

COVID-19 Instruments & supporting measures in Austria

(quick) Overview

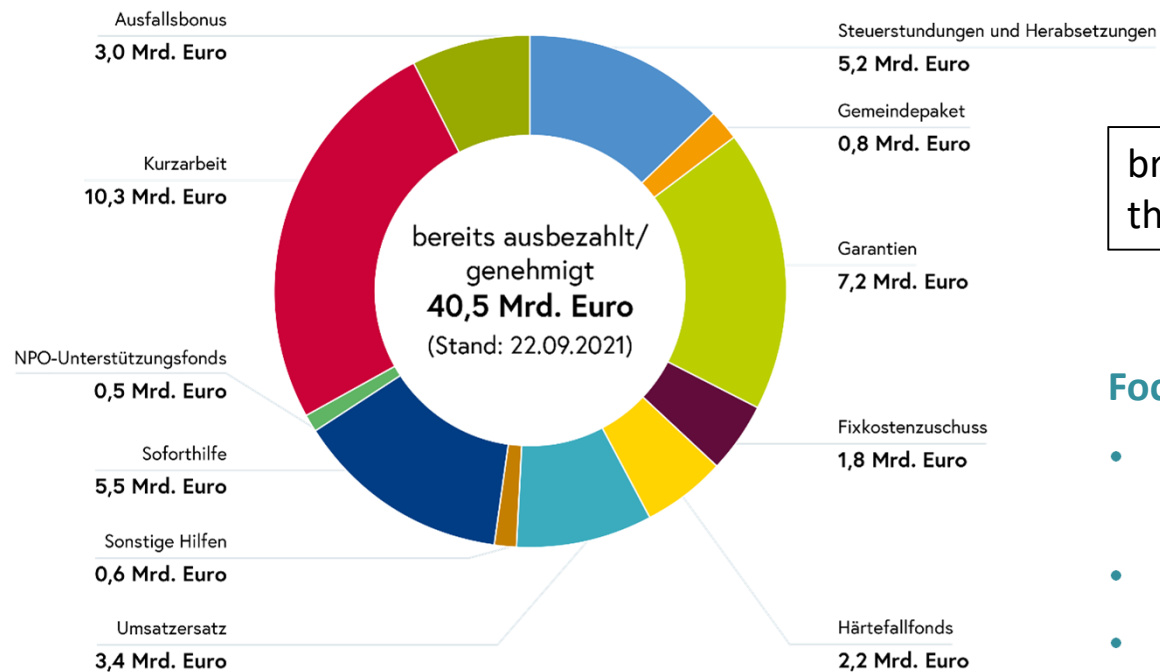
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SME Envoys Finance
Exchange of good practices on national solvency
measures for SMEs during and after the COVID-19 crisis
Virtual Meeting, 28. September 2021

Agenda

- Overview
- Examples:
 - COVID-19 Investment Premium
 - Loan Guarantees for bridge-financing loans
 - Non-repayable Grants
 - special taxation & other regulative measures
- Economic effects of the COVID-19 measures – national level

COVID-19 instruments & supporting measures



Source: Ministry of Finance

broad mix to help affected companies
through the crisis quickly and accurately



Focus on

- Mitigating the loss of revenue as a result of the crisis
- Measures facilitating economic recovery
- Stimulation of the labour market

Example: COVID-19 Investment Premium

- Focus: incentive for corporate investments in depreciable fixed assets
- non-refundable grant (*max. EUR 50 Mio. per company*) – 2 forms:
 - 7% of the investment costs (general)
 - 14% for new investments priority areas: digitalization, greening/ecologization and health/life science → also part of the EU “Recovery and Risk Facility”
- explicitly exempted (example!): climate-damaging investments, acquisition of commercial properties, buildings and capitalization of own services
- success: approx. 240.000 accepted applications triggering a total investment-volume of EUR 78,15bn
- application from September 2020 to February 2021 – realization of investments till February 2025 (at latest)

Example: Loan Guarantees for bridge-financing loans

- Focus: secure liquidity and facilitate financing of working capital loans from companies, whose sales and earnings development is impaired by order, delivery or other market changes due to the COVID-19 crisis
- **specific terms and conditions** tailored to cope with the negative effects of the crisis -- based on the regular loan guarantee program
 - guarantee rates: 80% -- 90% -- 100%
 - *different interest rates, guarantee rates and max. loan amounts based on the guarantee rate*
 - duration: up to 5 years
- In accordance with the modified “Temporary Framework to support the economy in the context of the coronavirus outbreak” of the European Union
- success: approx. 18.300 approved guarantees with a total liability of EUR 3,2bn.

non-repayable Grants & other direct compensations

- Corona short-time work
 - focus: tailor-made support for companies (regardless size and sector) affected by the COVID-19 crisis and safeguards employment
 - compensation for reduced working hours (10-90%) for a planned period
 - aim: temporary reduction of normal working hours and wages preserves the liquidity of companies and secure jobs
- Hardship-Fund for EPU, micro enterprises and new founders
 - focus: immediate emergency aid, mitigation of income loss, “comeback bonus”
 - non-repayable, tax-free grant up to EUR 30.000 in total
- non-repayable Grants to cover fixed costs and loss in revenues because of the COVID-19 crisis

fiscal & other regulative measures

- Insolvency Law: temporary suspension of the obligation to declare insolvency
- Reduction of the advance payments of income and corporate tax for 2020 (down to zero)
- Payment facilitations (deferment or payment instalments)
- Application for late payment charges & Non-imposition of late charges

Economic effects of the COVID-19 measures (Focus: Austria)

- Sharp decline of insolvencies by approx. -40% (*compared to 2019*) primarily attributed to the dilution of the insolvency law
- Safeguarding up to 351.000 jobs (*incl. corona short-time work*)
- Increase of the real GDP by approx. 0,5-1,2% by supporting investment activities and strengthening household incomes
- Relative increase of available household income by 2-3% due to a reduction of income tax and additional monetary social transfers (e.g. unemployment bonus)

Thank you very much for your attention !



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