

GMS Flash Alert

2020-164 | April 9, 2020



European Union - EUR 100 Billion Initiative to Support Employment and Businesses

On 2 April 2020, the European Commission (EC) proposed a EUR 100 billion instrument called “SURE” to help workers maintain their incomes and help businesses stay afloat.¹ The EC aims to redirect every available euro in the EU budget to address the COVID-19 crisis.

WHY THIS MATTERS

Many EU member states as well as countries outside the EU have already introduced short-term fiscal stimulus and work schemes to help workers keep their incomes and help keep businesses solvent.² The EC will mobilise a new EUR 100 billion solidarity fund called SURE to support the member states to combat the effects of the coronavirus crisis and help save lives and protect livelihoods.

Member states will be able to make use of these funds for short-term work schemes and similar measures aimed at protecting jobs and mitigating the risk of dismissals and loss of income for employees and the self-employed.

Close attention should be paid to (i) how member states utilise SURE funds and (ii) national programmes that may contain provisions that supplement incomes in cash or in-kind, which could have implications for an individual’s tax costs, and which in turn could impact the application and/or terms of a company’s tax equalisation/tax protection policies.

Context

On 19 March 2020, the EC adopted a temporary framework for state aid³ that includes measures to support the economy, which has suffered serious set-backs since the advent of the COVID-19 outbreak. Then, on 3 April 2020, the

EC adopted an extension of the temporary framework⁴ to include a deferral of tax payments and/or suspension of social security contributions and the offer of other support in the form of wage subsidies for employees.

Throughout this crisis, the EC has sought ways to provide member states with guidance and flexibility as they undertake efforts to financially and logistically support their health-care systems, businesses, and workers.

Moreover, the EC has advocated a coordinated approach to enabling people, goods, and services to continue crossing European borders safely during the pandemic.⁵

EUR 100 Billion SURE Initiative

The EC will provide EUR 100 billion in loans to member states, which will be able to use such funds to help ensure workers receive an income and businesses keep their staff. The loans will be based on guarantees provided by member states and will be directed where these funds are most urgently needed.

Employers will be able to reduce working hours or suspend work altogether with the income support provided by the member state for any hours not worked. In addition, the self-employed will receive income replacement during the COVID-19 crisis.

KPMG NOTE

It is expected that the EC will continue introducing measures to support the member states with saving lives and managing the impact of the pandemic on their economies.

KPMG has produced a country-by-country report regarding national measures to support short-time work during the pandemic.⁶ The report includes all member states and other countries outside the EU. As the report is updating and changing rapidly, it is not available on external websites. Therefore, if you would like a copy of the report, please reach out to your usual KPMG contact or to Daida Hadzic (this article's author, see the "Contact Us" section).

FOOTNOTES:

1 See the 2 April EC press release, "[Coronavirus: the Commission mobilises all of its resources](#)."

2 For some examples, please refer to the COVID-19-related GMS *Flash Alert* [website](#).

3 See "[European Commission adopts Temporary Framework for State aid measures](#)," in *Euro Tax Flash* (20 March 2020), a publication of KPMG's EU Tax Centre.

4 See "[European Commission extends Temporary Framework for State aid measures](#)," in *Euro Tax Flash* (6 April 2020), a publication of KPMG's EU Tax Centre.

5 See GMS [Flash Alert 2020-132](#) (30 March 2020).

6 KPMG can provide an updated country-by-country report on the short time work schemes. Reach out to your local KPMG contact or to Daida Hadzic to obtain the overview.

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or the following professional with the KPMG International member firm in the Netherlands:



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