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
Mitigating the loss of revenue as a result of the crisis

Measures facilitating economic recovery

Stimulation of the labour market

Focus on

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

broad mix to help affected companies through the crisis quickly and accurately
Example: COVID-19 Investment Premium

- Focus: incentive for corporate investments in depreciable fixed assets

- non-refundable grant (\textit{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 \( \rightarrow \) 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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