

## Support package expanded significantly: many changes introduced!

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Entrepreneurs who have been severely affected by the measures taken to deal with the coronavirus will again be receiving financial compensation. Existing measures are being improved and new ones introduced.

### Contribution towards payroll costs



The contribution towards payroll costs under the Temporary Emergency Bridging Measure for Sustained Employment (NOW scheme) is being expanded rather than scaled back. The maximum compensation under the scheme will amount to 85% instead of the current level of 80% in the event of a 100% drop in turnover. The reduction in the maximum amount paid per employee from twice to 1x the maximum daily wage, which was expected to apply from 1 April, has been scrapped.

### Reimbursement of Fixed Costs for SMEs scheme (TVL)

The TVL is also being expanded. From a drop in turnover of 30% entrepreneurs will receive compensation amounting to 85% of their fixed costs. This means there will no longer be a sliding scale of compensation. From 1 January the scheme is also open to companies with more than 250 employees. In addition, a similar scheme is being introduced for the agricultural and horticultural sector.

The maximum payment under the TVL is increasing further from € 90,000 to € 330,000 and to € 400,000 for companies with more than 250 employees. The minimum amount of support offered by the TVL will rise from € 750 to € 1,500. Additional support will also be made available via the TVL for start-ups.

### Increase in stock subsidy

Due to the compulsory closure of non-essential shops, the stock subsidy for retail outlets in the non-food sector is also going up. In the first quarter of 2021 the supplement on top of the TVL will amount to 21%. This equates to a subsidy of 17.85% of turnover (21% x 85%). The maximum amount is also being raised to € 200,000. This subsidy will not be limited by the maximum amounts payable under the TVL itself.

### No means test for Tozo

Contrary to previous plans, a means test will not be introduced from 1 April 2021 for the Temporary Bridging Scheme for Independent Entrepreneurs (Tozo). This means that self-employed persons

whose income falls below the minimum social income and who have assets will also be eligible for income support.

### Additional tax measures

A package of additional tax measures has also been introduced:

- in 2021 the fixed budget under the work-related expenses scheme will again amount to 3% on the first € 400,000 of the wage bill;
- the deferment of tax payments is being extended until 1 July 2021. Repayment must begin from 1 October. This equates to a three-month extension of both measures;
- in 2021 directors/major shareholders (DGAs) can again set their customary salary at a lower level if their turnover has fallen by at least 30%. Their customary salary may be reduced at the most by an amount that is proportionate to the drop in turnover experienced in 2021 relative to 2019;
- for the purposes of the hour criterion, which determines the entitlement to facilities including the self-employed person's allowance, independent entrepreneurs will be considered to have worked for at least 24 hours a week over the period from 1 January to 30 June 2021;
- until 1 April this year fixed travel allowances for commuting can continue to be paid free of tax to employees who are working from home.