



Responding proactively to current developments

Short-term measures

Provide the necessary liquidity

Disruptions in the supply chain and a massive slump in sales will substantially affect the liquidity of many companies in the short term. Companies therefore need to:

- plan their liquidity needs while considering different scenarios including all risks in order to ensure solvency.
- quickly take measures (remote and AI-assisted) to increase working capital in order to generate liquidity in the short term. In this context, special working capital-financing models should be examined as well.
- review loan agreements for flexibility, but also for risks arising, for example, from covenant breaches.
- consult with the financing banks on possible liquidity-related measures (e.g. deferral or reduction of payment, prolongations, etc.).
- closely communicate with trade credit insurers in order to secure the credit line provided.
- apply for aid funds through the KfW programs launched by the German Federal and state governments as well as make use of subsidies and sureties.

- examine the interdependencies between the performance of a contract and the obligation to file for insolvency as well as subsidies.
- Investigate whether Special Situation Fonds could be a solution for the provision of liquidity.
- examine tax options, such as possible reductions of tax advances (corporate income tax, trade tax) or tax deferrals (trade tax, income tax, corporate income tax), a faster refund of input tax, as well as discharge applications for energy tax and electricity tax.
- consult with the customs authority for a deferred payment of import duties.
- investigate whether the intercompany business relationships provide opportunities for a moratorium or deferred payments.
- quickly apply for and make use of short-time allowances with due regard for the relevant prerequisites.

Safeguard the operations

Another vital element is the safeguarding of operations and the supply of materials. Companies need to:

- set up a crisis task force to ensure

continuous assessment and management of the situation.

- set up and consistently implement measures for an active stakeholder communication (employees, investors, suppliers, customers, partners).
- identify the critical resources for maintaining emergency operations. A flexibilization arrangement for the workplace regulations, including for remote work, may have to be agreed.
- identify weaknesses in the supply chain, find and quickly operationalize suitable countermeasures such as alternative sources of supply.

Our multidisciplinary team of experts will be happy to support you with this challenge.



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