

COVID-19 Status Quo & Economic Relief Measures for Hotels

A European Overview – 4 May 2020



Christie & Co's pan-European team has prepared a comparative overview of the Status Quo and Economic Relief Measures for Hotels in the UK, Germany, France, Spain, Austria and Finland with highlights on Job Support, Financial Aids, Tax Relief, Rent Payments and Tourism Support as well as useful information links for each.

We hope that this summary will help you navigate through these difficult times and we remain at your disposal for any additional questions.

COVID-19 Status Quo & Economic Relief Measures for Hotels

A European Overview

	United Kingdom	Germany	
Status Quo	<ul style="list-style-type: none"> - As of 23 March, hotels may only stay open if they provide interim abodes for critical workers, homeless, vulnerable people or non-UK residents unable to return to their home country - Restaurants, bars and pubs have been obliged to close as of 23 March, delivery & takeaway remain possible - Measures have been extended up to 7 May, no exit plan has yet been announced 	<ul style="list-style-type: none"> - Hotels have not been obliged to close but many have due to the lack in demand fuelled by a ban of touristic overnights ending between 3 May and 10 May (depending on individual decree in each state), however a complete re-opening is highly unlikely; Restaurants and bars have been forced to close and can only do takeaways - The Ministry of foreign affairs has issued a global travel warning until mid June - The government will announce further steps on the easing of lockdown measures on 6 May 	
Economic Relief Measures	Job Support	<ul style="list-style-type: none"> - Coronavirus Job Retention Scheme: The government has agreed to pay up to 80% of usual monthly wage costs up to £2,500 a month for furloughed employees who would have otherwise been made redundant for an initial duration of 3 months from 1 March 2020; The scheme has been extended to 30 June and it now applies to self-employment as well - Statutory Sick Pay Rebate: SMEs with <250 employees can reclaim up to 2 weeks per employee at the current rate of SSP (due to COVID-19) 	<ul style="list-style-type: none"> - Short-Time Work: access to short-time working has been eased until the end of 2020 under the condition that $\geq 10\%$ of employees lose $\geq 10\%$ of salary; the measures include: <ul style="list-style-type: none"> - Compensation of 60% of net salary (67% for parents) - 100% of reimbursement of social security contributions - Claim duration for max. 12 months - No negative hours on time account
	Financial Aids	<ul style="list-style-type: none"> - Cash Grant: £10/£25k grant for businesses in the retail, hospitality and leisure sectors with a rateable value of <£51,000 - Business Interruption Loan Scheme: access to loans, overdrafts, invoice finance and asset finance of up to £5m and for up to 6 years for SMEs (turnover less than £45m p.a.). Government to cover the first 12 months of interest payments and any lender-levied fees as well as guaranteed 80% of each loan (subject to pre-lender cap on claims) - Corporate Loan Facility: the BoE will buy short-term debt of up to £1bn from larger companies for an initial duration of 12 months - Bounce Back Loan Scheme: £2 to £50k interest-free loans, 100% government-backed. Loans are interest free for the first 12 months and at a pre-negotiated low interest rate by the government. Loan terms will be up to 6 years. Businesses that have already accessed the Business Interruption Loan Scheme are not eligible but they can transfer that loan to the Bounce Back Loan Scheme until 4 November 2020 	<ul style="list-style-type: none"> - Support for Short-Term Liquidity : - KfW instant loans for medium enterprises (>10 employees) <ul style="list-style-type: none"> - 100% risk assumption by the KfW, no risk assessment by firm's bank - Max. credit of 3 months turnover (2019) limited to €500,000/€800,000 (</> 50 employees) - 10-year term, no amortisation for 2 years, 3% interest p. a. - Profit was generated in 2019/positive average profit 2017-2019 - Regular KfW loans: <ul style="list-style-type: none"> - 80%/90% risk assumption (large/medium) enterprises by KfW, remainder to be underwritten by firm's bank - Loan value: up to 25% of 2019 turnover (max. €1bn) or - Liquidity for next 18/12 months (for SMEs/large corps) or - Double the amount of personnel expenses in 2019 or - 50 % of total debt or 30 % of the group's balance sheet total in the case of loans exceeding €25m - Cash Grant for Self-Employed Persons/Micro-Enterprises max. €9,000 (max. 5 FTEs)/max. €15,000 (max. 10 FTEs)
	Tax Relief	<ul style="list-style-type: none"> - Business Rate Holiday: Businesses in the retail, hospitality and/or leisure sector will not have to pay business rates for the 2020-21 tax year - Business Tax Support – Time to Pay Service: Businesses that have or may miss tax payments due to COVID-19 are eligible for support from HMRC. This support is agreed on a case-by-case basis - VAT Deferral: Business can defer VAT payments due between 20 March and 30 June until the end of the 2020/21 Tax Year 	<ul style="list-style-type: none"> - Tax Relief Measures: <ul style="list-style-type: none"> - Reduction or suspension of advance payments - Tax deferrals of income, corporate and sales tax for the duration of 3 months, application until end of 2020 possible - No enforcement of tax debt until end of 2020
	Rent Payment	<ul style="list-style-type: none"> - Eviction Protection: While the obligations of rent payments have not yet been altered by Parliament, tenants are protected from eviction due to non-payment of rent as a consequence of COVID-19 for a 3-month period starting 25 March 2020 - Rent Collection Protection Scheme: The government temporarily banned the use of statutory demands (made between 1 March and 30 June 2020) and aggressive rent collection tactics. Also, landlords are forbidden from using Commercial Rent Arrears Recovery (CRAR) unless they are owed 90 days of unpaid rent 	<ul style="list-style-type: none"> - Change in Termination Rights: Termination due to rent arrears is not permitted from 1 April to 30 June 2020; can be extended twice by 3 months, rent debt must be settled within 24 months - Statutory interest on arrears applies unless otherwise negotiated (9 ppts above federal base rate, i. e. currently at 8.12% p. a.)
	Tourism Support	<ul style="list-style-type: none"> - Associations etc: The UK Hospitality Association – UK Hospitality – and the UK Tourism Board – Visit Britain – are providing additional advice and support to businesses 	<ul style="list-style-type: none"> - Associations etc: Dedicated platform for tourism and hospitality businesses by the government, which consolidates all relevant information - Further information, assistance and advice offered by the national hotel association

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	France	Spain	
Status Quo	<ul style="list-style-type: none"> - Hotels have not been obliged to close, however many have due to lack in demand - C. 20% of hotels remain open, some may not reopen before October (estimate) - Some hotels are being used to host homeless and quarantined people during the testing period - End of curfew expected on 11 May subject to sanitary statistics as at 7 May incl. increase of public transportation capacity and reopening of shops (except high-capacity malls) - Beaches, restaurant and bars remain closed until further notice 	<ul style="list-style-type: none"> - Hotels have been obliged to close - Phase 1 of 4 of easing of lockdown measures starts 11 May; each phase will last at least 14 days and transition into next phase will be dependent on evolution in each province - Hotels are allowed to operate as of Phase 1, however many will remain closed due to travel restrictions in place until Phase 3 (24 June, best case) - Some resort hotels in the Balearic/Canary Islands have announced that they won't open this summer 	
Economic Relief Measures	Job Support	<ul style="list-style-type: none"> - Short-Time Work – Extended until 1st June 2020 - Access to short-time working with companies (including some public entities) paying 70% of gross salaries (84% of net salaries) for employees above French minimum wage (including some temporary workers and executive managers with minority stakes in a company) - Employees with salaries equal or less than the French minimum wage (including apprentices) get compensated for 100% of their salary - Companies will then be fully compensated by the government for employees with gross salaries up to €6,927/month (or 4.5x French minimum wage) 	<ul style="list-style-type: none"> - Force Majeure Temporary Unemployment Scheme (ERTE): allows companies to issue temporary redundancy to its workforce (or reduce their working hours). Workers will be automatically enrolled to the Spanish regular unemployment scheme: <ul style="list-style-type: none"> - Compensation of 70% of gross salary (up to €1,098 per month) - 75% reduction of social security contributions (100% for companies with ≤50 employees) - Originally in place during the period of the state of emergency only, discussions are currently being held regarding extending the scheme after the latter finishes. Once terminated, workers will resume their role under the same conditions as before the crisis - Unemployment: forbids employers to dismiss their workers due to the COVID-19 crisis and in order to limit the redundancy for other causes, have increased dismissal costs for companies - Sick Leave or Holiday: companies are not allowed to force employees to take holiday during the period, this has to be agreed between both parties
	Financial Aids	<ul style="list-style-type: none"> - Support for Micro-Companies, Self-Employed and Micro-Entrepreneurs: <ul style="list-style-type: none"> - Up to €1,500 for companies with < €1m annual turnover and taxable profit < €60k in the event of: administrative closure/sales loss of 50% or more in March 2020 vs. March 2019 - Extended up to €5k for firms which already benefitted from the initial measure, had ≥1 employee on 1 March, are unable to pay March and/or April debts/fixed charges and have not been granted a liquidity loan since 1 March - Support for Short-Term Liquidity: for companies of all types and sizes (except for sociétés civiles immobilières, credit and financing corporations) via firm's bank until 31 December 2020, up to 5-year term, no reimbursement due in year 1. - Innovative firms or firms created after 1 January 2019: loan of up to 3-month sales of 2019 or 2 years of payroll expense - Enterprises with >5k employees not meeting payment and tax obligations cannot benefit from the guaranteed loans - 6-month postponement of credit terms by banks for all firms - Credit mediation for rescheduling credit terms available for all firms 	<ul style="list-style-type: none"> - Public Credits: guarantees for SMEs and the self-employed of up to €100bn through bank financing. A first guarantees line of €20bn was deployed late March (50% for new loans and loan renewals for SMEs and self-employed and 50% for large companies). A second line of €20bn was deployed on April 11th exclusively for SMEs - ICO Net Borrowing Capacity Increase: the State allows the Instituto de Crédito Oficial (ICO) to increase its net borrowing capacity by €10bn through the existing ICO financing lines - Digitalization: the government will support financing the purchase and leasing of equipment and services to facilitate the digitalization of SMEs and the implementation of teleworking solutions, mobilizing in the next 2 years more than €200m through the ICO
	Tax Relief	<ul style="list-style-type: none"> - Tax Relief Measures: <ul style="list-style-type: none"> - Deferral of social contributions (URSSAF) (up to 3 months), direct taxes and tax debt - Advanced reimbursement on corporate tax and VAT credits - Social contributions are exempt during forced closure period for F&B, hotel, events, tourism, culture and sports sectors 	<ul style="list-style-type: none"> - Tax Relief Measures: <ul style="list-style-type: none"> - Loan taxation of small companies and freelancers are deferred for 6 months - Each city/region is looking at providing tax relief measures. Madrid, for example, has announced a 25% discount on property tax for SMEs and self-employed within the tourism industry
	Rent Payment	<ul style="list-style-type: none"> - Rent and Utilities Payment Deferral: possibility of rent and utilities payment deferral from 1 April to the end of the closure period for SMEs. When business resumes, possibility of payments in instalments without penalties - For the food & beverage, hotel, events, tourism, culture and sports sectors with national landlords, exemption of rent during closure period 	<ul style="list-style-type: none"> - Rent Payment Measures: <ul style="list-style-type: none"> - There is no official measure announced by the government regarding hotel rent payments (only residential) - Hotel owners are open for discussions and try to relieve pressure on tenants by agreeing rent reductions or providing grace period for payment. In most cases, owners try to not execute any long-term amendments in the rent agreements
	Tourism Support	<ul style="list-style-type: none"> - Financial support up to €10k for companies with up to 20 employees and €2m turnover - Allowance for tourism firms to issue credit notes rather than reimbursing customers on existing bookings to prevent from cash-flow burden - Adaptation of administrative procedures (classification, etc.) for tourism companies 	<ul style="list-style-type: none"> - Tourism Credit Aid: specific financing line of €400m to meet the liquidity needs of companies and self-employed workers in the tourism sector through the ICO with a max. amount of €500k

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	Austria	Finland	
Status Quo	<ul style="list-style-type: none"> - Hotels were obliged to close in Salzburg, Tirol, Carinthia and Vorarlberg by 16 March until 13 April - Touristic use was forbidden in all hotels nationwide as of 4 April until 28 May - Restaurants may reopen as of 15 May, Hotels may reopen for tourists as of 29 May - Currently 13% of hotels are open 	<ul style="list-style-type: none"> - Hotels have not been obliged to close, however many have due to lack in demand - C. 15% of hotels remain open (estimate) - Restaurants have been ordered to close and can only serve food through takeaway, order in effect until May 31 	
Economic Relief Measures	Job Support	<ul style="list-style-type: none"> - Short-Time Work: Initial measures limited to 3 months, extension possible: Compensation by the government: <ul style="list-style-type: none"> - 90% if gross salary was up to €1,700 per month - 85% if gross salary was up to €2,685 per month - 80% if gross salary was up to €2,686 to max €5,370 - Minimum work of 10% on average during short-time working - (Remaining) Holidays and Time Accounts: Employer can order to use up remaining holidays/overtime, use up 2 weeks of the current holiday entitlement, limited to max. 8 weeks (no prerequisite for short-time work application) 	<ul style="list-style-type: none"> - Unemployment Benefit Measures: <ul style="list-style-type: none"> - The self risk for unemployment benefit schemes have been removed - Unemployment benefits will be secured for sole entrepreneurs and freelancers (tbd) - Required furlough announcement time shortened from 14 to 5 days
	Financial Aids	<ul style="list-style-type: none"> - Corona Aid Fund: <ul style="list-style-type: none"> - State guarantees for 90% of bridge financing/working capital loans via firm's bank for SMEs - Max. 3 months turnover or €120 million, 5-year term, extension of up to 5 more years - Large corporations: measures under review - Fixed Costs Subsidies (non-refundable) for rents, insurance premiums, interest due, licence costs etc.: <ul style="list-style-type: none"> - >40% loss of revenues due to COVID-19/loss of more than 2.000€ for eligibility - 40-60% loss in revenue – 25% indemnification - 60-80% loss in revenue – 50% indemnification - 80-100% loss in revenue – 100% indemnification - Cash Grant for Self-Employed/Micro Companies (up to 10 FTEs): <ul style="list-style-type: none"> - Initial grant of €500/€1,000 for net income of <math>\leq \text{€}6,000 \text{ p.a.}</math> - €1,000 for net income of more than €6,000 per year - Further aid of up to €2k p. m. depending on income loss (max. 3 months) 	<ul style="list-style-type: none"> - Loan guarantees: <ul style="list-style-type: none"> - The government has granted a €10bn increase in business loans that Finnvera can guarantee. The financing is provided by banks - Financial aid: <ul style="list-style-type: none"> - Business Finland has been granted an increase of €700m to be used for rapid, direct supporting of businesses with >5 employees; the funding is intended for companies to explore and tap into new business opportunities in emergency conditions – not covering current operating expenses - The Centre for Economic Development, Transport and the Environment (ELY) has been granted €300m to distribute in aids; such aids can be applied by companies employing a max. of 5 people for situation analysis or development purposes - Sole entrepreneurs can apply for a €2,000 grant to cover fixed expenses.; the grant is issued by the municipality where the company is registered
	Tax Relief	<ul style="list-style-type: none"> - Income & Corporate Tax Measures: Advances on income or corporation tax can be reduced or set at zero euros - Interest-free tax deferrals and/or payment in instalments 	<ul style="list-style-type: none"> - Pension Costs: <ul style="list-style-type: none"> - Compulsory employee pension payments are lowered by 2.6ppts until the end of 2020; Total savings made by businesses estimated at €910m - Entrepreneurs can apply for interest-free deferrals of compulsory pension insurance payments - VAT: <ul style="list-style-type: none"> - Companies can apply for VAT payments in 2020 to be returned as an interest-free loan to be repaid in 2 years
	Rent Payment	<ul style="list-style-type: none"> - Rent Reduction: From § 1104 f ABGB and § 1096 ABGB it can be deduced that under current law the landlord bears the risk that the business premises cannot be used due to extraordinary circumstances. Therefore, the tenant may be entitled to a rent reduction (up to the complete loss of rent) – nevertheless, tenants are advised to keep paying the rent until legal claim to reduction is in place! 	<ul style="list-style-type: none"> - Voluntary Rent Reductions: <ul style="list-style-type: none"> - While no new legislation has been put in place, many landlords are voluntarily granting rent-free periods or postponing rent payments; for instance, pension funds Ilmarinen and Varma have pardoned rent payments of restaurants for the next 2 months
	Tourism Support	<ul style="list-style-type: none"> - Tourism Loans: Bridge financing available for tourism businesses via TourismBank OEHT - Associations etc: Further information, assistance and advice offered by the national hotel association and the ministry for tourism 	<ul style="list-style-type: none"> - State Guarantees: <ul style="list-style-type: none"> - The government will back state airline Finnair's financing with €600m

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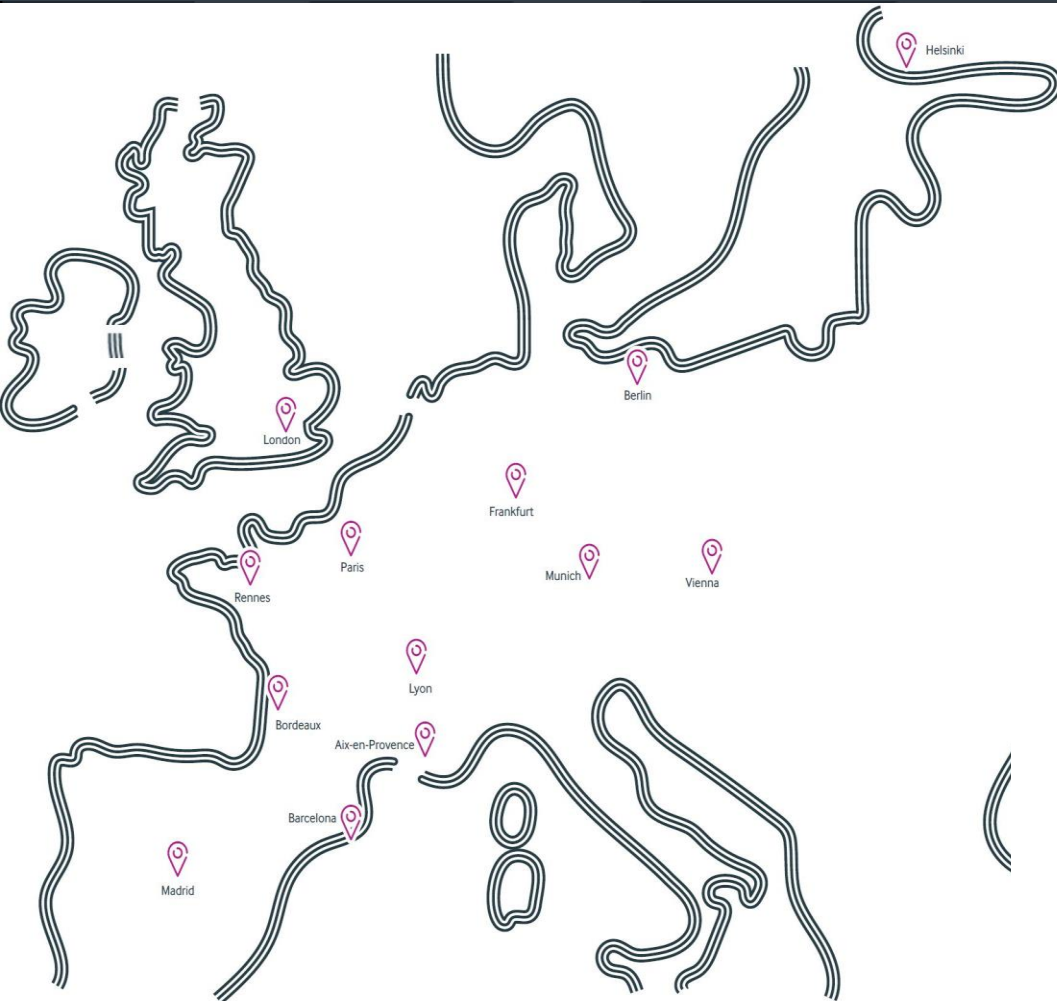
A European Overview

	United Kingdom	Germany	France	Spain	Austria	Finland
Laws	Coronavirus Act 2020 LINK	Federal Bulletin: LINK Law to mitigate the consequences of the COVID-19 pandemic LINK	General Info Coronavirus: LINK	Overview of government measures BOE LINK : Updates are being published on a regular basis on the BOE website	Corpus Juris: COVID-19 laws, decrees, regulations and circulars LINK	Emergency Powers Act (1552/2011) Government legislation updates: LINK
Job Support	Coronavirus Job Retention Scheme Program info: LINK Application: HMRC has set up a website for applications. Businesses must first inform affected employees Statutory Sick Pay Rebate Program info: LINK Application: system being set up	Short time work Program info: LINK Application: Businesses must first inform affected employees (signing of individual or staff association agreement prerequisite), afterwards application with the Federal Labour Office (Bundesagentur für Arbeit) LINK	Short-time work Program info: LINK Application: Query has to be submitted online on the Ministry of Labour website (LINK) Since 16 March, firms have 30 days to submit their short-time work query, with retroactive effect	Force majeure temporary unemployment scheme Program info: LINK Application: companies must first inform affected employees and go through the application with the Labour Office (Servicio Público de Empleo Estatal) LINK	Short time work Program info: LINK Application: Businesses must first inform affected employees (signing of individual or staff association agreement prerequisite), afterwards application with the Labor Market Service (Arbeitsmarktservice) LINK FAQ Job & Coronavirus: LINK	
Financial Aids	Cash Grant Program info: LINK Application: Local authorities will contact businesses if they are eligible Business Interruption Loan Program info: LINK Application: via any of the 40 accredited banks Corporate Loan Facility Program info: LINK Application: Contact your bank Bounce Back Loan Program info: LINK Application: TBC	Overview of federal measures: Information by the Federal Ministry for Economic Affairs LINK KfW coronavirus aid: loans for companies Program info: LINK Application: Contact your bank Aid for self-employed persons/micro-enterprises Program info: LINK Application: typically via state development/investment bank	Support for small companies, self-employed and micro-entrepreneurs Program info/application: LINK Support for short-term liquidity Program info/application: LINK Credit mediation for rescheduling credit terms available for all firms Program info/application: LINK	Overview of government measures: refer to BOE initial measures previously indicated BOE LINK Overview of ICO credit lines: - Liquidity aid for companies and self-employed workers LINK - Commercial credits LINK Summary of State financial aid LINK	Support for short-term liquidity: Corona Aid Fund: Program info: LINK , LINK Application: Application through firm's bank as of 8 April 2020 Fixed Costs Subsidies Program info: LINK , LINK Application: Application as of May 2020 Aid for self-employed persons/micro-enterprises Program info: LINK Application: LINK	Loan Guarantees Program info: LINK Application: Contact your bank Financial Aids Business Finland aid info: LINK Application: LINK ELY Centre aid info: LINK Application: LINK
Tax Relief	Business Tax Support Program info and Contact: LINK VAT Deferral Program Info: LINK Application: Firms should cancel direct debit and contact HMRC	Tax measures to address the effects of coronavirus Program info: LINK Application: Contact your local tax office (Finanzamt), form for deferral application can be found here: LINK	All tax relief information program and application links available on: LINK Or LINK	BOE Program info: refer to BOE initial measures previously indicated BOE LINK	Income & Corporate Tax Measures: Program Info: LINK Application: Form LINK to be emailed to corona@bmf.gv.at or application via FinanzOnline	
Rents	Eviction Protection LINK Aggressive Rent Collection LINK	Restrictions to termination rights, rent deferment LINK	Rent and utilities payments LINK	There are no measures.	Rent exemptions and reductions LINK , LINK	
Tourism	UK Hospitality LINK Visit Britain LINK	National Hotel Association DEHOGA LINK ; Federal Competence Centre for Tourism LINK ; German Tourism Association LINK	Government: LINK Atout France: LINK Entreprises du Voyage: LINK UMIH: LINK UNAT: LINK	Overview ICO tourism credit lines: general information and main platforms to request financial support LINK	National Hotel Association ÖHV LINK TourismBank LINK Federal Ministry for Tourism LINK	

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