

KfW Quick Loan 2020 now available
- Federal Government assumes 100% default risk -
No credit check by banks

Status: 17.04.2020

The KfW (the German state-owned Development Bank) Quick Loan 2020 is now available to economically healthy companies that have temporarily experienced financing difficulties due to the Coronavirus crisis. As 100% of the default risk is assumed by KfW, the checks on creditworthiness carried out by the commercial banks involved in the previous promotional programmes – to the extent linked to the granting of loans - are no longer required.

This means that medium-sized companies now have a source of financing that will really be quickly available.

As stated in the information sheet ([https://www.kfw.de/PDF/Download-Center/Förderprogramme-\(Inlandsförderung\)/PDF-Dokumente/6000004525_M_078.pdf](https://www.kfw.de/PDF/Download-Center/Förderprogramme-(Inlandsförderung)/PDF-Dokumente/6000004525_M_078.pdf) - in German), companies applying for the KfW Quick Loan 2020 may not apply for another KfW loan. In particular, a change from the KfW Emergency Programme 2020, i.e. the support measures adopted at the end of March 2020, to the KfW Quick Loan 2020 is excluded. The same applies to the public guarantee banks' extended support programmes in connection with the Coronavirus crisis. The (non-repayable) grants of the Federal Government and the federal states can, however, be drawn upon in parallel. An upper limit of EUR 800,000 per enterprise must not be exceeded.

In detail, the KfW Quick Loan 2020 has the following scope:

- Use of funds: for investments and working capital
- Maximum EUR 500,000 per group of companies with more than 10 up to and including 50 employees; maximum EUR 800,000 per group of companies; in each case, however, 25% of the annual turnover in 2019 is the maximum amount
- Up to 10 years duration and a maximum of 2 years redemption-free
- Uniform interest rate based on the development of the capital market
- Limited until 31 December 2020

The prerequisites for being able to benefit from the KfW Quick Loan 2020 are as follows:

- Company is majority privately owned, sole proprietor or freelancer; also companies in which private equity investors hold a majority stake – In case they exercise a significant influence, the loan can only be granted if no distributions or withdrawals are made for the investors during the term of the loan
- Number of employees from 11
- On the market at least since 1 January 2019 (date of first revenue recognition)



- In the years 2017 to 2019 or, as the case may be, in 2019 a profit was made
- Company was not in economic difficulties as at 31 December 2019 (definition in the EU State Aid Directive (651/2014) - essentially not lost more than half of the stated capital)

Please note the following restrictions during the term of the KfW Quick Loan 2020:

- No profit distributions
- Remuneration of managing directors capped at EUR 150,000 per year and person

We will be happy to support you in connection with the application for the KfW Quick Loan 2020, in the use of other subsidies and other questions in connection with the corona virus crisis.

Dr. Hermann Knott, hermann.knott@AndersenTaxLegal.de, will be pleased to advise you in detail on this topic.

