

Entity health check regarding the coronavirus crisis

We are available to assist you in relation to every legal, tax or financial aspect arising in connection with the coronavirus crisis (or in another context) as your competent, experienced and pragmatic adviser.

- 1) Commercial contracts (goods/services)
 - a) As buyer (purchasing)
 - Are there bottlenecks in the supply chain?
 - Measures due to cancellations of orders by customers (see b) - e.g. travel industry
 - Contact with suppliers
 - If necessary, search for replacement suppliers (documentation of the measures)
 - Examination of necessity (e.g. minimum volumes, prices - e.g. due to developments on the raw materials market)
 - Managing claims and obligations
 - b) As supplier (sales/distribution)
 - Are bottlenecks to customers to be feared?
 - Right of customers to cancel orders (e.g. travel industry)
 - Contact with customers
 - Measures to eliminate existing/threatening bottlenecks (documentation)
 - Managing claims and obligations
 - c) Examination of claims from insurance policies
 - d) Review of other contracts, such as rental or licensing agreements
- 2) Receivables and liquidity management
 - a) Early monitoring of financing requirements/liquidity planning
 - Continuously updating the short-term liquidity forecast/Comparing target with actual figures
 - Monitoring with anticipation of the level covenants in loan agreements will be met
 - Proactive communication with lenders and other creditors
 - b) Receivables management
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 - Continuous review of the creditworthiness of major debtors
 - Monitoring the recoverability of collateral
 - exercise of rights: If necessary, timely conversion to prepayment or cash transaction; new/different collateral
 - c) Managing relationships with creditors
 - Adapting payment terms to match relations to customers?
 - Verification of the status/scope of the collateral provided
 - Monitoring of the own rating by commercial credit insurance or reporting companies



3) Is there a need for change in the company organization or in the procedures and monitoring of processes in view of changing market conditions?

- Purchasing/sales, employees, financing

4) Labor and employment issues

- Monitor medium term personnel needs (see also point 3 above)
- Check necessity for initiatives regarding safety and health of staff at the workplace (disinfection, mouth protection in case of contact with larger group of people, prohibiting attendance events with larger number of participants or business travel)
- Check necessity for filing for reduced working-time allowances (approval works council, Granted by Agency for Employment)
- Temporary release of staff is suspected of contagious disease (n.b. duty to continue to pay salary)
- Plant closure (temporary)
 - By authority: Continued payment of wages for six weeks (company is entitled to reimbursement from the health authorities), then sick pay (upon application by the staff affected)
 - Based on company decision: full salary payment (at full expense of the employer)
- Other temporary or measures taking effect within a short term:
 - Interim holidays ordered by employer: In case of urgent need, approval of works council required
 - Home office: Yes (considered as a temporary transfer of workplace), if equipment available, check employment agreement, prior involvement of works council
 - Working overtime in case of urgent need or reduction of overtime in case of flat business: Instruction by employer legally permissible
 - Reduction of temporary staff
 - Does the entity owe special payments according to collective bargaining agreements which could be reduced or deferred?

5) Tax law

- Deferral of tax payments (full or partial)
- Payment of taxes in installments
- Reduction of advance payments of taxes
- Common prerequisites of all alternatives a) to c) above
 - Application to the tax office
 - Avoid obligation to make security deposit or pay interest (0.5% per month which has started)
 - Considerable hardship for company (here: unforeseeable slump in sales and profits)
 - Is applicant eligible to benefit from a deferral of tax payments (history regarding distributions of profits/generating expenses)
 - No deferrals for wage and sales tax payments (amounts held in trust for employees/customers)