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**Report Name:** Austrian Covid 19 Government Aid to Agriculture and Forestry Sector

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**Report Highlights:**

In order to mitigate the financial losses through the Covid 19 pandemic and the related lockdown, the Austrian government introduced financial support measures for the most impacted sectors including agriculture and forestry. This report lists an overview of the current Austrian Covid-19 support measures in the agricultural and forestry sector. Most important funds to support this sector are the “Hardship Fund” and the “Corona Aid Fund”.

## **Austrian Covid-19 Government Aid to the Agriculture and Forestry Sector**

In order to mitigate the financial losses through the Covid-19 pandemic and the related lockdown, the Austrian government introduced financial support measures for the most impacted sectors including agriculture and forestry. This report lists an overview of the current Austrian Covid-19 support measures in the agricultural and forestry sector. Most important funds to support this sector are the “Hardship Fund” and the “Corona Aid Fund”.

More information can be found at the webpage of the [Austrian Federal Ministry of Agriculture, Regions and Tourism](#) (information only in German available).

### **1. Hardship Fund**

The hardship fund supports companies that are in acute financial need. The money is a one-time grant and does not have to be paid back. Eligible are part-time and full-time businesses with up to nine employees and a turnover of max. € 2 million (\$ 2.17 million). The grants are tax-free.

Support from the hardship fund takes place in two phases with the Phase 1 emergency aid ending on April 15, 2020.

#### **Phase 2**

Preconditions for phase 2 funds

The following agricultural or forestry operations may apply for phase two hardship funds:

- Operations which are affected by an officially ordered entry ban due to COVID-19.
- Operations which can prove a decline in sales of at least 50% compared to a comparable period of the previous year.
- Operations which saw an increase in costs for foreign workers in a comparable period of the previous year.
- Operations which experienced a price loss of at least 50% due to the loss in quality of saw logs.
- Young entrepreneurs (who have been running a new operation only since 2019) if there is a drop in sales of at least 50% in that operation.

## Calculation of the Payments out of the Hardship Fund

- A minimum of € 500 (\$ 542) and a maximum of € 2,000 (\$ 2,167) per farm manager is set for all eligible operations. Non-agricultural secondary incomes are considered.
- During the period March 16 to September 15, 2020, any three months can be used as the observation period for the calculation of the loss of income.
- The funding amounts to 80% of the difference between the income of the comparable period of the previous year and the income for the respective observation period.
- Depending on the area of business, either sales, external labor costs, price losses or all of them are used as the basis for calculating the income.
- When calculating the income, flat-rate percentages for costs not incurred and secondary income from non-agricultural and forestry activities are offset.

## Supported Areas, Types of Operations

- Wine and cider “Buschenschank” operations (A Buschenschank is a business where farmers can sell and serve their own produced products. Only owners or tenants of vineyards or orchards are allowed to operate a Buschenschank.).
- Special crops like wine, fruits, horticultural products, vegetables, and Christmas trees.
- Agricultural businesses that rent out private rooms or holiday apartments (farm tourism).
- Enterprises that sell agricultural products directly to consumers, restaurants, schools, and public catering as well as horticultural products directly sold and to wholesalers and retailers.
- Companies offering agricultural and forest education services.
- Companies which produce saw logs on the basis of contracts, which are no longer available for collection due to the measures against the spread of Covid-19.

## 2. Corona Aid Fund for Agriculture and Forestry

The Corona aid fund is handled by the Austrian Covid-19 financing agency ([COFAG](#) information only in German) and Austria Wirtschaftsservice GmbH ([AWS](#) Corona related information only in German). The goal is to quickly provide financial resources in the event of liquidity shortages. The entire Corona aid fund (including other sectors) is endowed with € 15 billion (\$ 16.3 billion). The aid fund includes bridging guarantees for agricultural and forestry companies to compensate for lost sales as well as grants to cover corona-related fixed costs (staggered depending on the lost sales). The aid fund is available to all agricultural and forestry operations and includes two instruments:

## **Bridging Guarantees for Agricultural and Forestry Operations**

To compensate for lost sales, farmers can apply for bridging guarantees for loans through their house bank, with a maximum term of five years. Depending on the credit line, three guarantee options are available.

- 100% Guarantee
  - For primary agricultural production with a maximum credit line of € 100,000 (\$ 108,334).
  - For operations in the fisheries and aquaculture sector with a maximum credit line of € 120,000 (\$ 130,000).
  - For other small and mid-sized enterprises (SMEs) with a maximum credit line of € 500,000 (\$ 541,670)

The upper limit of interest rates is 0% p.a. fixed in the first 2 years, then 3-month Euribor + 0.75%, repayment-free until January 1, 2021.

- 90% Guarantee
  - For a maximum credit line of € 27.7 million (\$ 30 million). The actual upper limit is based on the liquidity requirements or double of wages and salaries or 25% of the annual turnover in 2019.

The upper limit of interest is fixed at 1% p.a..

- 80% De Minimis Guarantee
  - For a maximum credit line of € 1.5 million (\$ 1.63 million)

The interest rate is variable.

The deadline for all loans and guarantees is December 15, 2020.

## **Fixed Costs Grants**

These are tax-free, non-repayable grants to cover Corona-related fixed costs. The fixed cost subsidy is staggered.

Depending on the loss of sales (40% to 100%), between 25% and 75% of the fixed costs will be refunded by the government if they exceed € 2,000 (\$ 2,167). Sales losses between March 15 and June 15, 2020 have to be verified.

Registration is possible until December 31, 2020. The actual application for reimbursement must be made by August 31, 2021 with the appropriate confirmation by a tax auditor or tax consultant.

### **3. Compensation for Specific Official Measures**

In principle, the entrepreneur bears the risk of economic damage. There is no general obligation to compensate for economic disadvantages. However, if specific official measures (e.g. quarantine measures) lead to a hindrance of income, entrepreneurs have the right to be compensated in accordance with the Austrian Epidemic Act.

Compensation should also be paid if objects are damaged or destroyed in the course of official disinfection.

### **4. Platform “Lebensmittelhelfer” (Food Helpers) Launched to Find Farm Workers**

In order to find sufficient workers for the agricultural sector, Austria launched the platform <https://www.dieLebensmittelhelfer.at/>. Operations with personnel requirements can register there as well as workers who can help out in agriculture and the food processing industry.

#### **Attachments:**

No Attachments.