



Federal Ministry  
of Finance

# German Draft Budgetary Plan 2021

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# German Draft Budgetary Plan 2021

German Draft Budgetary Plan of the general government  
(Federation, *Länder*, local authorities and social security funds)  
in accordance with EU Regulation No 473/2013

October 2020



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# Public finances in Germany

Information on the draft budgetary plan in accordance with Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 and in accordance with the related Code of Conduct

Germany's 2021 draft budgetary plan presents the fiscal projections for the budgets of the Federation, *Länder*, local authorities and social security funds (including their off-budget entities) on the basis of current trends and planning.

Sources used as the basis for making these fiscal projections include the draft 2021 federal budget (adopted by the federal government on 23 September 2020) and the financial plan to 2024 (likewise adopted by the federal government on 23 September 2020). The first and the second supplementary budget to the 2020 federal budget were taken into account for the current year: the first supplementary budget was adopted by the federal government at the cabinet meeting on 23 March 2020, the second supplementary budget at the cabinet meeting on 17 June 2020.

This year, the federal budget for 2021 and the federal government's medium-term financial plan to 2024 were prepared in a modified process in order to take the high level of uncertainty resulting from the COVID-19 pandemic into account, with regard to both macroeconomic trends and the budgetary impact of the pandemic. Accordingly, the government's draft for the 2021 federal budget and the financial plan were not adopted by the cabinet at the end of June or the beginning of July, as is customary, but rather in September. This year, the government's draft federal budget and the financial plan include an unscheduled federal government projection on macroeconomic trends (interim projection) of 1 September 2020 and an additional tax estimate based on this interim projection. The results of the tax estimate were presented by the Working Party on Tax Estimates on 10 September 2020.

Once the federal government's draft budget has been forwarded to the parliament, the executive branch's responsibility for the budget preparation process ends, and the legislative branch takes over. On 28 October 2020, while the parliamentary deliberations are under way, the federal government is due to publish its autumn projection. This will form the basis of the next tax estimate, which will be issued on 12 November 2020. The results of the tax estimate will be taken into consideration in the final parliamentary deliberations on the 2021 federal budget.

## ■ Macroeconomic trends

According to the macroeconomic projection, real economic output is expected to decline by 5.8% in the current year and to increase by 4.4% in the coming year. The German economy is expected to experience a period of economic slack up to and including 2023. This will manifest itself in a significant negative output gap. The projected output gap for the current year is -5.0% of potential output; in 2021 this will decline to -1.9%.

This year's macroeconomic trends will be dominated by the significant slump in the German economy in the wake of the COVID-19 pandemic and the nationwide lockdown imposed during the first half of 2020. Both international trade and domestic economic activity suffered significant losses. In addition to private consumer spending, gross fixed capital formation and exports fell during the first half of 2020, in some cases at historically unprecedented rates. There are signs of a significant recovery in the second half of the year. During the second half of 2020, private consumer spending should benefit from the temporary reduction in



the value-added tax (VAT) rate above all, which has been in effect since 1 July 2020, and from payment of the bonus for families with children. According to the interim projection by the federal government, private consumption will nevertheless fall noticeably by 6.9% in 2020 as a whole. However, government consumption spending – which is expected to increase by 4.8% year-on-year in real terms – will provide a boost for the economy. The COVID-19 pandemic also led to considerable economic disruption internationally. Accordingly, the federal government anticipates a 12.1% decline in exports (in real terms), while imports are expected to fall by 8.1% (in real terms). The pace of gross fixed capital formation is also expected to slow significantly (-3.7%). The effects of the COVID-19 crisis are also clearly visible in the labour market, although they have been mitigated by the short-time work scheme (*Kurzarbeit*). In 2020, the working population is expected to fall by 380,000. The unemployment rate is expected to increase by 0.9 percentage points to an annual average of 5.9%.

GDP should increase noticeably again in the coming year. Domestic economic forces are key drivers of economic growth. According to the interim projection, private consumption is expected to rise sharply (+4.7%). The labour market is also expected to recover. The working population is expected to increase by an annual average of 0.4% (190,000) in year-on-year terms. As the global economy revives, international trade is likely to provide a boost for the economy once again. Exports are expected to increase significantly (+8.8%), while import growth is projected to be somewhat lower (+7.5%).

## German fiscal policy in the time of COVID-19

Following the outbreak of the COVID-19 pandemic, German fiscal policy is now focused on cushioning the negative effects of the pandemic by means of the federal government's direct crisis management actions and a forward-looking economic stimulus plan. In an effort to protect the

health of citizens, support jobs and companies and preserve social cohesion, the federal government has launched the largest assistance package in the history of the Federal Republic of Germany. The sound fiscal policies of the past few years mean that the government is well-positioned to be able to support the German people and economy even over a longer period of time without putting the fiscal sustainability of public budgets at risk.

## Direct crisis management by the federal government

The outbreak of the COVID-19 pandemic has had a significant impact on workers and is still having a massive impact on the economy. The government is experiencing considerable cyclically induced tax revenue shortfalls and increased labour market expenditure. Fiscal policy is supporting the stabilisation of the economy by allowing automatic stabilisers to operate without restrictions.

In addition, using massive financial resources, the federal government has taken necessary crisis management measures under the protective shield to manage the coronavirus pandemic (*Corona-Schutzschild*) to protect employees and their jobs, businesses and the self-employed from the economic consequences of the COVID-19 pandemic. This decision required the preparation of a first supplementary federal budget for 2020 at the end of March. The federal government thus mobilised non-bureaucratic immediate assistance for small businesses as well as for self-employed individuals and freelancers. Businesses benefited from tax deferrals. Furthermore, loan programmes operated by the state-owned promotional bank KfW have been significantly expanded in order to safeguard the liquidity of businesses. In addition, the federal government has established an Economic Stabilisation Fund that will provide large-scale assistance to large companies in particular, with the aim of stabilising the real economy as a whole. The fund has €100bn available for equity measures and €400bn for guarantees. In addition,



it has up to €100bn at its disposal for refinancing of the KfW programmes mentioned above.

The federal government also immediately strengthened social security and job protection measures in this time of crisis. Retroactive from 1 March 2020, it lowered the requirements for the short-time work scheme (*Kurzarbeit*), arranged for full reimbursement of social security contributions to employers by the Federal Employment Agency, and opened up access to the short-time work scheme for temporary workers. This provides employers with relief from wage costs and social security contributions in the event of work shortages, while at the same time maintaining employment relationships. As part of the Social Protection Package (*Sozialschutz-Paket*), the federal government has enabled, in particular, easier access to basic benefits for jobseekers and to other benefits that secure people's livelihoods, to the child supplement, and to housing benefit.

The federal government has been providing considerable funds for protective equipment, medical devices and additional bed capacities in hospitals in order to safeguard healthcare in this time of crisis. In addition, the statutory health and long-term care insurance system is bearing additional expenses in the form of increased social benefits, compensatory payments within the healthcare system and better remuneration for care staff.

## The federal government's economic stimulus plan

On 3 June 2020, the federal government adopted an economic stimulus plan as a fiscal policy response to the economic disruption caused by the COVID-19 pandemic. This builds on the stabilising measures taken in March 2020 as a form of direct crisis management.

The economic stimulus plan consists of 57 individual measures and is divided into the Economic Stimulus and Crisis Management Package (*Konjunktur- und Krisenbewältigungspaket*)

and the Future Development Package (*Zukunftspaket*). Given that the economic stimulus plan far exceeds the financial provisions of the original 2020 budget and the first supplementary budget, a substantial part of the financing of the economic stimulus plan was secured via the second supplementary budget, which entered into force on 14 July 2020.

The Economic Stimulus and Crisis Management Package includes measures that, in line with the objective of economic stabilisation, are based on the principles of timely, targeted and temporary deployment. The Bundestag and Bundesrat passed a series of measures, such as the Second Coronavirus Tax Assistance Act (*Zweites Corona-Steuerhilfegesetz*), in an expedited procedure in order to ensure prompt implementation. This meant that the key instruments of the Economic Stimulus and Crisis Management Package became effective on 1 July 2020 and were thus able to contribute to economic recovery at an early stage.

In general, measures included in the Economic Stimulus and Crisis Management Package are designed to limit the economic impact of the economic downturn on citizens, businesses and workers and to provide the best possible assistance to overcome the crisis quickly. For example, value-added tax was lowered through the end of 2020, payment of a bonus of €300 per child for families with children was approved, the single-parent income tax allowance was raised, and a reduction of the surcharge levied on electricity consumers for the purpose of promoting renewable energy (known as the 'EEG surcharge') was adopted, all in order to strengthen the purchasing power of private households and boost private consumption. Business liquidity was strengthened via financial support in the form of the temporary aid scheme, the extension of tax loss carrybacks for 2020 and 2021, and the postponement of the deadlines for paying import VAT. In addition, the introduction of a declining balance depreciation option increased investment incentives for businesses.

Finally, the federal government is also strengthening the financial capacity of local authorities in order to maintain their scope for economic policy action. To this end, a structural change was made that will increase the federal contribution to accommodation costs included in basic benefits for jobseekers, and a decision was made together with the *Länder* to compensate local authorities for lost trade tax revenue in 2020.

Measures comprising the Future Development Package are intended to have an impact on economic activity over a medium- to long-term time horizon. They aim to address long-term economic challenges facing Germany, in particular supporting digitalisation and managing climate change.

Specifically, investments in the expansion of the electric charging station infrastructure, various fleet exchange programmes, a bonus for the purchase of electric cars, and the reform of the motor vehicle tax were approved in order to promote sustainable mobility. The energy transition is being driven forward, for example, by the National Hydrogen Strategy, the objective of which is to make Germany the world's leading supplier of modern hydrogen technologies. The COVID-19 pandemic once again highlighted the importance of digitalisation. This process will be driven forward by means of investments in artificial intelligence and quantum technology, for example. Accelerated, nationwide expansion of the fibre-optic broadband network and 5G mobile communications network as well as research on 6G technology were also approved.

In addition, further measures were adopted to give businesses incentives for research and innovation during these times of crisis. For example, the assessment basis for the tax research allowance was raised, and the co-financing requirements in the area of applied research were reduced for companies particularly affected by the COVID-19 crisis.

The Future Development Package is also intended to help strengthen the healthcare system on a long-term and sustainable basis. To this end, the federal government is providing funds to strengthen public health services, to enable investments in the expansion of emergency capacities and the modernisation of hospitals, and to promote the domestic production of important drugs and medical products. In addition, financial support is being provided for vaccine research and development programmes, especially in view of the COVID-19 pandemic.

## National recovery and resilience plan

In the projection presented here, the Federation also plans to use funds from the European recovery instrument adopted by the European Council to cope with the social and economic consequences of the COVID-19 pandemic. In the coming weeks, the federal government will prepare a national recovery and resilience plan in which it will explain how it intends to use expected funds from the EU recovery and resilience facility for projects financed by the federal government under the economic stimulus plan.

## Other federal government measures affecting public finances

In addition to the economic stimulus plan, the federal government has taken further actions not directly related to the pandemic that will impact the general government budget this year and in later years.

The federal government's fiscal policies support sustainable, eco-friendly economic and social change. The Climate Action Programme 2030 includes the Energy and Climate Fund, a special fund totalling €38.9 billion. It provides financing for energy-efficient building renovations, the

promotion of electric mobility, charging infrastructure and energy storage, as well as energy efficiency and decarbonisation in the industrial sector.

The German government is pursuing an overall strategy of socially equitable, responsible and growth-friendly tax policy. This includes measures such as abolishing the solidarity surcharge for more than 90% of wage tax payers and income tax payers who were previously subject to it, as well as increasing child benefit, the tax allowance for children and the basic personal allowance. The ‘social guarantee’ (limitation of social security contributions to a maximum of 40%), which was adopted as part of the stimulus plan, is underpinned by budget resources in the government’s draft of the 2021 Budget Act. The aim of these measures is to provide financial support for families, single parents and people in the low- and middle-income ranges.

By introducing a basic pension, the federal government has also created the conditions for some 1.3 million pensioners to benefit from the basic pension supplement. This represented an important measure to recognise lifetime contributions made by long-term contributors.

## Impact of the COVID-19 pandemic and other federal government priorities on public finances

The planned financial volume of the measures described above is presented in Table 9 of the Annex. Looking at the impact of all government measures related to the COVID-19 pandemic, including the stimulus plan, and the impact of other priority measures taken by the federal government and social security funds on the fiscal balance of the general government as defined in the national accounts, the total volume in 2020 is 4.7% of GDP. In 2021, the total volume of such measures will be 2.1% of GDP. The estimated

impact of approved measures on government revenue and expenditure categories as defined in the national accounts is presented in Table 1. The potential volume of the Economic Stabilisation Fund’s measures is based on financial transactions and only affects the debt level, but not the fiscal balance. The potential volume amounts to 6.0% of GDP in 2020.

**Table 1: Impact of planned measures of the federal government and social security funds in connection with the COVID-19 pandemic, and other priority measures, on public finances in % of GDP, lower revenue/additional expenditure**

ESA designation	ESA code	2020	2021
Intermediate consumption	P.2	0.9	0.3
Gross capital formation	P.5	0.1	0.1
Compensation of employees	D.1	0.1	0.0
Taxes on production and imports*	D.2	-0.4	-0.2
Subsidies	D.3	1.7	0.5
Current taxes on income, wealth, etc.*	D.5	-0.3	-0.3
Social contributions and benefits	D.6		
Net social contributions*	D.61	-0.2	-0.1
Monetary social benefits, social benefits in kind	D.62, D.63	0.6	0.1
Other current transfers	D.7	0.1	0.1
Investment grants/Capital transfers	D.9	0.3	0.4
<b>Impact on general government fiscal balance</b>	<b>B.9</b>	<b>-4.7</b>	<b>-2.1</b>
Loans	F.4	3.2	0.1
Equity and investment fund shares	F.5	3.0	0.0

Note: \*Negative values denote government revenue shortfalls. Discrepancies may occur due to rounding.

**Table 2** shows the financial impact of the stimulus plan on government finances organised in the same manner as **Table 1**. The projected impact of measures included in the economic stimulus plan on the fiscal balance of the general government amounts to 2.2% of GDP in 2020, providing a strong fiscal stimulus to stabilise the overall economic situation. In 2021, the economic stimulus plan, comprising a volume of 1.4% of GDP, will make up the major part of the federal government's fiscal policy measures. In 2021 and the following years, measures included in the federal government's Future Development Package will provide especially important growth stimulus. This is reflected in increased public investment and higher investment grants. The latter include investment grants

to businesses in particular. In this way, the federal government is providing incentives for the green and digital transformation of the economy and is likewise promoting investment in the health sector. In 2020, the federal government will provide assistance totalling 0.9% of GDP, including direct temporary aid for companies in order to help secure their survival. Tax measures under the stimulus plan comprise 0.6% of GDP in 2020.

**Table 2: Impact of stimulus plan measures on public finances**  
in % of GDP, lower revenue/additional expenditure

ESA designation	ESA code	2020	2021
Intermediate consumption	P.2	0.0	0.1
Gross capital formation	P.5	0.1	0.1
Taxes on production and imports*	D.2	-0.4	-0.2
Subsidies	D.3	0.9	0.4
Current taxes on income, wealth, etc.*	D.5	-0.2	-0.1
Social contributions and benefits	D.6		
Net social contributions*	D.61	-0.2	-0.1
Monetary social benefits, social benefits in kind	D.62, D.63	0.1	0.0
Other current transfers	D.7	0.1	0.1
Investment grants/Capital transfers	D.9	0.3	0.3
<b>Impact on general government fiscal balance</b>	<b>B.9</b>	<b>-2.2</b>	<b>-1.4</b>

Note: \*Negative values denote government revenue shortfalls. Discrepancies may occur due to rounding.

# Forecast for public finances

## Public finances in 2019

Once again, Germany complied in full with the rules of the Stability and Growth Pact in 2019. It kept its nominal fiscal balance well below the upper limit for the fiscal deficit of 3% of GDP. As a result, the government budget achieved a surplus of 1.5% of GDP last year. The general government budget recorded a structural surplus of 0.6% of GDP in 2019. The structural balance is determined by adjusting the nominal balance for cyclical and one-off effects.

In recent years, surpluses in the government budget, in addition to sustained economic growth, have contributed significantly to the reduction in the debt ratio (debt as a percentage of GDP), which remained on a sustained downward path. In 2019, the debt ratio declined to 59.6% of GDP. This means that it was below the Maastricht reference value of 60% for the first time since 2002. In the aftermath of the global financial crisis, the debt-to-GDP ratio had risen to 82.3% in 2010.

## 2020 and 2021 general government budget includes significant fiscal stimulus

The general government fiscal balance will show a deficit of 6¼% of GDP at the end of 2020 as a result of highly expansionary fiscal policies and the loss of tax revenues due to substantial declines in growth. The deficit is expected to decline to around 4¼% of GDP in 2021. On the one hand, the fiscal balance in 2021 will be impacted by lower tax revenues compared to the government's financial starting point before the crisis and, on the other, by the economic stimulus plan and other measures implemented by the federal government.

From 2022 onwards, the general government deficit is expected to fall below the deficit ceiling of 3% of GDP contained in the Stability and Growth Pact. The deficit will be further reduced in the following years. The federal budget will bear the major part of the financial consequences of the fight against the COVID-19 pandemic, relative to the other government levels. *Länder* and local authorities will also mostly record financing deficits over the projection period, but to a much lesser extent than the federal budget.

## Compliance with medium-term budgetary objective in 2023

The structural balance, adjusted for cyclical and one-off effects, will be around -3½% of GDP in 2020 and -3½% of GDP in 2021. The German government's economic stimulus plan is thus providing a strong expansionary fiscal impulse. Without this plan, fiscal policy would be restrictive and could jeopardise economic recovery. Structural consolidation within the general government budget will begin from 2022 onwards, and the structural deficit is expected to decline significantly in 2022 and 2023. Structural consolidation will primarily be achieved by phasing out temporary measures included in the stimulus plan. The medium-term budgetary objective of a maximum structural deficit of 0.5% of GDP, as set out in the Fiscal Compact, will be achieved again in 2023.

## Sharp increase in the debt ratio in 2020, followed by a slight decline in 2021

In light of the high general government deficit and lower GDP, the Maastricht debt ratio is expected to rise to 71% of GDP by the end of the current year, thus exceeding the Maastricht upper limit of 60% of GDP. This is based on the expectation that the potential volume of the Economic Stabilisation Fund will not be utilised in full. The

debt ratio is projected to decline to 70¼% of GDP in 2021 despite the high general government deficit. The effect of resuming economic growth will outweigh the impact of the general government deficit of 4¼% of GDP. Ongoing low interest rates, recovering economic growth and a return to lower levels of new borrowing will all contribute to a reduction of the debt ratio in the medium term. The debt ratio is expected to be 67½% of GDP at the end of the projection period.

**Table 3: General government budget balance and debt**

	2019	2020	2021
	in % of GDP		
<b>Budget balance</b>	1.5	-6¼	-4¼
<b>Structural balance</b>	0.6	-3½	-3½
<b>Maastricht debt-to-GDP ratio</b>	59.6*	71	70¼

Figures for the projection period are rounded to quarter percentage points of GDP.  
\*As on 30 September 2020

## Implementation of the country-specific recommendations

Germany's draft budgetary plan for 2021 includes key measures that aim to implement the Council's country-specific recommendations of 20 July 2020 (see **Table 11**). The measures will have effect in 2020 and the years that follow. The federal government will report further on the implementation of the country-specific recommendations over the course of the coming European semester. The national recovery and resilience plan will also contribute to the implementation of the country-specific recommendations.



## Basis for the 2021 draft budgetary plan

### The 2021 draft budgetary plan is based in particular on the following sources and information:

- Act Adopting the Federal Budget for the 2020 Fiscal Year (*Gesetz über die Feststellung des Bundeshaushaltsplans für das Haushaltsjahr 2020*) of 21 December 2019
- Act Adopting a Supplement to the Federal Budget for the 2020 Fiscal Year (*Gesetz über die Feststellung eines Nachtrags zum Bundeshaushaltsplan für das Haushaltsjahr 2020*) of 27 March 2020
- Act Providing Easier Access to Social Security and for the Use and Protection of Social Service Providers Due to the Coronavirus SARS-CoV-2 (*Gesetz für den erleichterten Zugang zu sozialer Sicherung und zum Einsatz und zur Absicherung sozialer Dienstleister aufgrund des Coronavirus SARS-CoV-2*) of 27 March 2020
- Act on the Compensation of COVID-19-related Financial Burdens on Hospitals and Other Healthcare Facilities (*Gesetz zum Ausgleich COVID-19 bedingter finanzieller Belastungen der Krankenhäuser und weiterer Gesundheitseinrichtungen*) of 27 March 2020
- Act on the Establishment of an Economic Stabilisation Fund (*Gesetz zur Errichtung eines Wirtschaftsstabilisierungsfonds*) of 27 March 2020
- Second Act on the Protection of the Population in the Event of an Epidemic Situation of National Significance (*Zweites Gesetz zum Schutz der Bevölkerung bei einer epidemischen Lage von nationaler Tragweite*) of 19 May 2020
- Act on Social Measures to Combat the Coronavirus Pandemic (*Gesetz zu sozialen Maßnahmen zur Bekämpfung der Corona-Pandemie*) of 20 May 2020
- Act Implementing Fiscal Aid Measures to Overcome the Coronavirus Crisis (*Gesetz zur Umsetzung steuerlicher Hilfsmaßnahmen zur Bewältigung der Corona-Krise*) of 19 June 2020
- Second Act Implementing Fiscal Aid Measures to Overcome the Coronavirus Crisis (*Zweites Gesetz zur Umsetzung steuerlicher Hilfsmaßnahmen zur Bewältigung der Corona-Krise*) of 29 June 2020
- Act Adopting a Second Supplement to the Federal Budget for the 2020 Fiscal Year (*Gesetz über die Feststellung eines Zweiten Nachtrags zum Bundeshaushaltsplan für das Haushaltsjahr 2020*) of 14 July 2020
- Act on Accompanying Measures to Implement the Stimulus and Crisis Management Package (*Gesetz über begleitende Maßnahmen zur Umsetzung des Konjunktur- und Krisenbewältigungspakets*) of 14 July 2020

- Government draft of the 2020 Annual Tax Act (*Jahressteuergesetz 2020*) of 17 July 2020
- Government draft of the Second Act to Reduce Family Tax Burdens and to Modify Additional Tax Regulations (*Zweites Gesetz zur steuerlichen Entlastung der Familien sowie zur Anpassung weiterer steuerlicher Regelungen*) of 29 July 2020
- Act on the Introduction of a Basic Pension for Long-Term Insurance in the Statutory Pension Scheme with Below-Average Income and for Additional Measures to Increase Old-Age Income (*Gesetz zur Einführung der Grundrente für langjährige Versicherung in der gesetzlichen Rentenversicherung mit unterdurchschnittlichem Einkommen und für weitere Maßnahmen zur Erhöhung der Alterseinkommen*) of 12 August 2020
- Results for the general government budget in the national accounts, published by the Federal Statistical Office on 25 August 2020
- Interim federal government projection of 1 September 2020, which was endorsed by the Joint Economic Forecast group as an independent body in accordance with the Forecasting Act (*Vorausschätzungsgesetz*) and the Forecasting Ordinance (*Vorausschätzungsverordnung*)
- Draft Hospital Future Act (*Gesetz für ein Zukunftsprogramm Krankenhäuser*) of 2 September 2020
- Results of the Working Party on Tax Estimates of 10 September 2020
- Government draft of an Act to Protect Employment in Response to the COVID-19 Pandemic (*Gesetz zur Beschäftigungssicherung infolge der COVID-19-Pandemie*) of 16 September 2020
- Bundestag resolution of 17 September 2020 on the Act Amending the Basic Law (Articles 104a and 143h) (*Gesetz zur Änderung des Grundgesetzes (Artikel 104a und 143h)*)
- Bundestag resolution of 17 September 2020 on the Act Providing Financial Relief for Local Authorities and the New Länder (*Gesetz zur finanziellen Entlastung der Kommunen und der neuen Länder*)
- Draft federal budget for 2021 and financial plan to 2024, adopted by the federal government on 23 September 2020
- Government draft of an Act for Adjusting Supplementary Allocations from the Federation According to Section 11 (4) of the Fiscal Equalisation Act and Participation by the Federation in Refugee-Related Expenses of the Länder (*Gesetz zur Anpassung der Ergänzungszuweisungen des Bundes nach § 11 Absatz 4 des Finanzausgleichsgesetzes und zur Beteiligung des Bundes an den flüchtlingsbezogenen Kosten der Länder*) of 23 September 2020
- Government draft of a Healthcare and Care Improvement Act (*Gesundheitsversorgungs- und Pflegeverbesserungsgesetz*) of 23 September 2020

<b>Table 4: Technical assumptions</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Short-term interest rate</b> (annual average in %)	0.00	0.00	0.00
<b>Long-term interest rate</b> (annual average in %)	-0.22	-0.22	0.11
<b>USD/€ exchange rate</b> (annual average)	1.12	1.13	1.17
<b>Nominal effective exchange rate</b>	104.50	105.33	103.71
<b>World GDP growth rate (excluding EU)</b>	3.08	-3.92	6.20
<b>EU GDP growth rate</b>	1.66	-7.28	6.17
<b>Growth of German sales markets</b> (% change yoy) <sup>1)</sup>	1.9	-12	8¾
<b>World import volumes (excluding EU)</b>	-0.18	9.45	1.93
<b>Oil price (Brent, USD/barrel)</b>	58.7	44	48

2020 and 2021: federal government interim projection on macroeconomic trends, September 2020.

1) Figures for the projection period are rounded to quarter percentage points.

<b>Table 5a: Macroeconomic prospects</b>								
	ESA code	2019	2019	2020	2021	2022	2023	2024
		€ billion	Year-on-year change in %					
<b>1. Real GDP</b>	B1*g	3,232.3	0.6	-5.8	4.4	1.5	1.5	1.5
<b>2. Potential GDP<sup>1)</sup></b>		3,176.5	1.1	1.0	1.1	1.0	0.9	0.8
<b>contributions</b> (percentage points)								
- labour			0.2	0.2	0.2	0.0		
- capital			0.5	0.4	0.4	0.5		
- total factor productivity			0.4	0.4	0.5	0.5		
<b>3. Nominal GDP</b>	B1*g	3,449.1	2.8	-4.0	6.0	3.0		
<b>Components of real GDP</b>								
<b>4. Private final consumption expenditure<sup>2)</sup></b>	P.3	1,719.0	1.6	-6.9	4.7	1.5		
<b>5. Government final consumption expenditure</b>	P.3	655.0	2.7	4.8	-0.4	1.6		
<b>6. Gross fixed capital formation</b>	P.51g	684.2	2.5	-3.7	5.2	1.8		
<b>7. Changes in inventories</b> (% of GDP)	P.52 + P.53	-	-0.7	0.0	0.0	0.0		
<b>8. Exports</b>	P.6	1,573.7	1.0	-12.1	8.8	3.0		
<b>9. Imports</b>	P.7	1,392.0	2.6	-8.1	7.5	3.4		
<b>Contributions to real GDP growth</b>				<b>in percentage points</b>				
<b>10. Final domestic demand</b> (excluding inventories)		-	1.9	-3.4	3.4	1.5		
<b>11. Changes in inventories</b>	P.52 + P.53	-	-0.7	0.0	0.0	0.0		
<b>12. External balance of goods and services</b>	B.11	-	-0.6	-2.3	0.9	0.0		
2019: Federal Statistical Office, August 2020. 2020 to 2024: federal government interim projection on macroeconomic trends, September 2020.								
1) 2019 figure calculated as the difference between GDP (August 2020) and output gap (interim projection). 2) Including private non-profit organisations serving households.								

**Table 5b: Price developments – deflators**

	2019	2019	2020	2021	2022	2023	2024
	Index (2015=100)	Year-on-year change in %					
<b>1. GDP</b>	106.70	2.2	1.9	1.5	1.4	1.4	1.4
<b>2. Private consumption expenditure<sup>1)</sup></b>	105.11	1.3	0.5	1.2	1.4		
<b>3. Government final consumption expenditure</b>	107.56	2.3	2.5	2.2	1.2		
<b>4. Gross investment</b>	109.25	2.8	0.9	1.8	1.4		
<b>5. Exports</b>	102.78	0.8	-0.5	0.8	1.8		
<b>6. Imports</b>	101.83	-0.1	-2.3	0.7	1.8		

2019: Federal Statistical Office, August 2020.

2020 to 2024: federal government interim projection on macroeconomic trends, September 2020.

1) Including private non-profit organisations serving households.

**Table 5c: Labour market developments**

	ESA code	2019	2019	2020	2021
		Level	Year-on-year change in %		
<b>1. Employment, persons<sup>1)</sup></b> (in millions)		45.27	0.9	-0.8	0.4
<b>2. Employment, hours worked<sup>2)</sup></b> (in billions)		62.60	0.6	-4.8	3.8
<b>3. Unemployment rate<sup>3)</sup></b> (in %)		-	3.0	3.7	3.2
<b>4. Labour productivity, persons<sup>4)</sup></b>		105.3	-0.3	-5.0	3.9
<b>5. Labour productivity, hours worked<sup>5)</sup></b>		108.6	0.0	-1.0	0.5
<b>6. Compensation of employees</b> (€bn, domestic)	D.1	1,845.2	4.2	-0.6	3.2
<b>7. Compensation per employee</b> (thousand €, domestic)		44.9	3.0	-0.1	2.7

2019: Federal Statistical Office, August 2020.

2020 to 2024: federal government interim projection on macroeconomic trends, September 2020.

1) Occupied population, domestic concept, national accounts definition.

2) National accounts definition.

3) Unemployed (ILO) / economically active population.

4) Real GDP per person employed (domestic); 2015=100.

5) Real GDP per hour worked; 2015=100.

<b>Table 5d: Sectoral balances</b>				
	<b>ESA code</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
		<b>in % of GDP</b>		
<b>1. Net lending/net borrowing vis-à-vis the rest of the world</b>	B.9	8.5	7.5	7.4
<b>of which:</b>				
- Balance on goods and services		5.8	4.5	5.1
- Balance of primary incomes and transfers		1.5	1.3	1.4
- Capital account		1.2	1.8	0.9
<b>2. Net lending/net borrowing of households</b>	B.9	5.6	7.6	5.0
<b>3. Net lending/net borrowing of general government<sup>1)</sup></b>	B.9	1.5	-6¼	-4¼
<b>4. Statistical discrepancy</b>			-	-

2019: Federal Statistical Office, August 2020.  
2020 to 2024: federal government interim projection on macroeconomic trends, September 2020.

1) Figures for the projection period are rounded to quarter percentage points of GDP.

<b>Table 6a: General government budgetary targets broken down by subsector</b>						
	<b>ESA code</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>in % of GDP</b>						
<b>Net lending (+) / net borrowing (-) (B.9) by subsector<sup>1)</sup></b>						
<b>1. General government</b>	S.13	-6¼	-4¼	-2	-¾	-¼
<b>2. Central government</b>	S.1311	-4¼	-3	-1	-¼	0
<b>3. State government</b>	S.1312	-1	-½	-½	-¼	-¼
<b>4. Local government</b>	S.1313	¼	-¼	-¼	-¼	0
<b>5. Social security funds</b>	S.1314	-1	-½	-½	0	0
<b>General government (S.13)</b>						
<b>6. Interest expenditure</b>	D.41	¾	¾	½	½	½
<b>7. Primary balance<sup>2)</sup></b>		-5½	-3¾	-1½	-¼	¼
<b>8. One-off and other temporary measures<sup>3)</sup></b>		0	0	0	0	0
<b>9. Real GDP growth (% change yoy)</b>		-5.8	4.4	1.5	1.5	1.5
<b>10. Potential GDP growth (% change yoy)</b>		1.0	1.1	1.0	0.9	0.8
<b>contributions (percentage points):</b>						
- labour		0.2	0.2	0.0	-0.1	-0.2
- capital		0.4	0.4	0.5	0.5	0.5
- total factor productivity		0.4	0.5	0.5	0.5	0.6
<b>in % of potential GDP</b>						
<b>11. Output gap</b>		-5.0	-1.9	-1.4	-0.7	0.0
<b>12. Cyclical budgetary component</b>		-2½	-1	-¾	-¼	0
<b>13. Cyclically adjusted balance (1-12)</b>		-3¾	-3¾	-1¼	-½	-¼
<b>14. Cyclically adjusted primary balance (13+6)</b>		-2¾	-2¾	-¾	0	¼
<b>15. Structural fiscal balance (13-8)</b>		-3¾	-3¾	-1¼	-½	-¼

1) TR - TE = B.9.  
2) The primary balance is calculated as (B.9, item 1) plus (D.41, item 6).  
3) A plus sign means deficit-reducing one-off measures.

Figures for the projection period are rounded to quarter percentage points of GDP.  
Any discrepancies in totals are due to rounding.



<b>Table 6b: General government debt developments (Maastricht definition)</b>						
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>ESA code</b>	<b>in % of GDP</b>				
<b>1. Gross debt</b>		71	70 <sup>3</sup> / <sub>4</sub>	70	69	67 <sup>1</sup> / <sub>2</sub>
<b>2. Change in gross debt ratio</b>		11 <sup>1</sup> / <sub>2</sub>	- <sup>3</sup> / <sub>4</sub>	- <sup>1</sup> / <sub>2</sub>	-1	-1 <sup>1</sup> / <sub>2</sub>
<b>Contribution to changes in gross debt</b>						
<b>3. Primary balance</b>		5 <sup>1</sup> / <sub>2</sub>	3 <sup>3</sup> / <sub>4</sub>	1 <sup>1</sup> / <sub>2</sub>	<sup>1</sup> / <sub>4</sub>	- <sup>1</sup> / <sub>4</sub>
<b>4. Interest expenditure</b>	D.41	<sup>3</sup> / <sub>4</sub>	<sup>3</sup> / <sub>4</sub>	<sup>1</sup> / <sub>2</sub>	<sup>1</sup> / <sub>2</sub>	<sup>1</sup> / <sub>2</sub>
<b>5. Other adjustments</b>		5 <sup>1</sup> / <sub>4</sub>	-5	-2 <sup>1</sup> / <sub>2</sub>	-1 <sup>3</sup> / <sub>4</sub>	-1 <sup>3</sup> / <sub>4</sub>
<b>p.m.:</b>						
<b>Implicit interest rate on debt<sup>1)</sup></b>		1 <sup>1</sup> / <sub>4</sub>	1			

Figures for the projection period are rounded to quarter percentage points of GDP.  
Any discrepancies in totals are due to rounding.

1) Proxied by interest expenditure divided by the debt level of the previous year.

Table 7: Expenditure and revenue projections under the no-policy-change scenario\*

General government (S.13)	ESA code	2020	2021
		in % of GDP	
<b>1. Total revenue with no change in policy</b>	TR	47 <sup>3</sup> / <sub>4</sub>	46 <sup>1</sup> / <sub>4</sub>
<b>of which:</b>			
<b>1.1. Taxes on production and imports</b>	D.2	10 <sup>3</sup> / <sub>4</sub>	10 <sup>1</sup> / <sub>4</sub>
<b>1.2. Current taxes on income, wealth, etc.</b>	D.5	13	12 <sup>3</sup> / <sub>4</sub>
<b>1.3. Capital taxes</b>	D.91	<sup>1</sup> / <sub>4</sub>	<sup>1</sup> / <sub>4</sub>
<b>1.4. Social contributions</b>	D.61	18 <sup>1</sup> / <sub>2</sub>	17 <sup>3</sup> / <sub>4</sub>
<b>1.5. Property income</b>	D.4	<sup>3</sup> / <sub>4</sub>	<sup>1</sup> / <sub>2</sub>
<b>1.6. Other<sup>1)</sup></b>		4 <sup>3</sup> / <sub>4</sub>	4 <sup>1</sup> / <sub>2</sub>
<b>p.m.:</b>			
<b>Tax burden</b>		41 <sup>1</sup> / <sub>4</sub>	40 <sup>1</sup> / <sub>4</sub>
(D.2+D.5+D.61+D.91-D.995) <sup>2)</sup>			
<b>2. Total expenditure with no change in policy</b>	TE <sup>3)</sup>	49 <sup>1</sup> / <sub>4</sub>	48 <sup>3</sup> / <sub>4</sub>
<b>of which:</b>			
<b>2.1. Compensation of employees</b>	D.1	8 <sup>1</sup> / <sub>4</sub>	8 <sup>1</sup> / <sub>4</sub>
<b>2.2. Intermediate consumption</b>	P.2	5 <sup>1</sup> / <sub>2</sub>	5 <sup>1</sup> / <sub>2</sub>
<b>2.3. Social payments</b>	D.62 + D.632		
<b>of which:</b>			
<b>Unemployment benefits<sup>4)</sup></b>			
<b>2.4. Interest expenditure</b>	D.41	<sup>3</sup> / <sub>4</sub>	<sup>3</sup> / <sub>4</sub>
<b>2.5. Subsidies</b>	D.3	<sup>3</sup> / <sub>4</sub>	1 <sup>1</sup> / <sub>4</sub>
<b>2.6. Gross fixed capital formation</b>	P.51	2 <sup>3</sup> / <sub>4</sub>	2 <sup>1</sup> / <sub>2</sub>
<b>2.7. Capital transfers</b>	D.9	1 <sup>1</sup> / <sub>2</sub>	1 <sup>1</sup> / <sub>2</sub>
<b>2.8. Other<sup>5)</sup></b>		2 <sup>3</sup> / <sub>4</sub>	2 <sup>3</sup> / <sub>4</sub>

\* Please note that the no-policy-change scenario involves the extrapolation of revenue and expenditure trends before adding the impact of the measures included in the forthcoming year's budget.  
 Figures for the projection period are rounded to quarter percentage points of GDP.  
 Any discrepancies in totals are due to rounding.

1) P.11 + P.12 + P.131 + D.39rec + D.7rec + D.9rec (other than D.91rec).

2) Including those collected by the EU and including an adjustment for uncollected taxes and social contributions (D.995), if appropriate.

3) TR - TE = B.9.

4) Includes social benefits other than social transfers in kind (D.62) and social transfers in kind via market producers (D.632) related to unemployment benefits.

5) D.29pay + D.4pay (other than D.41pay) + D.5pay + D.7pay + P.52 + P.53 + NP + D.8.

General government (S.13)	ESA code	2020	2021
		in % of GDP	
<b>1. Total revenue</b>	TR	47	45¾
<b>of which:</b>			
<b>1.1. Taxes on production and imports</b>	D.2	10¾	10
<b>1.2. Current taxes on income, wealth, etc.</b>	D.5	12¾	12½
<b>1.3. Capital taxes</b>	D.91	¼	¼
<b>1.4. Social contributions</b>	D.61	18¾	17¾
<b>1.5. Property income</b>	D.4	¾	½
<b>1.6. Other<sup>1)</sup></b>		4¾	4½
<b>p.m.:</b>			
<b>Tax burden</b> (D.2+D.5+D.61+D.91-D.995) <sup>2)</sup>		41¾	40¾
<b>2. Total expenditure</b>	TE <sup>3)</sup>	53	50
<b>of which:</b>			
<b>2.1. Compensation of employees</b>	D.1	8½	8¾
<b>2.2. Intermediate consumption</b>	P.2	6¾	5¾
<b>2.3. Social payments</b>	D.62 + D.632	27½	26½
<b>of which:</b>			
<b>Unemployment benefits<sup>4)</sup></b>		1¾	1½
<b>2.4. Interest expenditure</b>	D.41	¾	¾
<b>2.5. Subsidies</b>	D.3	2½	1¾
<b>2.6. Gross fixed capital formation</b>	P.51	3	2¾
<b>2.7. Capital transfers</b>	D.9	1¾	1¾
<b>2.8. Other<sup>5)</sup></b>		2¾	2¾

Figures for the projection period are rounded to quarter percentage points of GDP.

Any discrepancies in totals are due to rounding.

1) P.11 + P.12 + P.131 + D.39rec + D.7rec + D.9rec (other than D.91rec).

2) Including those collected by the EU and including an adjustment for uncollected taxes and social contributions (D.995), if appropriate.

3) TR - TE = B.9.

4) Includes social benefits other than social transfers in kind (D.62) and social transfers in kind via market producers (D.632) related to unemployment benefits.

5) D.29pay + D.41pay (other than D.41pay) + D.5pay + D.7pay + P.52 + P.53 + NP + D.8.

	2019	2019	2020	2021
	€bn	in % of GDP		
<b>1. Expenditure on EU programmes fully matched by EU funds revenue</b>	4.0	0.1	0	0
<b>2. Cyclical unemployment benefit expenditure</b>	-4.6	-0.1	¼	0
<b>3. Effect of discretionary revenue measures</b>	-4.8	-0.1	-1	-¼
<b>4. Revenue increases mandated by law</b>	0.0	0.0	0	0

Figures for the projection period are rounded to quarter percentage points of GDP.

Table 9: Discretionary measures at the general government level (including discretionary measures at the federal level)<sup>1)</sup>

List of measures	Detailed description	ESA code	Adoption status / entry into force	Effects on the general government budget	
				2020	2021
in % of GDP					
<b>I. Economic stimulus plan</b>					
<b>Economic stimulus and crisis management package</b>					
Strengthening the economy and activating Germany's economic growth potential – tax measures	Lower tax revenue due to (i) the temporary reduction of the general and reduced VAT rate, (ii) adjustments to tax loss carrybacks, (iii) introduction of a declining balance depreciation method for capital goods and (iv) modernisation of corporation tax law	D.21, D.51	Second Coronavirus Tax Assistance Act of 29 June 2020 (entry into force: 1 July 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020), draft 2021 federal budget (currently in the parliamentary procedure) and financial plan to 2024 of 23 September 2020	-0.5	-0.2
Strengthening the economy and activating Germany's economic growth potential – further measures	Federal transfers (i) to the health fund and the long-term care insurance compensation fund to stabilise social security contribution rates, (ii) to offset the impending increase in the EEG surcharge, which has been exacerbated by the pandemic, bringing forward of investment projects	P.51, D.31, D.61	Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020), draft 2021 federal budget (in the parliamentary procedure) and financial plan to 2024 of 23 September 2020, government draft of a Health Care and Long-Term Care Improvement Act ( <i>Gesundheitsversorgungs- und Pflegeverbesserungsgesetz</i> ) of 23 September 2020 (in the parliamentary procedure)	-0.2	-0.5
Cushioning economic and social hardship	Short-term aid to secure the existence of (i) small and medium-sized enterprises, (ii) arts and culture, (iii) professional sports clubs, (iv) facilities for the disabled, children and young people, and other subsidies	D.39, D.75, D.92	Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020), draft 2021 federal budget (currently in the parliamentary procedure) and financial plan to 2024 of 23 September 2020	-0.8	-0.1
Strengthening the <i>Länder</i> and local authorities	Increase funding for local public transport, increase investments	P.51, D.31	Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020), Act on Accompanying Measures to Implement the Stimulus and Crisis Management Package ( <i>Gesetz über begleitende Maßnahmen zur Umsetzung des Konjunktur- und Krisenbewältigungspakets</i> ) of 14 July 2020 (entry into force: 17 July 2020), draft 2021 federal budget (currently in the parliamentary procedure) and financial plan to 2024 of 23 September 2020	-0.1	0.0

Table 9: continuation

List of measures	Detailed description	ESA code	Adoption status / entry into force	Effects on the general government budget	
				2020	2021
				in % of GDP	
Supporting young people and families	One-time bonus for families with children, increase in investments and investment grants for (i) expansion of child day-care centres, (ii) expansion of all-day schools, (iii) the Digital Pact for Schools, (iv) the regional economic structure, reduction of the tax burden on single parents, assistance to safeguard vocational training	P.51, D.39, D.51, D.62, D.92	Second Coronavirus Tax Assistance Act of 29 June 2020 (entry into force: 1 July 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020) Act on Accompanying Measures to Implement the Stimulus and Crisis Management Package of 14 July 2020 (entry into force: 17 July 2020), draft 2021 federal budget (currently in the parliamentary procedure) and financial plan to 2024 of 23 September 2020	-0.2	0.0
<b>Future development package</b>					
Strengthening research and accelerating digitalisation	Tax incentives for research, transfers and investment grants for (i) research institutions, (ii) the implementation of the hydrogen strategy, (iii) digitalisation (including a mobile communications infrastructure company, artificial intelligence, quantum technologies, 5G and 6G communication technologies), funds for the digitalisation of the public administration	P.2, D.31, D.51, D.75, D.92	Second Coronavirus Tax Assistance Act of 29 June 2020 (entry into force: 1 July 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020) Act on Accompanying Measures to Implement the Stimulus and Crisis Management Package of 14 July 2020 (entry into force: 17 July 2020), draft 2021 federal budget (currently in the parliamentary procedure) and financial plan to 2024 of 23 September 2020	0.0	-0.2
Making mobility sustainable and driving the energy transition forward	Increasing the equity capital of Deutsche Bahn, investment grants for (i) vehicle manufacturers, (ii) charging points, tax relief to promote sustainable mobility, increase in investment expenditure for motorways and railway stations, payments and subsidies for the energy-efficient retrofitting of buildings	P.2, P.51, D.31, D.59, D.92, D.99	Second Coronavirus Tax Assistance Act of 29 June 2020 (entry into force: 1 July 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020), draft 2021 federal budget (currently in the parliamentary procedure) and financial plan to 2024 of 23 September 2020	-0.2	-0.1

Table 9: continuation

List of measures	Detailed description	ESA code	Adoption status / entry into force	Effects on the general government budget	
				2020	2021
				in % of GDP	
Strengthening the healthcare system and improving protection against pandemics	Investment grants, especially for hospitals, transfers and investment grants for vaccine development, stockpiling of personal protective equipment, strengthening public health services	P.2, D.1.1, D.31, D.74, D.92	Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020), draft 2021 federal budget (currently in the parliamentary procedure) and financial plan to 2024 of 23 September 2020	0.0	-0.2
<b>European and international responsibilities</b>					
International pandemic response programme	Transfers, loans and investment grants for development and humanitarian aid	D.74, D.92, F.4	Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020), draft 2021 federal budget (currently in the parliamentary procedure) and financial plan to 2024 of 23 September 2020	0.0	0.0
<b>II. Federal measures to mitigate the effects of the COVID-19 pandemic (excluding economic stimulus plan)</b>					
Cushioning economic and social hardship and supporting families	Coronavirus-related immediate assistance for small enterprises and self-employed individuals, aid for (i) bus operators and (ii) marine pilots, adjustments to the child supplement	D.39, D.51, D.62	Supplementary Budget Act 2020 of 27 March 2020 (entry into force: 1 January 2020), Social Protection Package of 27 March 2020 (entry into force: 28 March 2020), Second Coronavirus Tax Assistance Act of 29 June 2020 (entry into force: 1 July 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020), government draft of a Second Act to Reduce Family Tax Burdens and to Modify Additional Tax Regulations of 29 July 2020 (in the parliamentary procedure)	-0,6	0.0

Table 9: continuation

List of measures	Detailed description	ESA code	Adoption status / entry into force	Effects on the general government budget	
				2020	2021
				in % of GDP	
Ensuring health protection during the pandemic	Reimbursements from the health fund for bed capacity, purchase of protective equipment, medicines and ventilators, transfers to combat COVID-19, investment grants for the production of protective equipment	P.2, P.51, D.75, D.92	Supplementary Budget Act 2020 of 27 March 2020 (entry into force: 1 January 2020), COVID-19 Hospital Relief Act (COVID-19-Krankenhausesentlastungsgesetz) of 27 March 2020 (entry into force: 28 March 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020)	-0.7	-0.2
Strengthening research, accelerating digitalisation and driving the energy transition forward	Grants for the digitalisation of schools, expenditure on health research, including (i) vaccine development, (ii) acquisition of stake in CureVac, expenditure to tackle climate change	P.2, P.75, D.39, D.59, F.5	Supplementary Budget Act 2020 of 27 March 2020 (entry into force: 1 January 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020)	0.0	0.0
Emergency aid for Germans abroad	Return assistance for Germans abroad, transfers and investment grants for German representations and institutions abroad	P.2, P.74, P.92	Supplementary Budget Act 2020 of 27 March 2020 (entry into force: 1 January 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020)	0.0	0.0
International pandemic response	Transfers (i) for research projects, (ii) for humanitarian aid, (iii) for debt service relief from the International Monetary Fund, contribution to the European Investment Bank's Pan-European Guarantee Fund	P.2, D.74, D.75, F.4	Supplementary Budget Act 2020 of 27 March 2020 (entry into force: 1 January 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020)	0.0	0.0



Table 9: continuation

List of measures	Detailed description	ESA code	Adoption status / entry into force	Effects on the general government budget	
				2020	2021
				in % of GDP	
Compensation related to guaranteees	Compensation and costs related to domestic and foreign guaranteees, reimbursement of losses under the guaranteee for the KfW Special Programme 2020, debt moratorium	P.13, P.2, D.41, D.99, F.4	Supplementary Budget Act 2020 of 27 March 2020 (entry into force: 1 January 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020)	-0.2	-0.1
<b>III. Further measures by the Federation</b>					
Further federal measures related to revenue and expenditures	Increase in child benefit and tax allowance for children, expansion of housing benefit, transfers (i) for external security, (ii) for research, reimbursements, investments and investment grants, including those to mitigate the effects of structural change, reduced revenues	P.13, P.2, P.51, D.39, D.51, D.62, D.74, D.75, D.92, D.99	Supplementary Budget Act 2020 of 27 March 2020 (entry into force: 1 January 2020), Second Supplementary Budget Act 2020 of 14 July 2020 (entry into force: 1 January 2020), government draft of a Second Act to Reduce Family Tax Burdens and to Modify Additional Tax Regulations of 29 July 2020 (in the parliamentary procedure)	0.0	-0.2
<b>IV. Economic Stabilisation Fund</b>					
Acquisition of capital instruments and holdings		F.5	Act on the Establishment of an Economic Stabilisation Fund of 27 March 2020 (entry into force: 28 March 2020) and the Act on the Provision of Guaranteees under a European Instrument for Temporary Support for Reducing the Risk of Unemployment Resulting from the COVID-19 Outbreak and Amending the Stabilisation Fund Act and the Economic Stabilisation Acceleration Act and Required Supplementary Amendments (Gesetz zur Gewährleistungsübernahme im Rahmen eines Europäischen Instruments zur vorübergehenden Unterstützung bei der Minderung von Arbeitslosigkeitsrisiken infolge des COVID-19-Ausbruchs und zur Änderung des Stabilisierungsfondsgesetzes und des Wirtschaftsstabilisierungsbeschleunigungsgesetzes sowie erforderliche Folgeänderungen) of 10 July 2020 (entry into force: 17 July 2020)	-3.0	

Table 9: continuation

List of measures	Detailed description	ESA code	Adoption status / entry into force	Effects on the general government budget		in % of GDP
				2020	2021	
Refinancing of KfW on-lending programmes <sup>2)</sup>		F.4	Act on the Establishment of an Economic Stabilisation Fund of 27 March 2020 (entry into force: 28 March 2020) and the Act on the Provision of Guarantees under a European Instrument for Temporary Support for Reducing the Risk of Unemployment Resulting from the COVID-19 Outbreak and Amending the Stabilisation Fund Act and the Economic Stabilisation Acceleration Act and Required Supplementary Amendments of 10 July 2020 (entry into force: 17 July 2020)			-3.0
<b>V. Measures taken by the Länder to mitigate the effects of the COVID-19 pandemic<sup>3)</sup></b>						
Measures by the Länder in total	No more detailed information available	P.1, P.2, P.51, D.11, D.39, D.62, D.74, D.75, D.92, D.99, F.4, F.5	No more detailed information available			-3.3
						0.0
<b>of which:</b>						
Bavaria's Special Corona-virus Pandemic Fund	In particular immediate assistance, health protection, crisis aid for senior citizens, aid for hospitals and long-term care bonus, civil protection measures, reimbursement of parental contributions for childcare, compensation for reduced tax revenues	P.1, P.2, D.11, D.39, D.75	Bavaria's 2nd Supplementary Budget Act 2020 (2. Nachtragshaushaltsgesetz 2020) of 27 April 2020 (entry into force: 1 January 2020)			-0.6
						0.0
BayernFonds (Bavarian Fund)	Equity investments and loans to enterprises	F.4, F.5	Bavaria's BayernFonds and Finance Agency Act (BayernFonds- und Finanzagentur-Gesetz) of 27 April 2020 (entry into force: 1 May 2020)			-0.6
						0.0

Table 9: continuation

List of measures	Detailed description	ESA code	Adoption status / entry into force	Effects on the general government budget		in % of GDP
				2020	2021	
<b>of which:</b>						
Special fund "Securing a Positive Future for Hesse"	Benefits from the Protection against Infection Act ( <i>Infektionsschutzgesetz</i> ), strengthening of Hesse's local authorities, strengthening of economic power and promotion of sustainable growth, health protection, safeguarding social and cultural infrastructure, preservation of state infrastructure, compensation for reduced tax revenues	P.2, P.51, D.39, D.62, D.75, D.92	Hesse's Act on Securing a Positive Future ( <i>Gute-Zukunft-Sicherungsgesetz</i> ) of 4 July 2020 (entry into force: 10 July 2020)	-0.4	0.0	0.0
Mecklenburg-Western Pomerania Protection Fund	In particular immediate assistance, equity investments and loans to enterprises, benefits from the Protection against Infection Act, health protection	P.2, D.39, D.62, F.4, F.5	"Mecklenburg-Western Pomerania Protection Fund" Special Fund Act ( <i>Sondervermögensgesetz "MV-Schutzfonds"</i> ) of 1 April 2020 (entry into force: 1 March 2020)	0.0	0.0	0.0
Lower Saxony's special fund to tackle the effects of the coronavirus pandemic	In particular health protection, compensation benefits, stabilisation of the economy, maintenance of social institutions, assistance for local authorities, compensation for reduced tax revenues	P.2, D.39, D.62, D.75	Lower Saxony's COVID-19 Special Fund Act ( <i>COVID-19-Sondervermögensgesetz</i> ) of 12 May 2020 (entry into force: 13 May 2020)	-0.2	0.0	0.0
North Rhine-Westphalia Rescue Package	Not available	Not available	North Rhine-Westphalia Rescue Package Act ( <i>NRW-Rettungsschirmgesetz</i> ) of 24 March 2020 (entry into force: 25 March 2020)	-0.8	0.0	0.0

Table 9: continuation

List of measures	Detailed description	ESA code	Adoption status / entry into force	Effects on the general government budget	
				2020	2021
				in % of GDP	
<b>of which:</b>					
Saxony's Coronavirus Response Fund	In particular benefits from the Protection against Infection Act, immediate assistance, infection and civil protection measures, compensation for reduced tax revenues	P.2, D.39, D.62	Saxony's Coronavirus Response Fund Act (Sächsisches Coronabewältigungsfondsgesetz) of 9 April 2020 (entry into force: 17 April 2020)	-0.2	0.0
Special fund "Thuringian Coronavirus Pandemic Aid Fund"	In particular immediate assistance, health protection, reimbursement of parental contributions for childcare, benefits from the Protection against Infection Act, assistance for local authorities	P.1, P.2, D.39, D.62	Thuringian Coronavirus Pandemic Aid Fund Act (Thüringer Corona-Pandemie-Hilfefondsgesetz) of 11 June 2020 (entry into force: 25 June 2020)	0.0	0.0
<b>VI. Measures relating to social contributions</b>					
Measures by the Federal Employment Agency	Social benefits in the area of (i) flexibilisation of short-time work benefit including reimbursement of social security contributions, (ii) extension of the period of entitlement to short-time work benefit, (iii) increase in short-time work benefit and temporary extension of the period of entitlement to unemployment benefit I, and reduced revenues	D.39, D.61, D.62	Short-Time Work Benefit Ordinance (Kurzarbeitergeldverordnung) of 25 March 2020 (entry into force: 1 March 2020), Short-Time Work Benefit Ordinance of 16 April 2020 (entry into force: 31 January 2020), Social Protection Package 2 of 20 May 2020 (entry into force: 29 May 2020), government draft of an Act to Safeguard Employment as a Result of the COVID-19 Pandemic (Gesetz zur Beschäftigungssicherung infolge der COVID-19-Pandemie) of 16 September 2020 (in the parliamentary procedure), Short-Time Work Benefit Eligibility Period Ordinance (Kurzarbeitergeldbezugsdauerverordnung) of 16 September 2020 (in force), Ordinance Amending the Short-Time Work Benefit Ordinance for the Extension of Liberalisations in Relation to Short-Time Work (Änderungsverordnung zur Kurzarbeitergeldverordnung zur Verlängerung der Erleichterungen bei Kurzarbeit) of 16 September 2020 (in force)	-0.8	-0.2

Table 9: continuation

List of measures	Detailed description	ESA code	Adoption status / entry into force	Effects on the general government budget	
				2020	2021
				in % of GDP	
Measures related to statutory pension insurance	Basic pension	D.62	Basic Pension Act ( <i>Grundrentengesetz</i> ) of 12 August 2020 (entry into force: 1 January 2021)	0.0	0.0
Measures related to the statutory health insurance system	Higher salaries for nursing staff, purchase of additional intensive care beds and personal protective equipment, compensation payments to third parties, change in the system for examining invoices between health insurance providers and hospitals, compensation for further additional expenditure in hospitals due to the coronavirus pandemic	P.2, D.11, D.62	COVID-19 Hospital Relief Act of 27 March 2020 (entry into force: 28 March 2020), Second Act on the Protection of the Population in the Event of an Epidemic Situation of National Significance of 19 May 2020 (entry into effect: 23 May 2020), COVID-19 Supply Structures Protection Ordinance ( <i>COVID-19-Versorgungsstrukturen-Schutzverordnung</i> ) of 30 April 2020 (entry into force: 5 May 2020), SARS-CoV-2 Medical Products Supply Ordinance ( <i>SARS-CoV-2-Arzneimittelversorgungsverordnung</i> ) of 20 April 2020 (entry into force: 22 April 2020), government draft Hospital Future Act of 2 September 2020 (in the parliamentary procedure)	-0.2	0.0
Measures related to social long-term care insurance	Bonus payments to employees of long-term care facilities, various measures to expand social benefits, compensation payments to third parties, protective equipment, compensation for further reduced revenues and additional expenditure in long-term care facilities due to the coronavirus pandemic	P.2, D.11, D.62	COVID-19 Hospital Relief Act of 27 March 2020 (entry into force: 28 March 2020), Second Act on the Protection of the Population in the Event of an Epidemic Situation of National Significance of 19 May 2020 (entry into effect: 23 May 2020)	-0.1	0.0

1) Measures are presented in a consolidated form at the general government level. The calculation basis for all measures is cash accounting.

2) The credit authorisation of €100 billion is intended to be used to refinance KfW loans for special programmes allocated by the federal government in response to the coronavirus crisis.

3) Notification provided by the ZDL, the central data office of the *Länder* finance ministries, as of 20 August 2020. Double counting of federal measures cannot be ruled out, due to accounting problems, e.g. in the case of emergency and immediate assistance. A precise allocation between 2020 and 2021 is not possible. All measures specified by the *Länder* are assumed to be booked in 2020. ESA categories are indicated to the extent possible.

**Table 10: Divergence from April 2020 Stability Programme**

	ESA code	2019	2020	2021
<b>Target general government net lending/net borrowing (% of GDP)</b>	B.9			
Stability Programme – April 2020		1.4	-7¼	-
Draft Budgetary Plan		1.5	-6¼	-4¼
Difference		0.1	1	-
<b>General government net lending/net borrowing at unchanged policies (% of GDP)</b>				
Stability Programme – April 2020		1.4	-7¼	-
Draft Budgetary Plan		-	-1½	-2¼
Difference		-	5¾	-

Figures for the projection period are rounded to quarter percentage points of GDP.  
Any discrepancies in totals are due to rounding.

Table 11: Implementation of the country-specific recommendations of 2020/2021

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**

**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
<p>In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery.</p>	<p>€122.3 billion in additional expenditure on account of COVID-19 in the first supplementary budget for 2020 (the first supplementary budget amounts to a total of €122.5 billion). See separate overview of individual measures.</p>	<p>In force with retroactive effect from 1 January 2020.</p>
<p>Economic stimulus and future package (<i>Konjunktur- und Zukunftspaket</i>)</p>	<p>Extensive aid package to overcome the consequences of the pandemic; key aspects:</p> <ul style="list-style-type: none"> <li>• Short-term aid for small and medium-sized enterprises (SMEs) (see below).</li> <li>• Support for SMEs that provide training with regard to initiating and continuing in-company vocational training; implemented by means of the federal programme "Safeguarding apprenticeships" (€0.5 billion).</li> <li>• Reduction in VAT rates: Reduction in the standard VAT rate from 19% to 16% and in the reduced VAT rate from 7% to 5% for the period from 1 July 2020 to 31 December 2020.</li> <li>• Social security contributions for 2020 and 2021 are stabilised at a maximum of 40% as part of a "Social Guarantees 2021".</li> <li>• Capping and reduction of the surcharge levied on electricity consumers for the purpose of promoting renewable energy (known as the "EEG surcharge") through federal subsidies.</li> <li>• Child bonus benefit payment for families: Parents will receive a one-time payment of €300 per child. In addition, the amount of tax relief for single parents has been more than doubled.</li> <li>• Commitment of approx. €50 billion for the coming years for areas that are crucial for the future, such as the hydrogen economy, quantum computing and artificial intelligence (see below).</li> </ul>	<p>The package was agreed between the parties in Germany's governing coalition on 3 June 2020. See below for more information on specific implementation steps.</p> <p>On 25 August 2020, the coalition parties decided to prolong the short-term aid programme until the end of the year. Implementation is currently under preparation.</p>
<p>Second Supplementary Budget Act 2020 (<i>2. Nachtragshaushaltsgesetz 2020</i>)</p>	<p>The second supplementary budget raised total expenditures by an additional amount of approx. €24 billion and increased planned net borrowing by a further amount of approx. €61.8 billion to approx. €217.8 billion. With its second supplementary budget for 2020, the Federal Government has created the basis for implementing a major part (approx. €105 billion) of the economic stimulus and future development package. Please see items above and below for more information on individual measures from the economic stimulus and future package in the second supplementary budget.</p>	<p>In force with retroactive effect from 1 January 2020.</p>



Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**  
**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
<p>Ordinance for the Amendment of the Renewable Energy Sources Act Ordinance (<i>Verordnung zur Änderung der EEG-Verordnung</i>)</p>	<p>Creation of the conditions for stabilising the EEG surcharge (renewables surcharge) at a maximum of 6.5 ct/kWh from 2021 and a maximum of 6.0 ct/kWh from 2022 as provided for in the economic stimulus and future package.</p>	<p>In force since 25 July 2020.</p>
<p>Economic Stabilisation Fund Act (<i>Wirtschaftsstabilisierungsfondsgesetz</i>)</p>	<p>Economic Stabilisation Fund (ESF) with a volume of up to €600 billion, including up to</p> <ul style="list-style-type: none"> <li>• €400 billion for guaranteees,</li> <li>• €100 billion for recapitalisation measures,</li> <li>• €100 billion for refinancing the KfW's special programme.</li> </ul> <p>Eligibility criteria for enterprises in the real economy (at least two of the three following criteria must have been fulfilled in the two most recent financial years prior to 1 January 2020 for which final financial statements have been filed): 1) balance sheet total exceeding €43 million, 2) revenue exceeding €50 million, 3) more than 249 employees (annual average).</p>	<p>In force since 28 March 2020.</p>
<p>Ensuring liquidity in the real economy through guaranteees</p>	<p>Unlimited provision of liquidity for businesses and companies via an €822 billion guarantee framework from the federal budget:</p> <ul style="list-style-type: none"> <li>• Large-scale KfW special programme available to commercial enterprises of all sizes and to freelancers providing professional services (<i>freie Berufe</i>). Access to liquidity loans under facilitated conditions.</li> <li>• Expansion of the activities of guarantee banks: doubling of the maximum guarantee amount to €2.5 million, 10% increase in the Federation's risk share in guarantee banks, guarantee banks now have the authority to issue guaranteees of up to €250,000 at their own responsibility; upper limit of operating resources in guarantee banks' total exposure has been raised to 50% (previously 35%); for liquidity loans of up to €250,000 with a maximum term of 10 years, the Federation and the respective Land will provide a 100% guarantee against defaults on loans; including in the case of leasing guaranteees (or the Federation and the Land will provide a 90% guarantee against defaults for a maximum guarantee amount of €2.5 million; the option of having a 100% default guarantee with 90% liability for counter-guarantee is possible in exchange for a fee, as is the option of having a 90% default guarantee with 100% liability for counter-guarantee).</li> </ul>	<p>The KfW special programme has been available since 23 March 2020; it will remain in force until 31 December 2020.</p> <p>Approach for guaranteees up to €250,000 in force since 7 May 2020; it will remain in force until 31 December 2020.</p> <p>In force since 18 March 2020; it will remain in force until 31 December 2020</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**  
**Combat the COVID 19**  
 pandemic, support the economy,  
 guarantee debt sustainability,  
 strengthen the health system

Title of the measure	Description and expected impact of measure	Status and timetable
Emergency aid for own-account individuals and small enterprises	<ul style="list-style-type: none"> <li>The large-scale guarantee programme (which involves parallel guarantees from the Federation and the <i>Länder</i>), which was previously limited to companies based in structurally weak regions, has now been opened up to companies outside these regions (coverage for operating loans and investments upwards of a guarantee requirement of €50 million and with a guarantee rate of up to 90%).</li> </ul>	Administrative agreements between the Federation and the <i>Länder</i> implemented on 30 March 2020.
Emergency aid for own-account individuals and small enterprises	<p>Emergency aid of up to €50 billion for small enterprises from all economic sectors, own-account individuals and freelancers. Grants for enterprises with up to ten employees (full-time equivalent):</p> <ul style="list-style-type: none"> <li>Enterprises with up to five employees (full-time equivalent) will receive a one-time payment of up to €9,000 and enterprises with up to 10 employees (full-time equivalent) will receive a one-time payment of up to €15,000.</li> <li>Approval and administration by the <i>Länder</i>.</li> <li>The application deadline was 31 May 2020.</li> </ul> <p>The one-time payment for three months serves to cover current operating expenditures and financial expenditures (e.g. commercial rents, loans for company premises or lease payments). Applicants must give assurance that they have run into economic difficulty that threatens their existence because of the coronavirus pandemic. Actual costs approx. €15 billion.</p>	
Bridging aid for small and medium-sized enterprises	<p>Bridging aid of up to €24.6 billion as part of the economic stimulus and future development package. Bridging aid is a modified extension of emergency aid and is administered from the unspent financial framework for emergency aid. The aim is to support firms through a cross-sector grants programme for SMEs, own-account individuals and freelancers as well as for non-profit enterprises.</p> <p>Bridging aid is granted to cover fixed operating costs. The maximum monthly amount granted under bridging aid I is</p> <ul style="list-style-type: none"> <li>€3,000 for enterprises with up to five employees,</li> <li>€5,000 for enterprises with up to ten employees,</li> <li>€50,000 for enterprises with more than ten employees</li> </ul> <p>In the case of bridging aid II, a maximum grant for all enterprises is to be a uniform amount of €50,000.</p>	Start of programme: 8 July 2020; the funding period for bridging aid I is from 1 June to 31 August 2020. The prolongation is to run from 1 September to 31 December 2020. The start of the programme bridging aid II is envisaged for October 2020.

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**  
**Combat the COVID 19**  
 pandemic, support the economy,  
 guarantee debt sustainability,  
 strengthen the health system

Title of the measure	Description and expected impact of measure	Status and timetable
Bridging aid for professional sport	€200 million will be provided as part of the bridging aid for professional sport. The "coronavirus assistance for professional sport" is a non-repayable hardship grant provided by the Federation to compensate for some of the loss of income from ticket sales caused by the ban on major events with spectators.	Implementation by the <i>Länder</i> on the basis of administration and execution agreements between the Federation and the <i>Länder</i> .
Package of measures for start-ups	<p>Full indemnity of KfW by the Federation in connection with the package of measures to finance young, innovative technology enterprises (start-ups) and small SMEs to an amount of €2 billion. This package of measures has two pillars:</p> <ul style="list-style-type: none"> <li>• Pillar 1a: Within the framework of the "Corona Matching Facility" (CMF), existing cooperation with KfW Capital and the European Investment Fund (EIF) will be used to provide private venture capital funds with additional public funds to co-finance rounds of financing needed by start-ups.</li> <li>• Pillar 1b: Within the framework of the "Corona Liquidity Facility" (CLF), the additional funds will be invested directly in start-ups via the two public venture capital funds High-Tech Gründerfonds (HTGF) and coparion, as well as through the KfW Programme ERP Startfonds.</li> <li>• Pillar 2 is targeted at start-ups and small SMEs without access to pillar 1. On behalf of the Federation, KfW is making global loans available to the promotional institutes of the federal states, enabling them to refinance a proportion of their existing and new promotional programmes by providing mezzanine and equity financing.</li> </ul>	<p>Decisions subject to conditions taken by the Budget Committee of 1 July 2020.</p> <p>Announced by Federal Minister of Economics Peter Altmaier and Federal Minister of Finance Olaf Scholz on 1 April 2020.</p> <p>Pillar 1 applications have been accepted since 15 May 2020 and pillar 2 global loans have been available since 17 June 2020.</p> <p>The application deadline is 31 December 2020.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**  
**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
Tax-related liquidity assistance through enhanced opportunities for deferring tax payments, reducing prepayments and adapting enforcement rules	<p>Opportunities for tax relief totalling billions of euros:</p> <ul style="list-style-type: none"> <li>Tax authorities can grant interest-free deferrals for taxes that are due until 31 December 2020.</li> <li>The level of tax prepayments is reduced as soon as it becomes clear that the taxpayer's income is likely to be lower in the current year than originally expected.</li> <li>Enforcement measures and late-payment penalties will be waived until 31 December 2020, provided the tax debtor has been significantly affected by the impact of the COVID-19 pandemic.</li> </ul>	Administrative instructions issued on 13 March 2020; published on 19 March 2020.
Liquidity assistance through easier deferral of social security contributions	Simplified process to defer payment of total social insurance contributions to the benefit of employers and to defer contributions for the contribution months March to May 2020 by members who pay their contributions themselves (e.g. self-employed people), insofar as these people were affected by the coronavirus crisis and were not entitled to any other state support measures, such as short-time work benefit.	National Association of Statutory Health Insurance Funds (GKV-Spitzenverband) circulars of 25 March and 19 May 2020.
Reduction of special VAT prepayments	On application, local tax offices can partly reduce or entirely cancel the special VAT prepayments for 2020 for taxpayers who have permanent VAT-return filing extensions and can return amounts already paid.	A circular to this effect was communicated to the highest revenue authorities of the Länder on 20 March 2020.
Act to Mitigate the Consequences of the COVID-19 Pandemic under Civil, Insolvency and Criminal Procedure Law ( <i>Gesetz zur Abmilderung der Folgen der Covid-19-Pandemie im Zivil-, Insolvenz-, und Strafverfahrensrecht</i> )	<p>The measures include the following:</p> <ol style="list-style-type: none"> <li>Far-reaching suspension of the obligation of debtors to file a request for insolvency if the insolvency is a consequence of the COVID-19 pandemic and the potential for restructuring cannot be ruled out in principle. Accompanying measures: Restriction of the admissibility of third-party applications to open insolvency proceedings and of appeal</li> <li>Temporary right of consumers to refuse performance of "essential" continuous obligations (contract providing for basic needs) concluded before 8 March 2020, right of microenterprises to refuse performance of "essential" continuous obligations concluded before 8 March 2020 if such performance is impossible or cannot unreasonably be expected due to the consequences of the COVID-19 pandemic.</li> </ol>	<p>a. In force with retroactive effect from 1 March 2020. The debtor's obligation to file for insolvency is suspended until 30 September 2020. Only in case of overindebtedness is it envisaged that suspension of the obligation to file for insolvency will be prolonged until 31 December 2020.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 1: Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system	Title of the measure	Description and expected impact of measure	Status and timetable
		<p>Continuous obligations are "essential" if they are necessary to ensure a supply of services which is adequate to continue the business undertaking. Rental and lease contracts, consumer loans and entitlements under labour law are excluded from the right to refuse performance.</p> <p>c. Deferred payment arrangement for entitlements deriving from consumer loan agreements concluded up to 15 March 2020, if such payments cannot reasonably be expected.</p> <p>d. Tenants or lessees may not be given notice of termination solely on the grounds that they are in default with their rent or lease payments due in the period from 1 April 2020 to 30 June 2020 if the non-payment was a consequence of the COVID-19 pandemic.</p> <p>e. Temporary relief in the areas of the law concerning companies, cooperative societies, associations, foundations and commonhold property as well as transformation law: in particular, it is made easier to hold meetings using telecommunications.</p> <p>f. Suspension of periods of interruption for hearings in criminal cases: an additional interruption criterion was decided upon for suspension deadlines in main hearings in criminal cases to prevent the suspension of trials.</p>	<p>The restriction on creditor insolvency applications applied until 28 June 2020.</p> <p>b. In force until 30 June 2020.</p> <p>c. In force for payment claims due between 1 April 2020 and 30 June 2020;</p> <p>d. In force since 1 April 2020. Limited until 30 June 2022;</p> <p>e. In force from 28 March 2020. Valid for meetings, assemblies, appointments etc. in 2020 (for the Act on the Ownership of Apartments and the Permanent Residential Right, <i>Wohnungseigentumsgesetz - WEG</i>, until 31 December 2021); option to prolong the regulation until 31 December 2021.</p> <p>f. In force since 28 March 2020. Limited until 27 March 2021.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 1: Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system	Title of the measure	Description and expected impact of measure	Status and timetable
Act to Mitigate the Effects of the COVID-19 Pandemic under Commercial Law (Gesetz zur Abmilderung der Folgen der Covid-19-Pandemie im Wirtschaftsrecht)		In order to ensure that craft organisations and chambers of industry and commerce remain capable of action even if restrictions on gatherings remain in place, the implementation of meetings without physical attendance is temporarily facilitated.	In force since 25 June 2020.
Liberalisations in relation to short-time work (Kurzarbeit)		<p>The number of employees in a company who have to be affected by the loss of working hours in order to qualify for short-time work benefit is reduced from one third to 10%. The need to build up a negative balance in working hours prior to the granting of short-time work benefit is completely waived.</p> <p>This relief applies to companies that introduced short-time work before 31 March 2020. Social security contributions to be paid solely by employers during the period of receipt of short-time work benefit will be reimbursed in full by the Federal Employment Agency until 30 June 2021; thereafter, until 31 December 2021, the Federal Employment Agency will reimburse half of the amount as a lump-sum payment. Access to short-time work benefit will be opened up further on a temporary basis for sub-contracted workers provided that their temporary employment agency introduced short-time work before 31 March 2021. For companies that introduced short-time work before 31 December 2020, the eligibility period for short-time work benefit will be extended to a maximum of 24 months, at the longest until 31 December 2021. The short-time work benefit increases from the fourth month to 70 or 77% and from the seventh month to 80 or 88%; these allowances are planned for all employees whose entitlement to short-time work benefit arose before 31 March 2021. Reserves amounting to approx. €25.8 billion were available to the Federal Employment Agency at the end of 2019; this amount will not be sufficient to cover all expenditures in the current calendar year, however. The solvency of the Federal Employment Agency will be guaranteed by means of liquidity assistance in the form of interest-free loans from the Federation during the year.</p>	In force with retroactive effect from 1 March 2020, limited until 31 December 2021.
Use of video and telephone conferences for works councils		Participation in meetings of works councils and other bodies, including taking decisions, is also possible via video and telephone conferences. This ensures that works councils remain capable of action; they play an important role with regard to the pandemic, particularly, for example, in connection with agreements on short-time work.	In force with retroactive effect from 1 March 2020, limited until 31 December 2020.

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**

**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
Protective shield, e.g. for own-account individuals / simplified process for access to basic income benefits	<p>Simplified process for access to basic income benefits (Book II of the Social Code) for people able to work:</p> <ul style="list-style-type: none"> <li>Means-testing will be suspended for 6 months unless applicants have considerable assets; it is established whether applicants have considerable assets by means of the relevant information they provide (by means of a cross in the application form).</li> <li>Actual expenditure on accommodation and heating will be accepted for six months without an appropriateness test.</li> <li>Provisional approval on the basis of an applicant's predicted income; a final decision is taken only on application.</li> <li>Revision in Book XII of the Social Code to this effect.</li> <li>Volume of relief: up to €9.6 billion; of this, €7.5 billion is met by the Federation (of which €5.5 billion is for unemployment benefit II and €2.0 billion for the participation of the Federation in accommodation costs) and €2.1 billion by municipalities; Book XII of the Social Code: approx. €0.2 billion). For two prolongations of the measure, additional expenditures of approximately €1.3 billion and approximately €880 million respectively are given as examples.</li> </ul>	In force with retroactive effect from 1 March 2020, limited until 31 December 2020.
Expansion of the possibilities for supplementary earnings (for pensioners and during short-time work)	<p>To make it easier for pensioners to continue to work or to take up employment again following retirement, the Federal Government raised the supplementary earnings limit in the relevant calendar year from €6,300 to €44,590 for 2020. Thus, annual incomes up to this amount do not lead to the reduction of an early retirement pension.</p> <p>Remuneration from employment taken up during short-term work, up to the amount of the remuneration originally planned (remuneration before short-time work was introduced), will not be credited against the short-time work benefit during the period up until 31 December 2020; it is planned that the same will apply to low-paid part-time work (mini-jobs) until the end of 2021.</p>	<p>Pension: In force from 31 January 2020 to 31 December 2020.</p> <p>Short-time work benefit: In force from 1 April 2020 to 31 October 2020. Low-paid part-time work (mini-jobs) exempt from being credited against benefits until 31 December 2021.</p>



Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**  
**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
Temporary extension of marginal employment	In order to alleviate problems resulting from the coronavirus crisis in connection with seasonal work, particularly in the agricultural sector, the maximum duration of a short-term employment has been extended to five months or 115 days. Social security also allows low-paid temporary work for up to five months if the monthly remuneration limit of €450 is occasionally and unforeseeably exceeded.	In force from 1 March 2020 to 31 October 2020.
Derogation provision for child supplement	From 1 April 2020 to 30 September 2020, assessment of the child supplement will be temporarily based on the parents' current income during the last month prior to submission of the application rather than on their income in the last six months prior to submission of the application. In addition, a one-off prolongation without an assessment for existing cases where the highest possible child supplement is paid will lead to the payments being made without any interruption if at all possible. In addition, the process for taking assets into account will be simplified for a limited period. A prolongation of this measure until 31 December 2020 is envisaged.	In force from 1 April 2020 to 30 September 2020. The suspension of the consideration of assets is to be extended until 31 December 2020 (contained in the draft Hospital Future Act ( <i>Krankenhauszukunftsgesetz</i> ), <i>Bundestag printed paper 19/22126</i> ).
Measures concerning the parental allowance as a result of the COVID19 pandemic	Parents working in essential occupations can postpone the months in which the allowance is paid for the period from 1 March to 31 December 2020. Parents do not lose their partnership bonus if they are currently working more or less than planned on account of the COVID-19 pandemic. Parents should receive the same amount of parental allowance even if they receive income replacement payments such as short-time work benefit or unemployment benefit I to compensate for loss of income due to the COVID-19 pandemic. This affects parents who have been working part-time and who receive a parental allowance. When applying for a parental allowance, low-income months can be excluded from the calculation of the parental allowance upon request.	In force from 1 March 2020. The provisions apply for the period from 1 March 2020 to 31 December 2020.
Fifth investment programme "Childcare financing" 2020-2021	The special fund "Childcare expansion" has been increased by a total of €1 billion to create up to an additional 90,000 childcare places in child day-care centres and childminding services. In addition, funding is available for conversion measures to implement hygiene plans in the wake of the COVID-19 pandemic and for investment in equipment and digitalisation measures.	Act on Accompanying Measures to Implement the Stimulus and Crisis Management Package



Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**  
**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
<p>Social Service Provider Deployment Act (Sozialdienstleister-Einsatzgesetz - SodEG)</p>	<p>Assistance package for certain social facilities:</p> <ul style="list-style-type: none"> <li>Special mandate that takes effect subsidiarily for the provision of care by the respective funding agencies for social service providers and facilities that provide services in accordance with the Social Code (except Books V and XI of the Social Code) and other legislation.</li> <li>The grant is given in the form of a non-repayable grant payment. In principle, this payment corresponds to a maximum of 75% of the average value of the allocations made in the past twelve months.</li> <li>It applies only to the time when the cooperation between the funding agencies and the social service providers is disrupted due to health prevention measures. For their part, social service providers, as far as possible, are to support crisis management with the capacities available to them (workforce, rooms and equipment).</li> <li>In principle, the special mandate of social service providers to provide care does not cause expenditures in excess of budgetary estimates in the areas covered by the Social Code and the Residence Act.</li> </ul>	<p>(Gesetz über begleitende Maßnahmen zur Umsetzung des Konjunktur- und Krisenbewältigungspakets), which came into force on 17 July 2020.</p> <p>In force from 28 March 2020. Limited until 31 December 2020.</p>
<p>COVID-19 Working Time Ordinance (Covid-19-Arbeitszeitverordnung - Covid-19-ArbZV)</p>	<p>Ordinance on Deviations from the Working Time Act resulting from the COVID-19 Epidemic (Covid-19-ArbZV) through restricted exceptions to the Working Time Act for a limited period:</p> <ul style="list-style-type: none"> <li>Certain exceptions to the Working Time Act were allowed by ordinance for a limited period for certain activities specified in the ordinance. These exceptions had to be necessary to maintain public safety and order, the health system and nursing care and essential community services, or to supply the population with vital goods.</li> </ul>	<p>In force from 10 April 2020. Expired at the end of 31 July 2020.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 1:  
Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system

Title of the measure	Description and expected impact of measure	Status and timetable
<p>Compensation for working parents during the temporary closure of childcare facilities, schools or facilities for disabled people or a ban on entering them (Act on the Protection of the Population in the Event of an Epidemic Situation of National Importance (Gesetz zum Schutz der Bevölkerung bei einer epidemischen Lage von nationaler Tragweite), Coronavirus Tax Assistance Act (Corona-Steuerhilfegesetz)</p>	<ul style="list-style-type: none"> <li>Since lengthy working times and shorter rest times may have a negative impact on employees' safety and health, application of these exemptions was only permissible until 30 June 2020 as temporary emergency measures within the context of combating the acute pandemic. The provision expired at the end of 31 July 2020.</li> </ul>	<p>In force from 30 March 2020 (expires on 31 December 2021).</p>
<p>Statutory provision for increased additional earnings due to coronavirus-related work commitments and decree on continuing payment of an educational or training grant under the Federal Educational and Training Assistance Act (Bundesausbildungsförderungsgesetz - BAföG).</p>	<ul style="list-style-type: none"> <li>Compensation for loss of earnings by a gainfully employed person who himself or herself supervises and cares for a child who requires supervision or care during the closure of a school or child-care facility or the closure of facilities for people with disabilities (estimated €5 billion) through an addition to the Protection against Infection Act (<i>Infektionsschutzgesetz</i>):</li> <li>A gainfully employed person who himself or herself supervises or cares for his or her child who is below 12 years of age or who is disabled and dependent on assistance is entitled to receive payments.</li> <li>Entitlement to proportionate compensation for loss of earnings from employers, who in turn can submit an application to the competent authority for reimbursement of this amount.</li> <li>Limited in time to the duration of closures ordered by the authorities, but to a maximum of 10 weeks per parent or a maximum of 20 weeks for a single parent. The upper limit is 67% of lost income or a maximum monthly amount of €2,016.</li> </ul>	<p>Article 5 of the COVID-19 Hospital Discharge Act (<i>Covid-19-Krankenhausentlastungsgesetz</i>) of 27 March 2020 (Federal Law Gazette I, p. 580), entry into force: 1 March 2020.</p>
	<p>Recipients of an educational or training grant (BAföG) who interrupt their training and help to combat the COVID-19 pandemic in hospitals, care facilities and other medical and social facilities, continue to receive their funding in full before and after their work under the Federal Education and Training Assistance Act. Increased working time of recipients of BAföG financial assistance is not deemed to be income within the meaning of section 21 (4) BAföG. It was also clarified that BAföG financial assistance payments would continue to be made if education or training is interrupted on account of pandemic-related precautionary measures.</p>	

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**

**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
		Article 2, Science and Student Support Act ( <i>Wissenschafts- und Studierendenunterstützungsgesetz</i> ) of 25 May 2020 (Federal Law Gazette I, p. 1073), entry into force: 1 March 2020.
Prolongation of the maximum fixed term for academics in their qualification phase	The maximum time limits for academic and artistic staff during their qualification phase will be prolonged by the time during which university and research operations were restricted on account of the pandemic.	This amendment to the Science and Student Support Act entered into force with retroactive effect from 1 March 2020.
Bridging aid for students	<p>Students can apply to KfW for an interest-free loan with a fixed term until 31 March 2021.</p> <p>For students from EU Member States who have had their permanent residence in Germany for less than three years, and for students from third countries, this has applied since 1 March 2020.</p> <p>In addition, €100 million has been made available for grants for German and foreign students who are demonstrably suffering particularly acute hardship due to the pandemic. Specifically, between June and September 2020, it was possible to apply to the 57 local associations for student affairs (<i>Studierenden- und Studentenwerke</i>) for up to €500 per month.</p>	<p>It has been possible to apply for KfW loans since 8 May 2020.</p> <p>It has been possible to apply for grants via the German National Association for Student Affairs (DSW) / student welfare services (<i>Studierendenwerke</i>) since 16 June 2020.</p>
Financing of mobile devices for pupils	As part of the Digital Pact for Schools, the Federation supports the <i>Länder</i> in procuring digital mobile devices for socially disadvantaged pupils in order to promote equality of opportunity in education. Federal funding amounting to €500 million is provided to the <i>Länder</i> in accordance with the Königstein formula.	Supplementary agreement of the Federation and the <i>Länder</i> on the Digital Pact for Schools of 15 May 2020. Entry into force: 4 July 2020.

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**

**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
Voucher solutions for cancelled travel packages	100% state repayment guarantee in the event of insolvency for vouchers issued voluntarily for travel packages booked before 8 March 2020 that were cancelled due to the COVID-19 pandemic. If the voucher is not redeemed by the end of 2021, any advance payments made on travel packages are to be refunded.	Entry into force on 31 July 2020; proceedings are under way to issue a decree to raise the guarantee premiums required by state aid law.
Voucher solution for leisure events	Voucher solution for leisure events and leisure facilities. Organisers and operators of leisure facilities are entitled to issue vouchers to the amount of the admission price for events cancelled due to the pandemic for admission tickets bought before 8 March 2020. If the voucher is not redeemed by the end of 2021, the voucher holder may demand a cash refund for the voucher.	In force since May 2020.
Extension of funding possibilities within the Framework for the Coordination of the Joint Federal/Länder Task for the Improvement of Regional Economic Structures (GRW)	<p>Increase in federal funding for GRW for 2020 and 2021 by €250 million each year to a total of €850 million. Relief for investment funding to strengthen investment incentives:</p> <ul style="list-style-type: none"> <li>• For enterprises in the commercial sector, projects that increase the number of new jobs by at least 5% in the business premises concerned, or projects with an investment volume exceeding the average write-offs of the business premises by at least 25% may receive GRW funding until 31 December 2021. This cuts by half the required so-called special effort by enterprises in these cases.</li> <li>• The Federal provision "Small amounts of compatible aid 2020" was additionally allowed for commercial investment projects funded on the basis of the de minimis Regulation as a further means of providing a greater incentive for investment.</li> <li>• Increase in the maximum amount of funding within the GRW framework to 95% for investments in business-oriented infrastructure (this corresponds to the halving of municipalities' own contribution when maximum funding is provided).</li> <li>• More flexible handling of the duration of projects to counter delays due to the coronavirus crisis.</li> <li>• Permanent increase in the existing cap for investments in environmental protection; opening up to SMEs.</li> </ul>	Adjustment of the Framework for the Coordination of the Joint Federal/Länder Task for the Improvement of Regional Economic Structures (GRW) with effect from 13 July 2020.

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**

**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

**Title of the measure**

**Description and expected impact of measure**

**Status and timetable**

Title of the measure	Description and expected impact of measure	Status and timetable
<p>Extension of the possibilities of coverage for export credit lines</p>	<p>Extension of the possibilities of coverage for export-credit guarantees (Hermes-covered credit lines) for short-term export transactions within the EU and to certain OECD countries; made possible by a decision by the European Commission to change the provisions of the communication from the Commission on short-term export-credit insurance. The list of marketable risk countries for which no short-term export-credit insurance by state insurers is normally permissible is temporarily deleted.</p>	<p>In force since March 2020. Currently limited until the end of 2020.</p>
<p>5-point package of measures to support German export business</p>	<p>Package of measures facilitates the financing of export business during the COVID-19 pandemic through special conditions and new products within the framework of export credit guarantees (Hermes-covered credit lines):</p> <ul style="list-style-type: none"> <li>• Improved financing opportunities for new export business: longer repayment periods in short-term business/720-day bullet financing; retroactive financing of short-term transactions.</li> <li>• Introduction of a shopping line coverage: Guarantee for credit lines of foreign customers; customer can then order goods and services from German exporters; the bank retroactively combines these transactions into credit tranches with a uniform repayment profile; these credit tranches are then counted to-wards the Hermes-covered credit line (increases flexibility and simplifies administration, especially for SMEs).</li> <li>• Relief in the fees for export credit guarantees.</li> <li>• Improved refinancing possibilities for banks that finance exports.</li> <li>• Further technical improvements: transfer of specifications and improved payment conditions already implemented for buyer credit to existing business; option of one-off compensation for non-performing loans.</li> </ul>	<p>In force since 1 July 2020. Measures 1 and 3 are currently limited until 30 June 2021 (individual programme items are limited until 31 December 2020). The other measures apply for an unlimited period.</p>
<p>When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.</p>	<p>2021 budget</p>	<p>Cabinet decision of 23 September 2020.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 1: Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system	Title of the measure	Description and expected impact of measure	Status and timetable
	Measures to increase investments	The economic effects of the pandemic and the extensive measures required to combat the coronavirus crisis make new borrowing necessary also in the 2021 budget year, when it will total around €96.2 billion. In comparison with 2020, net borrowing in 2021 will already have been reduced by more than half.	(See above and below.)
Mobilise adequate resources and strengthen the resilience of the health system, including by deploying eHealth services.	Act on the Protection of the Population in the Event of an Epidemic Situation of National Significance	Amendment to the Infection Protection Act to include rules applicable to an epidemic situation of national significance (the Bundestag declares such an epidemic situation of national significance and repeals such declaration). The Federal Ministry of Health is authorised to enact ordinances without the approval of the Bundestag in order to protect the population and to maintain the provision of healthcare, for instance, through measures directed towards ensuring the supply of medicines, including anaesthetics, medical products, equipment for laboratory diagnostics, tools, personal protective equipment and disinfectant, as well as maintaining the provision of healthcare and nursing care services.	In force since 28 March 2020. The measures will remain in force until the epidemic situation is declared to be over, at the latest until 31 March 2021, with certain transitional provisions. Legal basis in Section 5 of the Infection Protection Act is repealed with effect from 1 April 2021.
	Second Act on the Protection of the Population in the Event of an Epidemic Situation of National Significance	Introduction of the validity of federal law and a lead responsibility concept for data protection supervision as regards healthcare research across different Länder (Social Code V, Section 287a), in line with the EU General Data Protection Regulation.  Measures to accelerate the establishment of the electronic reporting and information system (for instance, to fulfil the tasks laid down in the Infection Protection Act).  Strengthening the public health services, for instance, by pressing ahead with digitalisation. The Federal Government will provide funds worth €50 million for this purpose.  More help for people in need of long-term care and their caring relatives, especially in the outpatient sector (including easier access to the extended long-term care allowance, more flexible use of the relief amount for level-1 care, financial support for providers of assistance with daily life).	In force since 28 March 2020.  In force since 23 May 2020.



Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**

**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
COVID-19 Hospital Relief Act	<p>Bonus for employees providing care for the elderly: Approved care institutions and other employers in the care sector were obliged to pay their employees a bonus as financial recognition for the special services provided during the pandemic. The bonus totals up to €1,000. The bonus is reimbursed to employers by the statutory health insurance system and the social care insurance system. Both the <i>Länder</i> and employers in the care sector can top up the Covid-19 bonus up to an amount of €1,500 which is non-taxable and not subject to social security contributions.</p> <p>Approx. €9.2 billion in funding:</p> <ul style="list-style-type: none"> <li>• Funding to support hospitals in their effort to provide additional intensive care and ventilation capacities for the treatment of COVID-19 patients.</li> <li>• Hospitals receive financial compensation for losses that result from postponement or suspension of scheduled admissions, treatment or surgeries.</li> <li>• Funding for registered doctors (outpatient care) who experience a significant decrease in turnover (compensation payments and timely modifications to the fee distribution scale).</li> <li>• Funding for outpatient and inpatient care facilities (initially until 30 September 2020): Care facilities will be reimbursed via the long-term care insurance system for any additional expenditure or revenue shortfalls.</li> <li>• Ensuring nursing care during the pandemic and avoiding infection risks arising from the temporary suspension of quality audits, changes to the way in which assessments are carried out and the waiving of mandatory counselling visits to people in need of care.</li> </ul>	<p>The first payment round took place in July 2020; there will be a second payment round in December 2020 for employees who meet the requirements by then.</p> <p>In force since 28 March 2020. Limited to the end of September 2020.</p> <p>The protective shield rule for care facilities has been extended under the Hospital Future Act until 31 December 2020 (see below).</p>
Measures to promote domestic production of medicines, vaccines and protective equipment	<p>Programme to promote flexible and, in the event of an epidemic, scalable domestic production of key pharmaceuticals, medical devices and personal protective equipment.</p> <p>Production capacities in Germany and the EU are to be expanded to around €2.5 billion in certified protective masks per year (including the preliminary product, i.e. filter fleece).</p> <p>Other planned funding activities: Sufficient production capacities for demand-oriented supply of SARS-CoV-2 test procedures (test kits) and their precursors, R&amp;D to produce sustainable and functionally integrated protective equipment in Germany along the entire value chain (e.g. recyclable products, wearing comfort), R&amp;D collaboration in the EU and the expansion of production capacities for PPE.</p>	<p>Two support guidelines in force since 1 May 2020 and 1 June 2020, respectively.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**

**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
SARS-CoV-2 Medicinal Products Supply Ordinance	<p>Ensuring the supply of medicinal products to the population by allowing exceptions to existing regulations, including:</p> <ul style="list-style-type: none"> <li>• for the exchange of prescribed medicines,</li> <li>• extensions within the scope of hospital discharge management, and</li> <li>• for the supply of anaesthetics.</li> </ul> <p>Introduction of temporary remuneration for messenger services by pharmacies and a one-off amount for the provision of protective equipment.</p>	<p>In force since 21 April 2020; limited to 30 September 2020 (Section 4 (1)) or at the latest until 31 March 2021, however, prior to this date if the epidemic of national significance has been declared to be over beforehand.</p> <p>Starting in June 2020 until the end of 2021.</p>
Establishment of a national reserve of protective equipment	<p>On 3 June 2020, the federal cabinet decided to establish a 'National Health Protection Reserve'. The aim is to meet the needs of the health sector and the government by stockpiling goods and maintaining production capacities. In the short term, the National Health Protection Reserve will be set up with a minimum stock of protective equipment, which will be primarily made up of protective masks with different levels of protection.</p>	
Health insurance companies cover the costs of testing	<p>Enabling extensive testing of even asymptomatic persons, e.g. at certain facilities, such as hospitals or nursing homes.</p>	<p>Ordinance entitling persons to certain tests to detect infection with SARS-CoV-2 coronavirus. In force since 14 May 2020, expires when the epidemic status is declared over, at the latest on 31 March 2021.</p>
Expanding vaccine research	<p>Up to now, the Federal Government has contributed around €65 million to the international vaccine research network CEPI (Coalition for Epidemic Preparedness Innovations) and provided an additional €140 million to fund the development of a vaccine against SARS-CoV-2. CEPI is pressing ahead with the development of a vaccine against coronavirus to ward off the epidemic in the medium term.</p>	<p>Part of the first supplementary budget (see above).</p>



Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**

**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
Special vaccine development programme	Project funding worth up to €750 million to accelerate vaccine development, in particular, clinical trials in Germany and a parallel increase in manufacturing capacities.	Currently being implemented; funding announcement published in the Federal Gazette on 18 June 2020; submission deadline was 15 July 2020.
Development of a national research network of academic medicine	Funding worth €150 million has been allocated to support the establishment of a network to pool the research activities of German academic medicine in order to overcome the coronavirus crisis. A national COVID-19 data infrastructure is to be established throughout Germany and all action plans, diagnostic and treatment strategies of university hospitals and other healthcare stakeholders are to be systematically pooled. This will enable both university hospitals and other hospitals to act quickly and effectively while also ensuring high standards of quality. Following successful trials, innovative methods can be rolled out quickly on a large scale.	Unplanned expenditure approved in a letter dated 21 April 2020.
Pact for the Public Health Service	The Federal Government is providing a total of €4 billion for the implementation of the Pact. This includes the following measures: The Federal Government has allocated funding to the <i>Länder</i> to finance additional jobs in the health offices over the next six years and to implement measures to increase the attractiveness of the public health service (€3.1 billion); funding amounting to €35 million has been earmarked for the expansion of the academies for the public health service. In addition, the Federal Government is ensuring that 'public health' is becoming more firmly anchored as a topic of medical studies. The German electronic reporting and information system for infection control (DEMIS) will be made available to all health authorities by the end of 2022. Funding in the order of €24 million has been earmarked for the establishment of DEMIS at the Robert Koch Institute. As part of a funding programme, the Federal Government is providing €800m to support technical and digital installation and equipment. The decisive goal is to ensure consistently interoperable information systems across all levels of the public health service (standardisation) and to develop and provide uniform systems and tools.	The Federal Government and the <i>Länder</i> have agreed on a Pact for the Public Health Service which is also supported by the municipalities (adopted by the Conference of Ministers of Health on 4 September 2020).

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**

**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
Future programme for hospitals (Hospital Future Fund – implementation in the Hospital Future Act – KHZG)	<p>In an effort to further strengthen the structures serving the <i>Länder</i>, €10 million is to be invested in research and evaluation and €16 million in installing additional personnel at the participating federal authorities.</p> <p>A support programme worth €50 million has been provided to strengthen the infrastructure of those airports and seaports that have to meet the requirements of the International Health Regulations (IHR).</p>	
	<p>Funding for necessary investments in modern emergency response capacities and better digital infrastructure, in health IT and cybersecurity, and in the development and strengthening of regional care structures. Funds are distributed on the basis of the current regulations of the hospital structure fund. €3 billion will be made available from the federal budget for this purpose. Co-financing by the <i>Länder</i> or the executing agencies is planned to the tune of €1.3 billion.</p> <p>Decreases in revenues in 2020 compared to 2019, which hospitals have suffered due to SARS-CoV-2 coronavirus, can be compensated for and negotiated on site as part of individual hospital-specific negotiations between the parties to the agreement. In response to the ongoing need for personal protective equipment and other additional costs related to full or partial inpatient hospital treatment in conjunction with SARS-CoV-2 coronavirus, hospitals can also agree to surcharges to cover this.</p> <p>The measures largely adopted under the COVID-19 Hospital Relief Act and the Second Act to Protect the Population in order to support and relieve the burden on care institutions, people in need of long-term care and their caring relatives, which are limited until 30 September 2020, are to be extended until 31 December 2020. This means that the main measures geared to relieve the financial burden on those affected will continue, including the rules regarding compensation for additional expenditure caused by the pandemic and for corresponding shortfalls in income of care facilities by the long-term care insurance system.</p> <p>Nurses and other hospital staff who had the particular burden of caring for patients infected with SARS-CoV-2 coronavirus will additionally receive financial recognition. Hospitals that have been particularly burdened by the treatment of patients infected with SARS-CoV-2 coronavirus are entitled to a payment from the liquidity reserve of the health fund as well as from additional funds from private health insurance companies.</p>	<p>The Hospital Future Act was adopted by the federal cabinet on 2 September 2020 and approved by the Bundestag on 18 September 2020. The regulations are to come into force on the day after promulgation.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 1:**  
**Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system**

Title of the measure	Description and expected impact of measure	Status and timetable
Digitalisation of healthcare	<p>A total of €100 million will be made available for this purpose. Within the scope of the bonus amount attributable to the respective hospital, the respective hospital operator decides, in agreement with the employee representatives, who is to receive the bonus and the amount to be paid in accordance with the burden resulting from the SARS-CoV-2 pandemic.</p> <p>Even before the COVID-19 pandemic, the Digital Healthcare Act (DVG) of 9 December 2019 already provided the legal basis for digital health apps (DiGA: 'apps-on-prescription'). This act also contains deadlines for connecting pharmacies and hospitals to the Telematics Infrastructure.</p> <p>The Digital Health Applications Ordinance (DiGAV) of 8 April 2020 then fleshed out the procedure for the examination and reimbursement of digital health apps by including them in a directory. This ordinance lays down requirements for functionality, safety, quality, data protection and data security as well as for proof of positive healthcare effects, which manufacturers of digital apps must prove to the Federal Institute for Drugs and Medical Devices (BfArM).</p> <p>Within the framework of the Digital Health Applications Ordinance, the Federal Institute for Drugs and Medical Devices (BfArM) presented the fast-track procedure for testing and approving digital health apps in April 2020. The BfArM has been accepting applications for examination of the eligibility of digital apps for reimbursement since 27 May 2020.</p> <p>The German Patient Data Protection Act (PDSG) contains important details on the implementation of the electronic patient file (ePA) in several stages of expansion, starting in 2021. Patients will be entitled to have doctors enter data into their electronic patient file. The act also contains details regarding patients' voluntary use of the electronic patient file, as well as access rights and the granting of access to data in the electronic patient file. New digital medical applications are being introduced (green prescription, digital referral slip) and rules laid down regarding the connection of other service providers to the Telematics Infrastructure. E-prescriptions are to become mandatory by 2022. Guidelines for data protection in the Telematics Infrastructure and for interoperability are also being drawn up.</p>	<p>Digital Healthcare Act, entered into force: 19 December 2019</p> <p>Digital Health Applications Ordinance, entered into force: April 2020</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 1: Combat the COVID 19 pandemic, support the economy, guarantee debt sustainability, strengthen the health system	Title of the measure	Description and expected impact of measure	Status and timetable
		<p>With the introduction of the Digital Healthcare Act, the data processing unit at the German Institute for Medical Documentation and Information (DIMDI) has been developed into a research data centre. Following publication of the Data Transparency Ordinance in June 2020, this centre is now part of the Federal Institute for Drugs and Medical Devices (BfArM). The centre provides on request accounting data of the statutory health insurance companies for data analyses in the public interest, especially for research purposes, and subject to strict data protection regulations. The Patient Data Protection Act also allows treatment data from the electronic patient file to be released to the research data centre or to the research community on the basis of consent.</p>	<p>The Patient Data Protection Act was approved by the Bundestag on 3 July 2020 and by the Bundesrat on 18 September 2020. It is expected to enter into force in October 2020.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 2: Investment, digitalisation and less bureaucracy	Title of the measure	Description and expected impact of measure	Status and timetable
Front-load mature public investment projects and promote private investment to foster the economic recovery.	Accelerated investments by the Federal Government as part of its economic stimulus and future development package (see above)	Accelerating public investment: acceleration of investments by the Federal Government (up to €10 billion) and expansion of support programmes for local public transport and climate action (around €2.5 billion). See also the selection of federal investments in accordance with the country-specific recommendations in the 2020 National Reform Programme (p. 11).	Implemented within the framework of the respective budget acts.
Investment Acceleration Act	Investment Acceleration Act	Acceleration of planning and approval procedures in the infrastructure sector, for instance, by simplifying regional planning law and approving the electrification of railway lines, as well as measures to speed up court proceedings.	The draft act was adopted by the federal cabinet on 12 August 2020 and is set to enter into force in autumn 2020.
Strengthening private investment as part of the economic stimulus and future development package (see above)	Strengthening private investment as part of the economic stimulus and future development package (see above)	Strengthening private investment: including a temporary reduction in the VAT rate (see above), temporary extension of tax loss carrybacks; temporary introduction of degressive depreciation, postponement of the deadlines for paying import VAT, temporary increase in the assessment basis for the tax research allowance for personnel costs in the area of R&D to €4 million per company per year, increasing funding for the building refurbishment programme to reduce CO <sub>2</sub> emissions.	Second Coronavirus Tax Assistance Act and second supplementary budget, in force.
Facilitating public procurement to accelerate investment measures addressing the economic impact of the COVID 19 pandemic	Facilitating public procurement to accelerate investment measures addressing the economic impact of the COVID 19 pandemic	Temporary exemptions for awarding public contracts for supplies, services and construction below the EU thresholds.	Federal cabinet decision of 8 July 2020; valid until 31 December 2021.
Act on Digitalisation of German Competition Law	Act on Digitalisation of German Competition Law	This act aims to modernise German competition law, especially abuse control, in view of the challenges posed by the digital transformation. The amendment also serves to implement European law (ECN+ Directive). It can be expected that the enforcement of competition law will be improved overall and competition will be strengthened to the benefit of companies and consumers, thus strengthening the framework conditions for investment in Germany.	Cabinet decision of 9 September 2020.

**Table 11: continuation**

**The Council of the European Union recommends that Germany take action in 2020 and 2021 to:**

<p><b>Recommendation 2: Investment, digitalisation and less bureaucracy</b></p>	<p><b>Title of the measure</b></p>	<p><b>Description and expected impact of measure</b></p>	<p><b>Status and timetable</b></p>
<p>Focus investment on the green and digital transition, in particular on sustainable transport, clean, efficient and integrated energy systems, digital infrastructure and skills, housing, education and research and innovation.</p>	<p>Investing especially in the transport sector as part of the economic stimulus and future development package (see above)</p>	<p>As part of the economic stimulus and future development package, investments are being made in various measures. One investment priority is the transport sector where the following is planned:</p> <ul style="list-style-type: none"> <li>• Innovation bonus for environmentally friendly cars (€2 billion).</li> <li>• Additional funds for mobility (charging infrastructure, electric mobility and battery cell production), totalling €2.5 billion, including: €500 million for private charging infrastructure, €1.4 billion for battery cell production and €600 million for research and development for electric mobility.</li> <li>• Fleet modernisation programmes across all transport sectors (aviation, shipping, HGV, rail) (approx. €5 billion); including an increase in equity for Deutsche Bahn (€5 billion); strengthening, modernising and digitalising shipping as a climate-friendly means of transport (including shore power; LNG tankers, maritime research, promotion of innovation, bank and lock restoration, digital test fields for ports and waterways – approx. €1 billion).</li> <li>• Expansion of hydrogen technology (€9 billion).</li> <li>• Future investments by vehicle manufacturers and the supplier industry to promote investment in new technologies, research and development for transformation-relevant innovations and new regional innovation clusters, especially in the supplier industry (€2 billion).</li> </ul>	<p>Implemented in the second supplementary budget 2020, government draft budget for 2021.</p>
<p>Amendment to the Renewable Energy Sources Act</p>	<p>Renewable Energy Sources Act 2021:</p> <ul style="list-style-type: none"> <li>• Anchoring the long-term goal of greenhouse gas neutrality for all electricity production and consumption before 2050.</li> <li>• Implementation of the 2030 Climate Action Programme: Renewable energy sources are to account for 65% of German electricity consumption in 2030. The Coal Phase-Out Act under the Renewable Energy Sources Act already anchors a new higher target for 2030. With the amendment to the Renewable Energy Sources Act, the expansion target is now to be implemented in the Renewable Energy Sources Act.</li> <li>• Dampening the cost trend: Costs for consumers and the economy resulting from the expansion of renewable energy are to be limited and fairly distributed.</li> </ul>	<p>Renewable Energy Sources Act 2021:</p> <ul style="list-style-type: none"> <li>• Anchoring the long-term goal of greenhouse gas neutrality for all electricity production and consumption before 2050.</li> <li>• Implementation of the 2030 Climate Action Programme: Renewable energy sources are to account for 65% of German electricity consumption in 2030. The Coal Phase-Out Act under the Renewable Energy Sources Act already anchors a new higher target for 2030. With the amendment to the Renewable Energy Sources Act, the expansion target is now to be implemented in the Renewable Energy Sources Act.</li> <li>• Dampening the cost trend: Costs for consumers and the economy resulting from the expansion of renewable energy are to be limited and fairly distributed.</li> </ul>	<p>Cabinet decision of 23 September 20. Entry into force planned for 1 January 2021.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 2: Investment, digitalisation and less bureaucracy	Title of the measure	Description and expected impact of measure	Status and timetable
		<ul style="list-style-type: none"> <li>• Measures to improve acceptance for the further expansion of renewable energy.</li> <li>• Strengthening network and market integration: A package of individual measures to improve network and market integration.</li> <li>• Entry into the 'post-mining era': The legal framework for 'post-mining plants' is being revised. Electricity from these plants is to be marketed directly in future. For operators of small plants (especially photovoltaic plants), a non-funded fall-back option is planned for a transitional period during which the grid operator continues to market electricity.</li> </ul>	
	Amendment to the Offshore Wind Act	The Offshore Wind Act regulates the expansion of offshore wind energy. The amendment adopted by the cabinet provides for increasing the target for 2030 to 20 GW and setting a target of 40 GW for 2040.	Cabinet decision of 3 June 2020.
	Coal Phase-Out Act	<p>The Act on the Phase-Out of Coal-fired Power Plants puts into practice the energy policy recommendations made by the Commission for 'Growth, Structural Change and Employment' (Coal Commission). It contains provisions stipulating a gradual phase-out of coal-fired power generation which is to be completed by the end of 2038 at the latest.</p> <ul style="list-style-type: none"> <li>• By 2022, the share of coal-fired power generation from hard coal and lignite-fired power plants will be reduced to around 15 gigawatts in each case.</li> <li>• By 2030, a further reduction to around eight gigawatts is planned for hard coal-fired power plants and nine gigawatts for lignite-fired power plants.</li> <li>• The phase-out of coal-based electricity generation is to be completed by 2038 at the latest.</li> </ul> <p>A continuous reduction is ensured by the fact that more hard coal-fired power plants will be decommissioned in the years in which fewer lignite-fired power plants go off stream.</p>	Entered into force on 14 August 2020; European Commission state aid decision pending.



Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 2: Investment, digitalisation and less bureaucracy	Title of the measure	Description and expected impact of measure	Status and timetable
	Concerted Action for Mobility	<p>The Federal Government regularly holds top-levels meetings on Concerted Action for Mobility with representatives from the automobile industry. Backed by the National Platform for the Future of Mobility (NPM), the aim of these meetings is to identify the need for action and to implement measures in a sustainable strategy. Current measures include:</p> <ul style="list-style-type: none"> <li>• In autumn 2020, the Federal Government plans to adopt a measures package for automated driving.</li> <li>• Private and public mobility providers are working together to create a comprehensive mobility data network by the end of 2021, so that this network can be used to the best possible extent for the mobility turnaround.</li> <li>• Establishment of a uniform payment method for so-called ad hoc charging at publicly accessible charging infrastructure in the Charging Station Ordinance.</li> <li>• Establishment of the Automotive Industry Transformation Dialogue: The aim is to bring innovations and future technologies to the regions particularly affected by the transformation of the automotive industry in order to create new prospects and new jobs there.</li> <li>• Master plan for charging infrastructure: Working together with industry, the Länder and local authorities, the Federal Government will hugely strengthen the development of charging infrastructure. Over the next two years, 50,000 publicly accessible charging points are to be installed. The legal framework is being improved for this purpose. The automotive industry will contribute 15,000 public charging points by 2022. The energy industry has also announced further efforts.</li> <li>• The Federal Government has extended the environmental bonus for newly purchased electric vehicles.</li> </ul>	<p>At the 3rd top-level meeting on 8 September 2020, concrete measures were decided upon, especially relating to automated and connected driving, the common data room for mobility and the charging infrastructure. Autonomous driving legislation in preparation. Plan for the common data room in preparation. Automotive Industry Transformation Dialogue launched on 16 June 2020. Process currently underway.</p>
	National Hydrogen Strategy	<p>In June 2020, the Federal Government adopted the National Hydrogen Strategy which is committed among other things to the generation of green hydrogen, paving the way for imports and improving the policy environment. The action plan with its 38 measures also includes nine measures for the transport sector. These include the transposition of RED II into German law, promoting e-fuel production plants, expanding tank and charging infrastructure, creating an industrial basis for large-scale fuel-cell production and the harmonisation of standards. The Federal Government is examining various funding options for implementing the National Hydrogen Strategy, especially with a view to funding for operating costs. The pilot programme Carbon Contracts for Difference, for example, is to primarily target the steel and chemical industries with their process-related greenhouse gas emissions and address the central processes of these basic industries.</p>	<p>Federal cabinet decision of 10 June 2020.</p>



Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 2: Investment, digitalisation and less bureaucracy	Title of the measure	Description and expected impact of measure	Status and timetable
	Integrated National Energy and Climate Plan (NECP)	The Integrated National Energy and Climate Plan (NECP) is a new planning and monitoring instrument introduced with the EU Regulation on the Governance of the Energy Union and Climate Action. It is designed to manage the transformation of energy systems in Europe and to improve coordination and cooperation between EU Member States.	Federal cabinet decision of 10 June 2020.
	Federal Government programme to support broadband expansion	The aim of the broadband support programme is to create nationwide gigabit-ready infrastructure by 2025 and to give priority to connecting socio-economic drivers (schools, hospitals and industrial estates) and to simplifying application procedures. Notification of the framework regulation for the new 'Grey Spots Programme' is expected before the end of 2020; funding will start in 2021.	Ongoing.
	Expansion and measures for nationwide mobile communications coverage	In November 2019, the Federal Government adopted the Mobile Communications Strategy which outlines measures to accelerate the expansion of mobile communications and to achieve almost nation-wide coverage in Germany. The core measures for this are a programme to promote mobile phone coverage and the establishment of a mobile communications infrastructure company. Accompanying measures are in place to review and, if necessary, adapt the legal framework, accelerate approval procedures and boost cooperation (cf. NRP 2020).	The mobile communications funding programme will be notified in due course and is scheduled to start in 2021. The mobile communications infrastructure company is to be established in 2020. The other measures will be implemented successively.
		An additional €5 billion in funding to finance the introduction of 5G in Germany (coalition decision of 3 June 2020).	First expert opinions regarding strategy implementation are available and are currently being evaluated.
		5G innovation competition programme	The planning phase of the 5G innovation competition has been completed. The implementation phase will begin in 2020.

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 2: Investment, digitalisation and less bureaucracy	Title of the measure	Description and expected impact of measure	Status and timetable
	Data Strategy	<p>In the digital age, data is a key resource for social prosperity and participation, for a prosperous economy and the protection of the environment and climate, for scientific progress and for government action. The ability to use, link and analyse data in a responsible and self-determined way is equally the basis for technological innovation, for the generation of knowledge and for social cohesion. The strategy is broken down into the following fields of action:</p> <ul style="list-style-type: none"> <li>• Improving data delivery and securing data access</li> <li>• Promoting responsible data use and leveraging innovation potential</li> <li>• Increasing data competence and establishing a data culture</li> <li>• Making the state a pioneer</li> </ul>	<p>Preparation of the strategy and key points approved by the cabinet decision of 19 November 2019 (cf. NRP 2020), cabinet draft of the strategy expected in autumn 2020.</p>
	AI Strategy	<p>With this strategy, the Federal Government has adopted a framework for a holistic approach to shaping the further development and application of artificial intelligence in Germany. Several measures of the AI Strategy are already being implemented (cf. NRP 2020).</p> <p>The government draft for the 2021 budget and the financial plan until 2024 provide for a further €500 million. In addition, section 43 of the Federal Government's economic stimulus and future development package provides for an additional €2 billion in funding for AI, thus increasing the volume of funding from €3 billion to €5 billion. However, this overall sum also includes funds for AI projects that were already included in the budget and financial planning before the Federal Government's AI Strategy was adopted and before the intended increase in funds as part of the Future Package.</p>	<p>The strategy is currently being implemented and updated.</p>
	Setting up an open, sovereign and connected data infrastructure for Europe (GAIA-X)	<p>Representatives of government, business and science communities from both Germany and France are working together in the GAIA-X project with other European partners to develop a proposal for the next generation of data infrastructure for Europe. The goal is to set up a secure and connected data infrastructure that meets the highest standards for digital sovereignty and promotes innovation. In an open and transparent digital ecosystem, data and services are to be made available, collated and shared on a trusted basis.</p>	<p>Ongoing: On 4 June 2020, the results of work so far were presented at a meeting of German and French ministers.</p> <p>Next milestones: Creation of a Belgian non-profit society as an umbrella organisation in autumn 2020 and first prototype implementation of GAIA-X services from the end of 2020.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

**Recommendation 2:  
Investment, digitalisation and  
less bureaucracy**

Title of the measure	Description and expected impact of measure	Status and timetable
Support for social housing	Government funding for social housing: The Federal Government will provide a total of €8 billion to support social housing between 2018 and 2024, €5 billion of which will be provided as programme funds between 2020 and 2024 (cf. NRP 2020).	The necessary administrative agreement with the <i>Länder</i> for 2020 came into force on 21 April 2020. Implemented within the scope of budgetary law.
Funding for non-university research establishments under the economic stimulus and future development package (see above)	Financial support for non-university research establishments geared to maintain the substance and expertise of these establishments despite lower revenues. Project funding can now be used to compensate for lost company shares while financial support can be made available for application-oriented projects in future fields. A total of €400 million has been earmarked for this purpose in both the 2020 and 2021 budgets.	Funding guidelines have been published. The application deadline for research establishments is 30 September 2020.
Investment in research and development as part of the economic stimulus and future development package (see above)	In 2021, a total of €34 billion will be invested as part of the economic stimulus and future development package, including <ul style="list-style-type: none"> <li>• Promoting quantum technologies: Reaching the next stage of technology in quantum computing, quantum communications and quantum sensors and their industrial exploitation with funding totalling €400 million in 2021 (total of €2 billion planned).</li> <li>• Supporting the research, development and application of future communication technologies with €400 million in 2021 (total of €2 billion planned).</li> </ul>	Implemented in the second supplementary government draft budget for 2021.
'Future Fund'	On 10 November 2019 and 25 August 2020, the coalition partners of the Federal Government decided to set up a start-up investment fund with a volume of €10 billion with KfW (working title: 'Future Fund'). The proposed approach foresees expanding existing instruments, in terms of both quantity and quality, while also creating new instruments. This approach is designed to ensure that all phases of company development are covered and that the topics relevant to funding policy are sufficiently addressed. The plan is to be implemented over a period of ten years. The 'Future Fund' measures are to take effect from the 2021 budget year.	Coalition decision of 10 November 2019 and 25 August 2020. Investment period: 2021–2030.

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 2: Investment, digitalisation and less bureaucracy	Title of the measure	Description and expected impact of measure	Status and timetable
Improve digital public services across all levels and foster the digitalisation in small and medium-sized enterprises.	Act to promote electronic government (E-Government Act, EGovG)	In order to enable electronic communications with the administration, the act to promote electronic government (E Government Act) entered into force in August 2013. This act enables government, Länder and municipal authorities to offer simplified, user-friendly and more efficient electronic administrative services.	In force since August 2013. Regular reports, most recently in 2019.
Efficient and (crisis-) resilient network infrastructures for public administration as a prerequisite for further digital transformation of public administration	Further development of the network infrastructure to form a public administration information alliance (IVÖV) for communications with the entire public administration (government, Länder and municipal authorities).	Further development of the network infrastructure to form a public administration information alliance (IVÖV) for communications with the entire public administration (government, Länder and municipal authorities).	Network strategy 2030 for public administration (implementation scheduled to begin in 2021)
Digitalisation of family benefits	Draft legislation to digitalise administrative procedures for the granting of family benefits for citizens. When requested by applicants, it should be possible to submit applications online so that benefits can be applied for parallel using an application system and the required evidence can be provided in digital form in as far as possible, also using automated data retrieval. The draft bill now provides for the creation of legal bases for data retrieval between authorities with a view to family benefits, especially when applying for parental allowance. At the same time, cross-cutting rules will be established to set security levels for government services and electronic proof of identity at the 'substantial' security level. The existing legal basis for data processing in user accounts (Section 8 of the Online Access Act (OZG)), will also be revised and adapted to the terminology of the GDPR. In addition, the E Government Act also creates data processing bases for operating the federal administration portal. What's more, a legal basis will be created for a uniform company account based on ELSTER, and ELSTER certificates will be used to replace the written form. A guideline for the publication of administrative acts is foreseen to facilitate the management of administrative procedures in the context of the Online Access Act.	Draft legislation to digitalise administrative procedures for the granting of family benefits for citizens. When requested by applicants, it should be possible to submit applications online so that benefits can be applied for parallel using an application system and the required evidence can be provided in digital form in as far as possible, also using automated data retrieval. The draft bill now provides for the creation of legal bases for data retrieval between authorities with a view to family benefits, especially when applying for parental allowance. At the same time, cross-cutting rules will be established to set security levels for government services and electronic proof of identity at the 'substantial' security level. The existing legal basis for data processing in user accounts (Section 8 of the Online Access Act (OZG)), will also be revised and adapted to the terminology of the GDPR. In addition, the E Government Act also creates data processing bases for operating the federal administration portal. What's more, a legal basis will be created for a uniform company account based on ELSTER, and ELSTER certificates will be used to replace the written form. A guideline for the publication of administrative acts is foreseen to facilitate the management of administrative procedures in the context of the Online Access Act.	Federal cabinet decision of 24 June 2020.  The bill will now be discussed in the Bundestag. Following deliberation in the Bundestag, the Bundesrat must also approve the bill.
digital-made-in.de The 'Shaping the Course of Digitalisation' implementation strategy	The implementation strategy is the strategic umbrella for all important digital policy measures of the Federal Government (cf. NRP 2020).	The implementation strategy is the strategic umbrella for all important digital policy measures of the Federal Government (cf. NRP 2020).	The strategy will be implemented until 2021 and will be further developed regularly.

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 2: Investment, digitalisation and less bureaucracy	Title of the measure	Description and expected impact of measure	Status and timetable
		<p>Measures of the 'Shaping the Course of Digitalisation' implementation strategy in the action fields:</p> <ul style="list-style-type: none"> <li>• Digital skills</li> <li>• Infrastructure and equipment</li> <li>• Innovation and digital transformation</li> <li>• Society in digital change</li> <li>• Modern government</li> </ul>	<p>The updated implementation strategy is publicly available on the Internet. Most recent report from 1 June 2020.</p>
<p>Investments in future areas of the economy as part of the economic stimulus and future development package (see above)</p>		<p>Enabling SMEs to accelerate their digital transformation, including strengthening measures in the 'Mittelstand-Digital' programme in the nationwide network of Mittelstand 4.0 centres of excellence.</p> <p>Strengthening the 'Digital Now' investment grant programme for SMEs and crafts to promote investments in digital technologies and digital skills qualifications for employees.</p> <p>As part of the Digital Europe programme, the European Commission is planning to promote a network of so-called European Digital Innovation Hubs (EDIH) together with the Member States. Additional funds have been earmarked for this programme.</p>	<p>New funding announcement for the 'Mittelstand-Digital' programme published in July 2020. Additional funds announced in the economic stimulus and future development package.</p> <p>The 'Digital Now' programme was launched on 7 September 2020; additional funds reported in the economic stimulus and future development package.</p> <p>National selection process for the EDIHs already underway.</p> <p>In October 2020, a shortlist of candidates will be submitted to the European Commission.</p> <p>Additional funds announced in the economic stimulus and future development package.</p>

Table 11: continuation

The Council of the European Union recommends that Germany take action in 2020 and 2021 to:

Recommendation 2: Investment, digitalisation and less bureaucracy	Title of the measure	Description and expected impact of measure	Status and timetable
Reduce the regulatory and administrative burden for businesses.	Promoting work-from-home solutions as part of the 'go-digital' programme	The tried-and-tested 'go-digital' programme was extended in March 2020 to include the promotion of work-at-home solutions to quickly help commercial and craft businesses to cope with the challenges of the coronavirus crisis in the short term.	Ongoing (close to 200 applications for financial support received so far).
	Better Regulation work programme	The work programmes contain numerous projects for the digital transformation of public administration. There is also a variety of measures to ease the burden on companies. Publication of the annual report: In this report, the Federal Government presents the burdens or relief for business, citizens and administration that result from the legislative initiatives by the Federal Government.	Annual Report 2019 approved and published on 8 July 2020.
	'Cut red tape and modernise government' measures programme	On 5 December 2019, the Federal Chancellor and the heads of government of the <i>Länder</i> decided to jointly draw up a programme of measures. The aim of the programme is to remove obstacles to lean, citizen-oriented enforcement of federal law and to gear cooperation between government and the <i>Länder</i> on matters of legislation more closely to practical needs. The experience gained by public authorities in the enforcement of federal law is particularly important here, not just in terms of obstructive requirements and procedures, but also with a view to 'best-practice' examples that can be transferred to other areas as required. Current findings from the management of the coronavirus pandemic will also be included. The simplifications and alternative procedures temporarily introduced during the crisis will be examined to determine if they can be retained beyond the crisis.	Presentation of a proposal for an ambitious programme with concrete measures for discussion between the Federal Chancellor and the heads of government of the <i>Länder</i> on 2 December 2020.
	Coronavirus-related 'moratorium on added burdens'	There are numerous laws and regulations which are in different stages of development and are relevant for a coronavirus-related moratorium on added burdens. On 22 April 2020, the coalition committee decided: "The coronavirus crisis has significantly changed the economic situation for employees and companies in our country. The coalition will therefore particularly endeavour to avoid as far as possible burdens on employees and companies caused by laws and other regulations."	Coalition committee decision of 22 April 2020 which is taken into account in the process.

**Table 12: Targets of the EU's strategy for growth and employment**

National headline targets for 2020	List of actions*	Description of the direct relevance to the target
<p>Employment rate among persons aged 20–64: 77%**</p> <p>Employment rate among older people aged between 55 and 64: 60%**</p> <p>Employment rate among women: 73%**</p>	<p>Fifth investment programme to fund childcare (“Childcare Financing”) 2020–2021 (financial assistance amounting to €1 billion for the creation of 90,000 additional childcare spots by 2022)</p>	<p>Making it easier for employees to combine work and family obligations, and safeguarding employment opportunities for parents, by continuing the expansion of childcare in order to create enough childcare places to meet demand.</p>
	<p>Act on the Promotion of Further Professional Development during Structural Change and of the Further Development of Measures to Promote Education and Training (<i>Gesetz zur Förderung der beruflichen Weiterbildung im Strukturwandel und zur Weiterentwicklung der Ausbildungsförderung, Arbeit-von-morgen-Gesetz</i>) This Act further developed labour market policy instruments for the purposes of promoting further education and training and also made these instruments more closely oriented to requirements relating to demographic change, digitalisation and sustainability.</p> <p>Key points included expanding financial support for companies with regard to helping their employees gain qualifications, under certain conditions, and making it easier for companies to apply for support. In addition, funding opportunities for obtaining qualifications within transitional companies providing outplacement services (<i>Transfergesellschaften</i>) were improved, thereby supporting the transition to new employment, by means of the Federal Employment Agency covering up to 75% of the training costs. In the area of promoting training, the assisted apprenticeships (<i>assistierte Ausbildung</i>) scheme was further developed and consolidated.</p>	<p>Supporting employees in obtaining qualifications in order to safeguard employment and increase the employment rate in the medium term.</p>
	<p>CRISIS-RELATED MEASURES:            Liberalisations in relation to short-time work (<i>Kurzarbeit</i>): The number of employees in a company who have to be affected by the loss of working hours in order to qualify for short-time work benefit has been reduced from one third to 10%. The need to build up a negative balance in working hours prior to the granting of short-time work benefit has been completely waived. Social security contributions to be paid solely by employers during the period of receipt of short-time work benefit will be reimbursed in full (on a lump-sum basis) by the Federal Employment Agency. Access to short-time work benefit will be opened up further, on a temporary basis, for sub-contracted workers. Until the end of 2020, the maximum period for receiving the benefit can total up to 21 months.</p>	<p>Safeguarding employment, thereby stabilising the employment rate</p>



Table 12: continuation

National headline targets for 2020	List of actions*	Description of the direct relevance to the target
	<p>In force with retroactive effect from 1 March 2020 (from 31 January 2020, with regard to the maximum period). Limited until 31 December 2020.</p> <p>The following follow-up arrangements have been adopted: The rules for easier access to short-time work benefit, and access to short-time work benefit for sub-contracted workers, have been extended to 31 December 2021 for all companies that introduce short-time work before 31 March 2021. Social security contributions will continue to be reimbursed in full until 30 June 2021. After that, 50% of social security contributions will be reimbursed until December 2021 for all companies that introduce short-time work before 30 June 2021. For companies that introduce short-time work before the end of 2020, the eligibility period for short-time work benefit will be extended to a maximum of 24 months, at the longest until 31 December 2021.</p>	
	<p>Expansion of the opportunities for supplementary earnings during short-time work. The new provision in section 421c (1) of Book III of the Social Code (<i>Drittes Buch Sozialgesetzbuch</i>) created a temporary waiver on the obligation to credit against short-time work benefit any remuneration from employment taken up during short-time work, up to the amount of the original remuneration if short-time work had not been required, and a waiver on the obligation to credit income of up to €450 from low-paid part-time work (<i>“mini-jobs”</i>). This creates an incentive to take on temporary employment, including in systemically important sectors. In force from 1 April 2020 to 31 December 2020. The arrangement exempting mini-jobs from the crediting obligation has been extended until 31 December 2021.</p>	Safeguarding employment, thereby stabilising the employment rate
	<p>Federal programme “Safeguarding apprenticeships”. Support for SMEs that provide training with regard to initiating and continuing in-company vocational training; implemented by means of the federal programme “Safeguarding apprenticeships” (€0.41 billion).</p> <p>Duration: 2020/2021 academic year</p> <p>The first funding guidelines provide for the following opportunities to receive support:</p> <ul style="list-style-type: none"> <li>• Apprenticeship bonus (€2,000 per apprenticeship contract for companies that keep their level of apprenticeships stable in comparison with the previous three years)</li> </ul>	Safeguarding employment, thereby stabilising the employment rate



Table 12: continuation

National headline targets for 2020	List of actions*	Description of the direct relevance to the target
	<ul style="list-style-type: none"> <li>• Apprenticeship bonus plus (€3,000 per apprenticeship contract for companies that increase their level of apprenticeships in comparison with the previous three years)</li> <li>• Grant for apprenticeship pay for the purpose of preventing the need for short-time work (75% of the apprenticeship pay for each month in which the loss of working hours amounts to at least 50% and the apprentice and their trainer are nevertheless kept on at the company to continue the training)</li> <li>• Bonus for assuming responsibility for an apprentice from another company (Übernahmeprämie) (€3,000 for each apprenticeship contract that an SME concludes with an apprentice from an insolvent company)</li> </ul>	
R&D expenditure: 3.5% of GDP by 2025 (two-thirds from the private sector and one-third from the public sector)	Research and Development Tax Incentives Act ( <i>Gesetz zur steuerlichen Förderung von Forschung und Entwicklung</i> ), entered into force on 1 January 2020	The Research and Development Tax Incentives Act creates incentives for, in particular, small and medium-sized enterprises to invest in R&D activities. As part of the adopted economic stimulus and future package, the assessment basis was doubled, to €4 million, for the period from 1 July 2020 to 30 June 2026.
	National Hydrogen Strategy (see below)	
	Promoting quantum technologies: reaching the next stage of technology in quantum computing, quantum communications and quantum sensors and their industrial exploitation	The economic stimulus and future package that was adopted in June 2020 provides for additional investment totalling €2 billion to promote quantum technologies.
	Supporting the research, development and application of future communication technologies	The economic stimulus and future package that was adopted in June 2020 provides for additional investment totalling €2 billion to promote future communication technologies.
Reduce greenhouse gas emissions by at least 40% by 2020 and by 80–95% by 2050, compared with 1990 levels, and become largely carbon neutral by 2050	Climate Action Programme 2030 (adopted by the federal cabinet on 9 October 2019)	See the 2020 NRP.

**Table 12: continuation**

<b>National headline targets for 2020</b>	<b>List of actions*</b>	<b>Description of the direct relevance to the target</b>
<p>Increase share of renewable energy to 18% of gross final energy consumption by 2020, to 60% of gross final energy consumption by 2050, and to at least 80% in the electricity sector</p> <p>National energy efficiency goals according to the Federal Government's energy strategy of 28 September 2010: reduce primary energy consumption by 20% by 2020 and by 50% by 2050, compared with 2008 levels</p>	<p>Climate Action Act (<i>Klimaschutzgesetz</i>) (in force since 18 December 2019)</p>	<p>The Climate Action Act ensures that Germany reaches its climate targets (reduction in greenhouse gas emissions of at least 55% by 2030, compared with 1990 levels, and carbon neutrality by 2050) by codifying fixed procedural rules for reviewing and optimising the progress in reducing emissions achieved in individual sectors.</p>
	<p>Coal Phase-Out Act (<i>Kohleausstiegsgesetz</i>) (in force since 14 August 2020)</p>	<p>The Coal Phase-Out Act provides for a step-by-step reduction in the use for coal for generating electricity and its complete termination by 2038 at the latest. Accordingly, the greenhouse gas emissions associated with coal-fired electricity will also be gradually reduced and eventually completely eliminated. The first closures of coal-fired power plants are scheduled to take place by the end of 2020.</p>
	<p>Amendment to the Renewable Energy Sources Act (<i>Erneuerbare-Energien-Gesetz</i>) (adopted by the federal cabinet on 23 September 2020, will enter into force on 1 January 2021)</p>	<p>The Renewable Energy Sources Act 2021 further pursues the implementation of the Climate Action Programme 2030. Among other things, it underpins the goal of achieving 65% of Germany's electricity consumption from renewable energy by 2030 with specific measures.</p> <p>The goal of having all electricity in Germany be carbon neutral by 2050 is also enshrined in law.</p>
	<p>Amendment to the Offshore Wind Act (<i>Windenergie-auf-See-Gesetz</i>) (adopted by the federal cabinet on 3 June 2020)</p>	<p>The Offshore Wind Act regulates the expansion of offshore wind energy. The amendment adopted by the cabinet provides for increasing the target for 2030 to 20 GW and setting a target of 40 GW for 2040.</p>
	<p>National Hydrogen Strategy (adopted by the federal cabinet on 10 June 2020)</p>	<p>The aim of the National Hydrogen Strategy is to help green hydrogen get established on the domestic and international market. The Federal Government has earmarked financing totalling €9 billion for this purpose in the economic stimulus and future package.</p> <p>The specific measures addressed in the package are intended to help green hydrogen get established on the market, both on the production side and on the consumption side, particularly in those areas where a more efficient direct use of electricity from renewable sources will not be possible, even in the future.</p>

Table 12: continuation

National headline targets for 2020	List of actions*	Description of the direct relevance to the target
	Economic stimulus and future development package ( <i>Konjunktur- und Zukunftspaket</i> ) (agreed between the parties in Germany's governing coalition on 3 June 2020)	The economic stimulus and future package that was agreed in June 2020 contains a range of measures, including reducing the surcharge levied on electricity consumers for the purpose of promoting renewable energy (known as the "EEG surcharge"), raising the expansion target for offshore wind power, and increasing funding for the building refurbishment programme to reduce CO <sub>2</sub> emissions.
	Energy efficiency strategy (adopted by the federal cabinet on 18 December 2019)	See the 2020 NRP.
Increase in the share of persons aged 30-34 who have completed tertiary education or equivalent to 42%**	The Federal Government has earmarked an additional total of €1.3 billion for benefit increases in the budget years 2019–2021 for the revision of the Federal Education and Training Assistance Act ( <i>Bundesausbildungsförderungsgesetz, BAföG</i> ) which entered into force in August 2019.	The amendments to the Federal Education and Training Assistance Act substantially increase the benefits available under the Act, in order to improve outreach to young people who are considering school-based or tertiary education and to ensure equal opportunities in accessing vocational training leading to a qualification.
	Support for students during the COVID-19 pandemic	<p>Among other measures, the following adjustments to the BAföG system were made to support students during the COVID-19 pandemic:</p> <ul style="list-style-type: none"> <li>• Additional earnings from all systemically important sectors and professions will not be credited as income against BAföG educational or training grants;</li> <li>• Payments will continue to be made for an appropriate time beyond the maximum period that support is normally provided, in the event that education or training is interrupted for unavoidable reasons relating to the pandemic;</li> <li>• Individuals receiving BAföG support will continue to receive their educational or training grants if educational or training activities are suspended in schools and universities.</li> </ul> <p>Students who have lost their student jobs in the course of the pandemic and who require financial support can, as of the beginning of May, apply to KfW for loans of up to €650 per month as temporary aid. The loans are interest-free for the period during which they are received, up until 31 March 2021.</p>

<b>Table 12: continuation</b>		
<b>National headline targets for 2020</b>	<b>List of actions*</b>	<b>Description of the direct relevance to the target</b>
		In addition, €100 million is being made available to the German National Association for Student Affairs (DSW) for the local emergency relief funds of the student welfare services ( <i>Studierendenwerke</i> ). This is intended to help students who are demonstrably in particularly acute need and who require direct assistance.
Reduce the number of long-term unemployed persons by 20% by 2020 compared with 2008 levels**	<p>“Protective shield” for self-employed individuals / simplified procedure for means-testing for basic income support: simplified procedure for means-testing for basic income support; faster access to basic income support pursuant to Book II of the Social Code (<i>Sozialgesetzbuch</i>) for all individuals of working age:</p> <ul style="list-style-type: none"> <li>• Means-testing is suspended for six months, unless the applicant has substantial assets</li> <li>• Actual expenditure on accommodation and heating will be accepted for six months without an appropriateness test</li> <li>• Provisional approval is granted on the basis of an applicant’s predicted income; a final decision is only made upon application.</li> </ul> <p>In force with retroactive effect from 1 March 2020. Limited until 30 December 2020.</p>	Social security coverage for categories of individuals who have been particularly affected, with the aim of helping these individuals swiftly return to work when the situation improves.

\* The 2020 NRP, which was sent to the European Commission in April 2020, includes a comprehensive overview of the state of play regarding the implementation of the Europe 2020 strategy in Germany, including a detailed table of actions (including description of action, anticipated impact, status and schedule), p. 54 et seqq. The overview in this table is limited to new actions (planned, adopted, in force), especially actions affecting public finances, which will take effect in 2021 and the following years.

\*\* Target already met.

Table 13: Guarantees adopted/announced in response to COVID-19 outbreak\*

List of measures	Description	Adoption status	Maximum amount of contingent liability (% of GDP)	Current take-up – actual contingent liability (% of GDP)
<b>KfW special programme</b>	The federal government guarantees loans from the state-owned promotional bank KfW for coronavirus-related aid of up to €150 billion. KfW loans are available to companies temporarily experiencing financial difficulties due to the coronavirus-related crisis.	In effect	4.5	1.4
<b>Guarantee banks</b>	The guarantee facility has been doubled to €2.5 million for guarantee banks. The federal government is increasing its risk share in guarantee banks by 10% in order to be able to more easily shoulder risks that are difficult to assess in times of crisis. The upper limit of 35% of operating resources for guarantee banks' total exposure has been increased to 50%. In order to accelerate the provision of liquidity, the federal government is granting the guarantee banks the freedom to take guarantee decisions involving amounts of up to €250,000 independently and within three days.	In effect	No limit	0.0
<b>Guarantee programme</b>	The large-scale guarantee programme (which involves parallel guarantees from the federal government and the <i>Länder</i> (50% to 50%)), which was previously limited to enterprises based in structurally weak regions (for guarantee amounts of €20 million or more), has now been opened up to enterprises in other regions. Under this programme, the federal government covers operating and investment loans with a guarantee requirement of €50 million or more and a guarantee rate of up to 90%.	In effect	No limit	0.0
<b>Guarantee for credit insurers</b>	The federal government guarantees up to €30 billion in indemnification payments from trade credit insurers.	In effect	0.9	0.0

Table 13: continuation				
List of measures	Description	Adoption status	Maximum amount of contingent liability (% of GDP)	Current take-up – actual contingent liability (% of GDP)
<b>Guarantee for liquidity protection loans from the Landwirtschaftliche Rentenbank</b>	The federal government will assume up to €150 million in coverage for the Landwirtschaftliche Rentenbank in order to provide guarantees for liquidity protection loans to stabilise the liquidity positions of agricultural enterprises.	In effect	0.0	0.0
<b>Financing guarantees provided to companies by the Economic Stabilisation Fund</b>	The Economic Stabilisation Fund aims to stabilise enterprises in the real economy by helping them overcome liquidity shortfalls and by creating a framework to strengthen the capital base of enterprises whose insolvency would have significant effects on the economy, technological sovereignty, security of supply, critical infrastructure or the labour market. To this end, the Economic Stabilisation Fund provides, amongst other things, guarantees for loans from financial institutions authorised in the European Union up to a volume of €400 billion for debt instruments and liabilities with a maximum term of five years.	In effect	12.1	0.0
<b>Increase in the guarantee framework of the Länder</b>	Additional measures by the Länder to ensure credit- and liquidity protection for industry.	In effect	2.1	No information available
<b>Financial cooperation guarantees</b>	Guarantees for support measures and COVID-19-related emergency aid programmes within the framework of international economic cooperation.	In effect	No information available	0.1
<b>Total</b>			<b>19.6</b>	<b>1.5</b>

\*Data last updated: October 2020

**Table 14: Methodological aspects**

<b>Estimation technique</b>	<b>Relevant step of the budgetary process</b>	<b>Relevant features of the model/technique used</b>	<b>Assumptions</b>
<b>Macroeconomic forecast</b>	Before each tax revenue estimate	Iterative-analytic approach: several partial models are used in the system of national accounts.  Potential GDP is estimated on the basis of models developed and recommended by the Output Gaps Working Group of the European Union's Economic Policy Committee (EPC).	Technical assumptions (for oil and commodity prices, exchange rates and interest)
<b>Tax estimate</b>	Basis for drafting and finalising budget	Estimate based on macroeconomic forecast and time series analysis	Macroeconomic forecast, estimates on the fiscal impact of discretionary tax measures
<b>Fiscal impact of discretionary tax measures</b>	Basis for tax revenue estimate and for drafting and finalising budget	Microsimulation models based on tax statistics; calculations based on macroeconomic assumptions	Macroeconomic forecast





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