

COVID-19 Economic Relief Measures for Hotels

A European Overview – April 2020



Christie & Co's pan-European team has prepared this comparative summary of Covid-19 Economic Relief measures for hotels in the UK, Germany, France, Spain, Austria and Finland. Such measures include 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.

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	UK	Germany
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 - 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 gross 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 	<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, 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 - Up to 25% of 2019 turnover (max. €1bn) <i>or</i> - Liquidity for next 18/12 months (for SMEs/large corps.) <i>or</i> - Double the amount of personnel expenses in 2019 - 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"> - Suspension of advance payments - Tax deferrals of income, corporate and sales tax until end of 2020 - 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 	<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
Job Support	<ul style="list-style-type: none"> - Short-Time Work: access to short-time working with companies paying 70% of gross salaries (84% of net salaries) for employees above French minimum wage - Employees with salaries equal or less than French minimum wage 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 for workers with no children, up to €1,255 for workers with one child, and up to €1,410 for workers with two or more children) - 75% reduction of social security contributions for companies with 50 employees or less / 100% reduction for companies with 50 employees or more) - In place during the whole period of the state of emergency. Once lifted, 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: up to €1,500 for companies with < €1M annual turnover and taxable profit < €60,000 in the event of: administrative closure/sales loss of 50% or more in March 2020 vs. March 2019 - Support for Short-Term Liquidity: for companies of all types and sizes (except for sociétés civiles immobilières, credit institutions and financing corporations) via firm's bank until 31 December 31 2020, up to 5-year credit term, no reimbursement due on year 1. For innovative firms or firms created after 1 January 2019: loan of up to 3-month sales of 2019 or 2 years of payroll expense - 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. There will be a first guarantees line of €20bn: 50% for new loans and loan renewals for SMEs and self-employed and 50% for large companies - 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 two 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: <ul style="list-style-type: none"> - Social contribution (URSSAF) (up to 3 months) - Direct taxes - Tax debt - Advanced reimbursement on corporate tax and VAT credits 	<ul style="list-style-type: none"> - Tax Relief Measures: <ul style="list-style-type: none"> - There is no discount or deferrals of taxes, only deferred debts taxation of companies and freelancers for a term of 6 months
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 	<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) - Currently, hotel owners are open for discussions and try to relieve pressure on tenants by agreeing rent reductions or provide grace period for payment. In most cases, temporary discounts of rent levels that can be returned after the state of emergency period have been seen, nevertheless it depends on every individual case. Some owners have not yet made any adjustments to rent levels for tenants
Tourism Support	<ul style="list-style-type: none"> - 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 maximum amount of €500k

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	Austria	Finland
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: Remaining holidays and overtime must not be taken before application, 2 weeks of current entitlement can be ordered by the employer 	<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"> - Support for Short-Term Liquidity: <ul style="list-style-type: none"> - State guarantees for 80% of bridge financing/working capital loans with a 5-year term via firm's bank for SMEs - Large corporations: measures under review - Direct Loans: measures under review - Cash Grant for Self-Employed/Micro Companies (up to 10 FTEs): Initial grant of €500/€1,000 for net income of </>€6,000 p.a. - €1,000 for net income of more than €6,000 per year - Further aid of up to €2,000 p. m. depending on income loss (max. 3 months) 	<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 </>€6,000 p.a. - €1,000 for net income of more than €6,000 per year - Further aid of up to €2,000 p. m. depending on income loss (max. 3 months)
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: Compulsory employee pension payments are lowered by 2.6ppts until the end of 2020. Total savings made by businesses estimated at €910m
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: 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 two 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 Guarantee: The government will back state airline Finnair's financing with €600m

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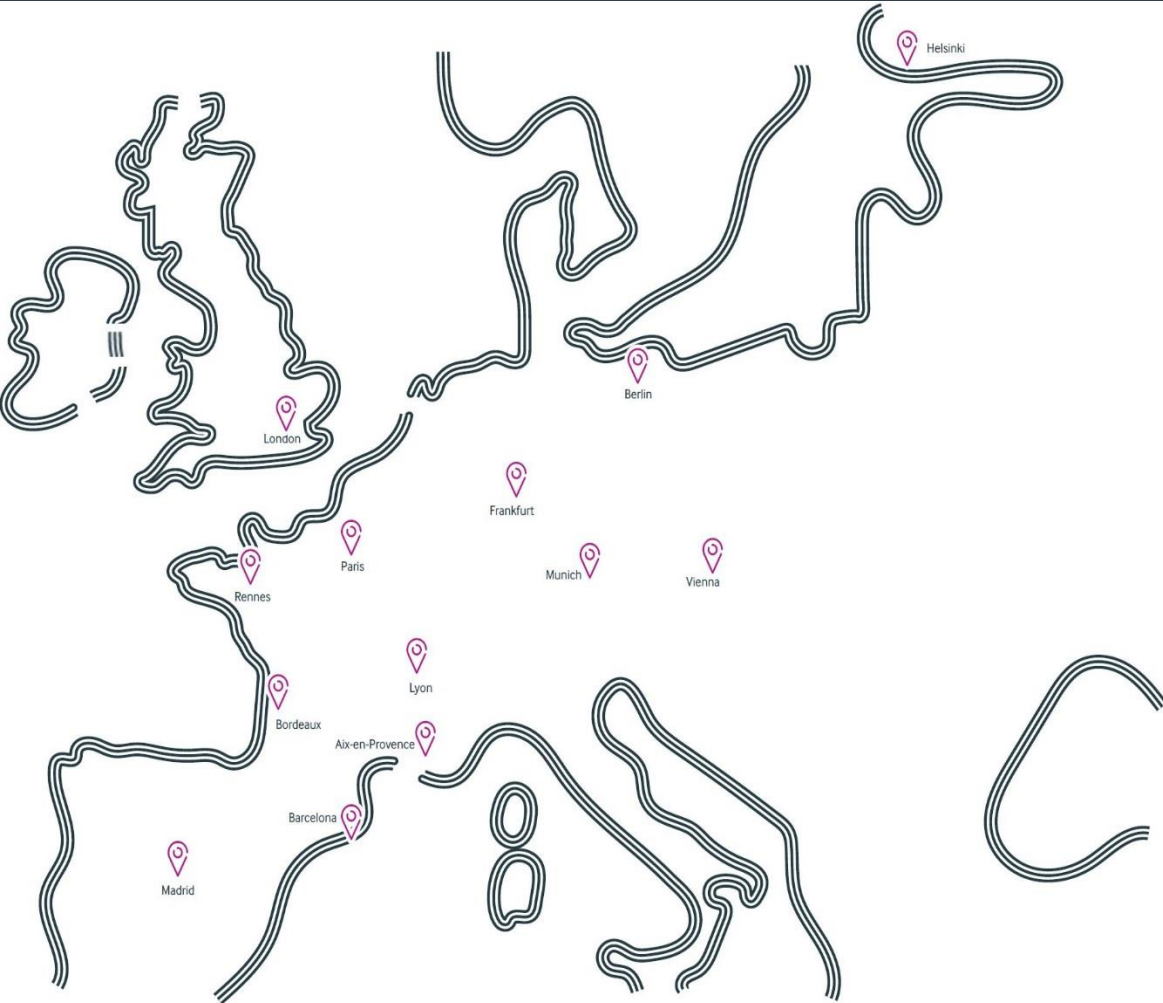
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	UK	Germany	France	Spain	Austria	Finland
Laws	Coronavirus Act 2020 LINK	Federal Bulletin: LINK Law to mitigate the consequences of the Covid-19 pandemic LINK	General Info Coronavirus: LINK	Overview of government measures BOE LINK : Updates are being published on a regular basis on the BOE website	Corpus Juris: Covid-19 laws, decrees, regulations and circulars LINK	Emergency Powers Act (1552/2011) LINK Government legislation updates: LINK
Job Support	Coronavirus Job Retention Scheme Program info: LINK Application: HMRC is setting 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	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: LINK , application as of 15 April 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	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	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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Christie & Co

London
Carine Bonnejean

T +44 7921 063 548

E Carine.Bonnejean@christie.com

Christie & Co

Paris
Philippe Bijaoui

T +33 64 5622 412

E Philippe.Bijaoui@christie.com

Christie & Co

Central & Northern Europe
Lukas Hochedlinger

T +43 699 1997 1365

E Lukas.Hochedlinger@christie.com

Christie & Co

Barcelona
Inmaculada Ranera

T +34 627 410 671

E Inma.Ranera@christie.com