrids will receive up to EUR 6,750. For more details see:

<https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2020/20200707-hoehere-foerderung-fuer-elektrofahrzeuge.html>

I. Duty to file for insolvency

In the meantime, it has been decided that the obligation to file for insolvency will be suspended until December 31, 2020. However, this extension only applies to companies that are over-indebted as a result of the coronavirus pandemic without being insolvent. For details please see:

https://www.bmjv.de/SharedDocs/Gesetzgebungsverfahren/DE/Verlaengerung_Insolvenz_Covid.html;jsessionid=1CFB40D928FCFE46F6E9DC746A295573.1_cid297?nn=6705022

J. Corporate and association law

The regulation on the extension of measures in company, cooperative, association and foundation law to combat the effects of the COVID-19 pandemic extended the decision-making facilities until December 31, 2021, thereby strengthening the capacity of companies to act.

In addition, the Federal Office of Justice (BfJ) has decided to ease the disclosure of annual financial statements in the wake of the Corona crisis in favour of those companies that have not yet been able to submit their annual financial statements on time.

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For further details see:

https://www.bundesjustizamt.de/DE/SharedDocs/Publikationen/EHUG/Unternehmen_Erleichterung.pdf?__blob=publicationFile&v=2

K. Information for employers: health and safety at work, compensation for quarantine, social insurance

The Federal Ministry of Labour has published rules for an occupational **safety standard**. Although the regulations are not directly legally binding on employers, they should still be observed as a concretization of the duty of care in order to prevent civil liability, recourse to the employers' liability insurance association, official requirements, fines and possibly even criminal liability. More details under:

<https://www.bmas.de/DE/Schwerpunkte/Informationen-Corona/Arbeitsschutz/arbeitsschutz.html>

If a **quarantine** is ordered for employees because of the corona virus, employers can apply for compensation for loss of earnings for employees or self-employed persons (not for loss of sales due to company closures or cancellation of events!). The Landschaftsverband Rheinland provides extensive [information on compensation for loss of earnings](#).

Although the standard procedure for the **deferral of social security contributions** will in principle apply again from June, some relief will remain in place. For applications submitted by September 30, 2020, the deferral requirements are deemed to have been met. However, deferral interest will only be waived if payment in instalments of amounts already deferred is promised.

The **new SARS-CoV-2 work safety rule** specifies the necessary occupational health and safety measures for the protection against infection. Companies which implement the technical, organisational and personal protection measures proposed in the SARS-CoV-2 rule can assume that they are acting in a legally compliant manner. The work safety rule can be found at https://www.baua.de/DE/Angebote/Rechtstexte-und-Technische-Regeln/Regelwerk/AR-CoV-2/pdf/AR-CoV-2.pdf?__blob=publicationFile&v=6

L. Continued payment for parents

The continued payment of wages for parents whose children have not yet reached the age of 12 and who, for lack of reasonable care facilities, are looked after by the parents themselves, will be extended from 6 to 10 weeks per person with custody. 67% of the loss of earnings will be replaced, up to a maximum of EUR 2,016 per month.

M. Voucher solution

With the Act on Mitigating the Consequences of the COVID 19 Pandemic in the Law on Events, the German Bundestag decided that music, culture, sport or other leisure organisers can issue their customers with a voucher for the amount of the admission price for services that could not be provided due to the COVID 19 pandemic. Tour operators are not covered, nor are events in a professional context.

The Federal Council has approved a separate voucher solution for package tours: Tour operators now have the option of offering a voucher together with a state insolvency guarantee instead of an immediate refund of the travel price. However, there is no obligation for customers to accept the voucher.

Should you have questions or require any assistance, please do not hesitate to get back to us. As always, we will assist you wherever we can.

Take care of yourselves and each other!