Measures taken by Member States to support SMEs (as of 7 April 2020, 14h)

- Over the last week, only few major new measures have been announced. This is because most countries have by now adopted their main support measures; in particular, guarantees, deferral or reduction of tax payments, and wage subsidies have now been introduced in almost all EU Member States. Recently, the focus has therefore been on making sure the adopted measures are fit for purpose, with several countries adapting the size of their support measures or the specific conditions for loans and guarantees to make them easier to access. With Austria and Denmark being the first countries to announce exit strategies for when and how to lift restrictions, the focus is now also moving towards ensuring coordinated exits.
- **All EU countries have by now offered some form of deferral or reduction of tax and social security contributions**. The exact application of these measures varies. Most Member States offer the tax deferrals for all companies, although some schemes specifically target SMEs, self-employed people or companies that retain all their employees. Some schemes focus on postponing the payment of taxes for companies, other allow for earlier repayments of tax refunds from the previous year.
- Another widespread measure are **financial guarantees**. By now, all Member States have either started or announced new guarantee schemes to allow companies in financial difficulties to continue accessing finance. Some of these measures specifically target SMEs (e.g. Denmark, Austria), whereas others can be used by any company affected by the crisis. Guarantees are welcome but whether they will translate into direct support for SMEs depends on their exact application. In some countries, where the state only guarantees a certain percentage of the loan, SME associations have expressed their fear that risk-averse banks will not provide loans to SMEs despite the state guarantees. In response to this, certain countries have raised their guarantee percentage over the last week to guaranteeing 90% or even 100% of loans.
- Wage subsidies, in particular **subsidising the wages of employees working shorter hours**, continue to be announced across Member States. By now, at least 25 countries have applied them, and it is one of the most immediately popular measures among SMEs. In most countries where this opportunity exists, companies have already taken it up.
- **Direct loans** are also common, with at least 15 countries setting up new loan schemes or working with banks to facilitate new loans, most of which are aimed at ensuring the cash flow of SMEs. However, reactions from SMEs show that repayable loans can be a difficult choice especially for the smallest enterprises, as they cannot currently predict their revenue for the rest of the year. A useful additional measure is therefore **postponing the repayment of loans**, which at least 18 countries have announced, some of them focusing on postponing repayment of existing loans and others giving out new loans with generous repayment terms.
- **Direct grants/ cash injections for micro businesses and self-employed are offered by at least 14 Member States.** Often, the sum is related to the size (no. of employees). They cover typically the period of the next 1-3 months. The situation of gig-workers (uber drivers, etc.) is still an open issue in many countries.
- From the perspective of SMEs, all these measures are welcome, but it is important that they are accessible through an **easy administrative process**. If loans, grants and guarantees require elaborate applications this could deter especially the smallest enterprises, who find themselves hardest hit. Several countries have by now taken up the approach advocated by SME

associations to provide immediate and unbureaucratic help to the smallest enterprises. Cash injections to the self-employed and micro-enterprises with only a few employees are often paid out immediately with eligibility checks only taking place afterwards.

Examples of some measures taken by only selected MS (so far):

Setting up a found for direct equity participation by public authorities in affected businesses. Variants of this measure were adopted in Germany and Spain with the objective to ensure that businesses of strategic importance for the overall economy are not subjects to hostile take-overs from foreign firms, also in view of decreased stock market values.

Relaxing of extra-income limits for those employees on wage subsidy programmes. This measure was adopted in Germany so that those workers forced to work shorter hours in their normal profession get a bigger incentive to take up work in a profession where their skills may particularly be needed during the crisis (e.g. in the health sector).

Providing extra income support for medical staff. This measure was adopted in Bulgaria with BGN 20mn (EUR 10mn) from the Operational programme 'Human Resource Development' and will be used to give a monthly bonus of BGN 1000 (EUR 500) to all medical staff dealing with coronavirus.

Support for credit terms renegotiation. This measure was adopted in France and in Germany to put in place credit mediation to help SMEs wishing to renegotiate credit terms. In Sweden, a similar measure has been adopted for rents; in certain sectors, companies can renegotiate commercial rents for April-June with government support.

Easier administration for delivery service. Due to the lockdowns, restaurants often try to make up for lost revenue by offering delivery services. In Hungary, grocery stores and HORECA businesses are now allowed to start home delivery services without prior registration/authorization.

Deferral of taxes/tax deductions (27 countries)

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Slovenia, Slovakia

Guarantees (27 countries):

Austria, Belgium, Bulgaria, Czechia, Cyprus, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Malta, Poland, Portugal, Romania, Spain, Slovenia, Slovakia, Sweden

Wage subsidies (25 countries)

Austria, Bulgaria, Belgium, Cyprus, Czechia, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Luxembourg, Latvia, Lithuania, Italy, Malta, Netherlands, Poland, Portugal, Romania, Spain, Slovenia, Slovakia, Sweden

Direct loans (15 countries)

Croatia, Czechia, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Portugal, Spain, Sweden, Slovenia

Postponement of loans (18 countries)

Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, France (renegotiation), Germany (renegotiation), Greece, Italy, Ireland, Latvia, Malta, Poland, Romania, Spain, Slovenia

Direct grants/cash injections (14 countries)

Austria, Belgium, Czechia, Cyprus, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Malta, Slovenia, Spain