Financial security of enterprises from Poland, Germany, and Great Britain

Jolanta Puacz-Olszewska *

Rzeszow University of Technology, 12, Powstańców Warszawy Ave., Rzeszow, 35-959, Poland

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Abstract

Pandemics are caused by the negative impact of global threats, we put you at risk in one global world. An effective and efficient mortality tool, bringing also economic and economic successes. The world is currently struggling with the coronavirus (COVID-19) caused by SARS-CoV-2, which unfortunately already has pandemic status. Blow it off on yourself, concerned about how it will affect the global recession. The aim of the article is to present and compare how governments of countries such as Poland, Germany, and the United Kingdom provide entrepreneurs with financial security in connection with the negative effects caused by COVID-19. At the beginning of the article, it is briefly presented what financial security is, and several measures are distinguished to measure the financial security of enterprises. Then, the financial assistance for entrepreneurs selected to the countries is described. Countries such as Poland, Germany, and Great Britain were selected for the analysis. The most attention was devoted to describing the aid for Polish entrepreneurs. The information used in the article was obtained from the Polish and British GOV portal and from the German ministry responsible for economic policy (BMWi). In the end, support from the government in the analysed countries was compared, and the country is indicated, where entrepreneurs would cope best in the current situation and have the best chance for development. It is also indicated what impact the financial aid of the government has on the development of enterprises.

Keywords: financial security, enterprise, pandemic.

Introduction

Security considered in the aspect of the field of knowledge contains a wide range of problems that cannot be confined to one unchanging scheme. Security is a value which importance is appreciated by every person and the whole society every day (Puacz-Olszewska J., 2017). It is an object of concern, efforts and aspirations, treatments, and also desires of people. The need for security is one of the most essential, most basic mental needs (Niewczas M., Puacz-Olszewska J., 2017).

To discuss the legal foundations of international security, it is necessary to define the essence of this concept and the scope it covers. In the most general sense, the term security should be equated with the absence of risk or protection against threats (Puacz-Olszewska J., Zagórska A., 2018).

Material and methods

In terms of the subject, financial security refers to goods (or lack of goods) essential for ensuring economic security in the financial dimension. The basic good that is to serve to satisfy the needs of the financial dimension of economic security is the possession of sufficient...
financial resources to fulfil the basic functions of the state (Puacz-Olszewska J., Niewczas M., Zagórska A., 2018).

There is no single, general definition of a state's financial security, similar to the lack of an unambiguous definition of the term security itself. Currently, researchers increasingly indicate that state security should be viewed in two categories. The first is the value threats that the state protects, so it is an approach based on setting goals. The second category is possible countermeasures allowing for the reduction of threats or limitation of their unfavourable effects. This approach is based on the pursuit of a certain state through the implementation of appropriate actions (Puacz-Olszewska J., 2020).

With the advent of COVID-19, national governments introduced restrictions to protect against the disease. Initially, in February, LOT suspended connections with Beijing, and after the appearance of COVID 19 in Poland, all flights were suspended. Citizens had to adjust to the new normality. The obligation to wear masks was introduced. Their task was to protect others from a sick person who has the disease asymptomatically. A limit of people in the store was introduced, the obligation to wear disposable gloves in stores, hours for seniors. Initially, it was informed that there is no need to wear masks, but then such an obligation was introduced. From May 30, this obligation is to be partially lifted, masks will have to be put on, for example, in offices. Access to forests and cemeteries was forbidden, and recreational travel was forbidden, and later the ban was lifted. In other countries of the world, more or less strict rules were introduced.

Enterprises from selected industries had to suspend their activities for some time. The gastronomy, hairdressing and beauty salons, and tattoo studios were suspended. Galleries, massage and physiotherapy salons, hotels and night shelters, as well as cultural centres such as theatres, museums, centres of entertainment and recreation, had been closed. Restrictions on the transport of passengers have been introduced.

The freezing of the economy, i.e. the so-called lockdown, brings about a decline in GDP in Poland by over PLN 2 billion every day. Losses will be suffered by industrial, commercial, service, and construction companies, and even banks where the sale of credits and loans has decreased. Ordinary Kowalski will also experience a decline in GDP, as employers in many companies do not extend their contracts for a specified period and the employee’s market passes into the employer’s market. Defrosting the economy is important in order not to suffer even greater losses, and also to have the resources to fight the coronavirus (Cieślak-Wróblewska Ekonomia Gospodarka, 2020).

In Poland, from April 20, subsequent stages of defrosting the economy are introduced. There are four stages. On May 4, shopping centres, hotels, accommodation places, libraries, furniture and construction stores, rehabilitation, nurseries, and kindergartens were opened. From May 18, beauty salons, hairdressing salons, gastronomy, sports events, education are open, the number of places in public transport is increased. Currently, enterprises, for example in the catering industry, are obliged to provide their customers with disinfecting liquids, which imposes additional costs on them. Despite the defrosting of the economy, companies have already incurred costs related to maintaining their business at a time when they were not generating income from their operations. Some companies have changed their activities a bit. For example, companies supplying sweets to vending machines began selling masks, disinfectants, and disposable gloves in them. Such machines were also to be installed in Rzeszów in several places. The Marcel transport company had to reduce the number of trips due to the reduction the passenger’s number. This company, however, decided to transport parcels together with the InPost company in order not to lay off employees, and courier companies developed as a result of the development of the e-commerce industry. To assure financial assistance to entrepreneurs, a special act was developed under the name of the Anti-Crisis Shield.
Results and discussion

Financial security of enterprises

Security is a state when any danger does not exist. The safety of an enterprise is a state in which the enterprise is steady to survive and has a guarantee to keep it, and has an opportunity for development. Enterprises can stay financially secure by having financial resources. They protect against external and internal threats, provide conditions for the development of the enterprise and ensure the continuation of operations. The enterprise's financial security is a financial guarantee for the enterprise to exist and develop. When building financial independence, three phases are distinguished. The first phase is "financial cover" allowing to run a business in a short period. The second phase, i.e. financial security, allows for the continuation of operations and the development of the enterprise. In turn, the third phase - "financial freedom" allows to ensures financial security even when there are unplanned investments.

Enterprises obtain funds from the sale of products, goods, materials, or services. For the company's survival on the market financial liquidity is important. Failure to meet this condition leads to the company's elimination from the economic process. Owning financial reserves allows the company to develop by shaping its creditworthiness, especially profitability, liquidity, and the ability to gain external capital. The creation of financial reserves allows for the perception that the enterprise follows the principles of prudence, accrual, going concern, and the commensurability of revenues and costs. Financial reserves can be the tools by which a business is protected from disruptions (Karbownik L., 2012).

Measurement of the financial security of enterprises should be considered from the management perspective. In times of economic slowdown, e.g. caused by a crisis, it is better to examine current flow accounts, what is more measurable (cash - money flow) than profit verification. The measures used to assess the financial security of enterprises include, among others:

- Short-term receivables * 365 / net sales revenues;
- Total liabilities / total assets (fortune);
- Cash / current assets (fortune);
- Current assets (fortune) / short-term liabilities.

State control is necessary for financial markets because it is the state that decides about the financial security of enterprises through information, supervision, and educational activities. In Poland, financial security is perceived based on factors such as: the amount of public debt, the financial safety net, the banking sector, the degree of economic development, and the economy's competitiveness. The public institutions that affect financial security in Poland are the National Bank of Poland, the Council of Ministers, the Ministry of Finance, the Polish Financial Supervision Authority, and the Bank Guarantee Fund (Raczkowski K. 2014).

Polish aid for entrepreneurs

The anti-crisis shield is a special act prepared by the government, which is to help Polish entrepreneurs to survive the crisis caused by COVID19 and to protect them from the negative effects of the crisis. It is planned to allocate PLN 312 billion to fight the pandemic as part of the Anti-Crisis Shield. It is based on five pillars:

- Protection of workplaces and worker safety,
- Financing of entrepreneurs,
- Health protection,
- Strengthening the financial system,
- Public investments (Biznes 29.06.2021).

Below are the benefits for an entrepreneur from the Anti-Crisis Shield.

1. Exemption from ZUS

An entrepreneur may suspend the payment of contributions to ZUS. Previously, it was possible for three months (March, April, May), provided that the appropriate conditions were met. After introducing the changes, contributions can be suspended for April and May. In this case, the state pays ZUS contributions for the entrepreneur. The conditions that an entrepreneur must meet are as follows. The employer is to have up to 9 people registered for insurance. Economic activity must be started before February 1, so an entrepreneur who set up business on February 1 or after February 1 cannot be exempt from paying contributions. This date was changed to April 1, 2020. If only the
employer is registered for insurance, the entrepreneur has an income limit of 300% of the average remuneration in 2020, which is PLN 15 681. The income is the amount earned as a result of running a business, it does not include costs. A micro-loan, PFR subsidy from the Financial Shield, co-financing of salaries from the Poviat Labour Office, downtime benefit, and exemption from ZUS contributions are not the incomes (Rada Ministrów 2020).

If an employer has reported at least one insured person, the limit of 300% does not apply to him. An income from activity obtained in the first month for which an application for exemption from paying contributions is submitted cannot exceed PLN 7,000. Before the change, this relief did not apply to entrepreneurs who took advantage of the Start Relief. Currently, people using the Start Relief may also suspend ZUS contributions for April and May. An entrepreneur who takes advantage of the Start Relief pays only health insurance contributions and is exempt from paying social security contributions (retirement, disability, accident), contributions to the Labour Fund, and Solidarity Fund for Support of Disabled Persons for 6 months (Matela -Marszałek W., 2020) in the case of Big and Small ZUS, entrepreneurs can take advantage of the exemption from paying contributions. If an employer has already paid contributions for April earlier, he can count on the reimbursement of these contributions. Paid premiums will be reimbursed (Matela -Marszałek W., 2020).

2. Monthly downtime benefit

It is a benefit addressed to self-employed entrepreneurs for persons under a contract of mandate and specific work. This can be obtained up to three times if the entrepreneur can show that his material situation has not improved or has changed little. The benefit is granted upon an application submitted to ZUS. It amounts to 80% of the minimum wage, i.e. PLN 2,080. In the case of people settling their taxes on the Tax Card, it is 50% i.e. the amount is PLN 1,300. When the contractor earns less than the national minimum, this amount will result from his contract. An entrepreneur, i.e. a self-employed person, will be subject to an income limit of 300%, as in the case of exemption from paying ZUS contributions. Incomes must be 15% lower than in the previous month. The benefit may be obtained not only by the self-employed but also by employers hiring employees. This benefit is available to entrepreneurs who suspended their activities after January 31, 2020 (Ministerstwo Rodziny I Polityki Społecznej 2020).

3. Care allowance

The additional care allowance is granted to people who may not provide care by institutions, such as nurseries and kindergartens, and people who will decide to take care of a child personally. The allowance will be paid regardless of whether the school, kindergarten, or nursery is open. The period of receiving additional care allowance has been extended until June 14, 2020. The child for whose care allowance is paid must be under the age of 8 or a child with a moderate or severe disability under 18. The statement must be submitted to ZUS, there is no specific form to be submitted. The declaration should indicate that it is not possible to work in connection with the care of a child under 8 or a disabled child and that the other parent is also unable to do so (Ministerstwo Rodziny I Polityki Społecznej 2020).

4. Co-financing for employees

Co-financing applies to the Guaranteed Employee Benefits Fund. It is intended for companies that want to keep their jobs. These grants can be used in two situations. Firstly, when there is an economic downtime in the plant, the salary for employees can be reduced by 50%, and the remaining 50% of the minimum wage will be financed by the state i.e. PLN 1,300. The second situation is when an entrepreneur reduces the value of a full-time job by 20%. The employer has to choose only one option and has to conclude an agreement with an employee representative, e.g. with a trade union or with a representative of the crew. The employer is obliged to notify the District Labour Inspector of such notification. Co-financing applies to all employees, including contractors, agency employees, and employees contracted for specific work. In the case of enterprises without employees, you can apply for funding from the Poviat Labour Office. Co-financing is calculated based on the decrease in incomes. In the event of a
30% decrease in turnover, entrepreneurs will receive monthly co-financing of 50% of the minimum wage, if a decrease is 50% - a co-financing of 70%, and a decrease of 80% - a co-financing of 90%, of a minimum wage. To receive co-financing, an entrepreneur must maintain the enterprise for the period for which it receives funding. This grant is monthly (Markowicz W., 2020).

5. Loan for micro-entrepreneurs

A loan for micro-entrepreneurs is a means of covering the current costs of running a business, such as the costs of renting premises. An entrepreneur will be able to obtain up to PLN 5,000. The loan is intended for micro-entrepreneurs who started running a business by April 1, 2020. An application for the loan may also be submitted by an employer who does not employ any employees. The loan is paid out once. A repayment period will start after three months, thus enterprises will have the so-called credit holidays. The loan repayment period may not exceed 12 months. An entrepreneur can count on the loan cancellation. For a loan to be repealed, a business must be conducted for three months from the loan was granted. The application for remission of the loan should be submitted within 14 days from the lapse of 3 months, after which the entrepreneur received the loan (Markowicz W., 2020).

This benefit can also be obtained by using other benefits under the Anti-Crisis Shield. The application should be submitted on the website of the employment office and on the website praca.gov.pl. Before that, the ePUAP Trusted Profile should be created (PFR Grupa Polskiego Funduszu Rozwoju 6 maj 2021).

6. Credit holidays for 3 months

A person who took out a consumer or mortgage loan before March 13, may apply for the loan suspension for a maximum of 3 months. In such a case, the contract is extended by another three months. Only a person who has lost the main source of income after March 13, 2020, can suspend a loan. In the case where the borrowers are spouses, it is enough for only one of the spouses to lose their source of income. If the borrowers previously suspended the loan because this option was in force at banks before the introduction of the Shield, they may apply for a further suspension of the loan. To suspend the loan, an application must be submitted to the bank where the loan was taken (Bank Polski 2020).

7. Overdue vacation

An employer may send an employee on overdue annual leave without his consent. The employer has until September 30 to make such a decision. He can send an employee for a maximum of 30 days of vacation. Overdue vacation is the unused leave from the previous year. In the current situation, applications and declarations should only be submitted electronically through PUE ZUS. This is due to the Anti-Crisis Shield 4.0. It is required to create a trusted ePUAP profile first, to submit an application on the PUE ZUS website. This can be done via electronic banking, where an electronic identity is assumed. The 4.0 shield also introduces that an entrepreneur who has submitted an application for exemption from ZUS contributions will not have to submit a certificate of non-payment of contributions. Submitting such an application is treated as not being in arrears in paying contributions (Bank ING 2020).

8. PFR Financial Shield

The PFR Financial Shield is part of the Anti-Crisis Shield program. The Polish Development Fund launched the Financial Shield. It is addressed to micro, small, medium, and large entrepreneurs. From June 9, it is possible to submit applications for subsidies also for large enterprises.

The aim of the PFR Financial Shield is to protect the labour market, improve the financial liquidity of companies in times of serious disturbances in the economy, support the operation of sectors most severely affected by the pandemic, as well as compensate for the damages suffered as a result of the pandemic. The program is designed to help unfreeze the Polish economy. The value of the Financial Shield is to amounts to PLN 100 billion. This amount was distributed over 3 areas. The first area covers micro-enterprises with up to 9 employees, and their turnover or balance sheet total less than EUR 2 million. The second area consists of small and medium-sized enterprises with up to 249 employees, and their annual turnover is less than EUR 50 million, or their balance
sheet total is less than EUR 43 million. In turn, the third area includes large companies with over 249 employees. PLN 25 billion has been allocated to each of the first and third areas, and PLN 50 billion for the second area (PFR Grupa Polskiego Funduszu Rozwoju 6 maj 2021).

Firms can receive up to 75% of the non-returnable subsidy under the condition they continue their business activities and maintain the average level of employment within 12 months of receiving it. The received amount can be used only for expenses related to running a business or for loan repayment. The financial shield can be used by entrepreneurs who have experienced a decrease in economic turnover related to sales revenues by at least 25%. The decrease in turnover is considered after February 1, 2020, compared to the previous month or the same month last year. The business must be started before December 31, 2019, to take advantage of the subsidy. The decline in turnover is to be caused by economic disruptions caused by the emergence of COVID-19. An entrepreneur who had a suspended activity as of December 31, 2019, cannot receive a subsidy. The subsidy will also not be used by an entrepreneur whose company is in bankruptcy, liquidation, or restructuring proceedings and by who has no tax residence in Poland. The subsidy should be repaid one year after it is paid. The repayment is made in 24 equal instalments. The amount that can be obtained is calculated based on the number of employees, turnover in 2019, and based on an indication of a decrease in turnover. For example, on the website of the PKO BP bank, the estimated maximum amount of the subsidy can be calculated (Agencja Rozwoju Przemysłu S.A 2021). An application for a subsidy can be submitted on the website of the bank where the entrepreneur has an account. Before submitting the application, you must open an account to which the subsidy amount will be sent. He will be exempt from enforcement activities. If the amount was sent to an account charged with enforcement seizure, it would have to be transferred to the bank as it would be difficult to use. The application must be signed with an authorization tool, it may be, depending on the bank: SMS codes, code card, application, token. The application submitted to the bank will be redirected to the Polish Development Fund, which grants or rejects the application. After the rejection of the application, it is possible to file an appeal after meeting the conditions, e.g. after payments have been made. In the event of a lower amount being awarded, the entrepreneur may file an appeal application (Bank ING 2020).

Companies that cannot apply for assistance under the Anti-Crisis Shield include those that operate in the field of products or services that may result in the restriction or violation of individual freedoms and/or human rights. Credit institutions, credit unions, investment firms, loan institutions, insurance companies, reinsurance companies, pension funds, investment funds, and other collective investment undertakings, asset managers, payment service providers, rating agencies, and other financial institutions cannot benefit from the aid. Companies from areas of doubtful ethical and moral grounds are also not eligible for aid.

The maximum aid threshold under the Shield is PLN 324,000 for a micro-company and PLN 3.5 million for small and medium-sized enterprises. The minimum amount that an entrepreneur can receive is PLN 1,200. In agriculture, there are limits to the maximum amount. For fishery and aquaculture, the maximum amount is 120,000 EUR, and for enterprises producing base agricultural products - EUR 100,000.

As of June 2, 227,549 companies benefited from the Program, employing 2,202,759 people, and funds were paid out through banks in the amount of PLN 42,925,600,422. On the website of the Polish Development Fund, on the interactive map of subsidies, the distribution of funds under the PFR Financial Shield with a division into districts can be checked (Bundesministerium fur Wirtschaft und Energie 2020). There, information on the allocated amount, the number of companies that benefited from the subsidy, and the number of employees they employed in individual districts can be found.

The information about the Financial Shield can be read on the Polish Development Fund website and banks' websites. There is information on, inter alia, how the application can be made. You can also
contact the hotline of the selected bank, where consultants will answer questions about the PFR Financial Shield. The application for a subsidy should be filled in very carefully, and it should be carefully thought about which month the turnover should be entered to prove a 25% decrease in turnover.

9. Support for transport companies – the ARP program.

Polish transport companies constitute a large percentage of the European market, so it is worth investing in this sector of the economy. Although freight transport, and especially e-commerce-related courier transport, is growing during the pandemic, passenger transport has lost a lot. The Agencja Rozwoju Przemyślu S.A. will take part as part of the Anti-Crisis Shield in supporting the transport industry. The ARP will grant operating leases on favourable terms with a 12-month grace period and working capital loans. ARP will receive PLN 1.7 billion for the implementation of these tasks. The amount of the lease can reach up to PLN 5 billion net. The financing period will be up to 6 years. The grace period, i.e. a delay in repayment, may last up to 1 year. In the case of a working capital loan, salaries will be transferred directly to the employee’s account, the period may be up to 2 years, and the grace period may be up to 12 months. Entrepreneurs who have transport companies will also be able to take advantage of a loan to finance a deficit in working capital. It will be from 0.8 million to 5 million PLN. It will be financed for 6 years, and the grace period will be up to 15 months. An application for support should be submitted on the ARP website. To submit the application, it is necessary to create a Trusted Profile (Bank aus Verantwortung 2021).

In addition to the solutions presented above, to help entrepreneurs, assistance was developed in the form of, among others, increased co-financing for the remuneration of a disabled employee, the possibility of partial remission of tax arrears, exemption from subscription and audio-visual fees, deduction of R&D costs from incomes, deduction of losses for 2020 from incomes for 2019, lower PIT / CIT advances, exemption from downtime benefit tax, exemption from retail sales tax, exemption from the fee for postponing the tax payment, changing the rules of repayment and relief for “bad debts”, facilitating e-receipts, delaying the tax for buildings payment, spreading the overdue tax into instalments, the possibility of paying the tax later, the possibility to pay the PIT tax for employees later, change of the deadline of the CIT-8 submission and payment of the tax.

**German aid for entrepreneurs**

On the website of the German ministry responsible for economic policy, Bundesministerium für Wirtschaft und Energie (BMWi), there is information about what aid German entrepreneurs can receive from the state as part of aid against the effects of COVID-19.

German entrepreneurs may receive as part of the aid:

1. Loans for small, medium and large entrepreneurs

   The German bank Kreditanstalt für Wiederaufbau (KfW) provides loans to individuals, self-employed, and freelancers. Loans are granted to cover current costs and to improve financial liquidity.

   • KfW-Sonderprogramm 2020.

   The loan is intended for small, medium, and large enterprises. Companies can apply for a loan from KfW for investments and to cover running costs. The loan is fully secured. KfW took over 100% of the banking risk. Companies with more than 10 employees are eligible for this loan. Enterprises must operate from at least January 2019. Entrepreneurs can receive a maximum of 25% of the annual turnover of 2019. The maximum amount that can be obtained by entrepreneurs depending on the number of employees has been defined. In the case of employing from 10 to 50 employees inclusive, such an enterprise may receive a maximum of EUR 500,000. If more than 50 employees are employed, such a company may receive a maximum of EUR 800,000. The loan repayment period is up to 10 years, with the loan repayment period starting two years after receiving the loan. The funds available for loans to entrepreneurs are unlimited. Firms that may receive financial support are trading companies (those trading companies which are mostly
private), commercial thus profit-oriented social enterprises, profit-oriented housing cooperatives, cooperatives subject to corporate tax, leasing companies operating for their own profit, and the companies in which foreign state funds hold shares.

Whereas, companies that do not qualify for financial aid are public companies, non-profit social enterprises, agricultural enterprises, non-profit companies, and enterprises in which banks hold more than 25%.

To apply for the loan, an application on two levels on the KfW website must be completed. In the first level, basic information on the date of establishing the enterprise, the enterprise size, and the number of employees should be provided. After entering this data, the system will indicate the maximum loan amount. In the second step, additional information should be provided.

- **KfW-Schnellkredit 2020.**

  The purpose of the KfW-Schnellkredit 2020 loan is to provide quick support to medium-sized enterprises. The loan is intended for entrepreneurs employing over 10 employees and operating on the market from the shortest January 1, 2019. An entrepreneur may receive a maximum of 25% of the annual sales considering 2019. Entrepreneurs can receive up to 500,000 or 800,000 euros as above, depending on the number of employees. The loan can also be repaid in this case for up to 10 years in equal installments, and the grace period may last up to two years. The loan is granted without an additional credit risk assessment by the bank or KfW. This allows for quick approval of the loan. The loan application cannot be submitted at the same time as other KfW loans. This does not apply to grants awarded under the emergency aid programs of the federal government and individual Länder.

- **Economic Stabilization Fund – Wirtschaftsstabilisierungsfonds.**

  This fund was created to help newly established and long-standing entrepreneurs. The value of the fund to help entrepreneurs is EUR 600 billion. The fund was established to eliminate liquidity bottlenecks and strengthen the capital base of enterprises (Bundesministerium fur Wirtschaft und Energie 2020).

- **KfW investment loan for municipal and social enterprises.**

  Until December 31, 20 municipal and social enterprises can now raise operational funds (Bundesministerium fur Wirtschaft und Energie 2021).

2. Support for entrepreneurs who started their businesses during the crisis.

  Germany also supports companies that started operating during the crisis. Such entrepreneurs have access to all support measures to help against the crisis caused by COVID-19. A EUR 2 billion package for new entrepreneurs has been developed. The package was based on two pillars. The first, called CoronaMatchingFacility, provides investors during the COVID 19 crisis with the possibility to continue investing in highly innovative products and also allows them for start-ups financing. The second pillar is intended for new enterprises as well as small and medium-sized enterprises. The funds are to be donated by the Landesförderinstitut (Bundesministerium fur Wirtschaft und Energie 2021).

3. Extraordinary financial aid for small businesses and sole traders, including farmers.

  The aid was targeted at small enterprises, the self-employed, and representatives of liberal professions. It is intended for entrepreneurs employing up to 10 employees. The project was carried out until May 31, 2020. The help that can be obtained depends on the number of employees. In the case of employing up to 5 employees, it is possible to receive one-time aid for 3 months up to EUR 9,000. If the number of employees exceeds five, but up to a maximum of 10 people, it is possible to receive one-time assistance for 3 months up to EUR 15,000. The funds that the enterprise will receive will allow it to cover the running costs for 3 months of running a business. This will let companies maintain their financial liquidity. The funds obtained under the aid may only be used to meet the needs resulting from running a business. Entrepreneurs who want to receive aid must run their business from Germany and be registered with the German tax office. Private costs cannot be covered by such means. In the case of farmers, he may employ up to 10
employees converted to full-time equivalents. A farmer is considered to be a person who runs an enterprise engaged in agricultural or forestry production, fishing and aquaculture, agricultural stalls and shops, and agricultural enterprises renting out rooms, for example for holidays (Bundesministerium für Wirtschaft und Energie2021).

The aid program was designed by the German state, but it is the individual Länder that implements and spend the funds under the program. The Länder have set uniform data requirements for the applications, but the applications may differ from state to state. This is because the Länder may require additional, complementary information in the application (Bundesministerium für Wirtschaft und Energie2021).

To help against the negative effects caused by COVID 19, the German government also provided assistance in the form of deferred tax due until December 31, 2020. If it turns out that the entrepreneur’s income will be lower than in the previous year, tax advances will be reduced. Entrepreneurs will be able to apply for the reimbursement of already paid advances. Entrepreneurs will be able to get an allowance for part-time work. In this case, the number of employees that may be covered by the program may vary from 10%. The aid also concerns the protection of export activities. The coverage of short-term export transactions (up to 24 months) covers the countries of the European Union and selected OECD countries. Actions that are also intended to help businesses include the suspension of insolvency notification obligations and of payment bans until 09/30/2020 if the insolvency is caused by the consequences of the COVID 19 pandemic (AGAportal.de 2021).

**Great Britain’s aid for entrepreneurs**

In Great Britain, an Aid Package was created with the main goal of protecting jobs. The gov.uk website presents which forms of financial assistance entrepreneurs can take advantage of, who can submit an application, when and how. British entrepreneurs, as part of financial aid, can count on:

1. **Co-financing of employees’ salaries under the job positions protection program (Coronavirus Job Retention Scheme).** The state will fund 80 percent of the wage bill for workers who are not working due to COVID-19. The program was launched on April 20. To receive funding, an entrepreneur must be registered with PAYE by February 28, 2020, at the latest, must have an online PAYE account, and must have a bank account in the UK. From July 1, employers can reinstate employees who have not performed their tasks due to the pandemic. The program will close to new participants from June 30 (Bundesministerium für Wirtschaft und Energie2021).

2. **Co-financing of statutory Sick-Pay payments.** Entrepreneurs employing less than 250 employees (the employment status as of February 28, 2020, is taken into account) will be able to apply for subsidized sick pay. Illness Benefit is subsidized by the government if you contract the coronavirus. The maximum period for which the sick pay may be subsidized is 2 weeks. The employer should have a PAYE account. A maximum enterprise can receive up to EUR 800,000, agriculture up to EUR 100,000, and aquaculture and fisheries up to EUR 120,000.

3. **Deferred payment of VAT and Income Tax.** Every enterprise is entitled to deferment of VAT payment. It is not required to submit an application for deferred payment of VAT. The deferral is valid for the obligations from March 20th to June 30th this year. Payment may be deferred until 2021. It is similar to the case of Income Tax, where the deferral of tax payment is available to every enterprise. This applies to people who have to pay by July 31st. Also, in this case, payment may be deferred even until 2021 (Dąbek W., Biznes Outsouring 2020).

4. **Co-financing the salaries of self-employed persons.** Self-employed people can apply for payments of up to 80% of average monthly earnings for the last three years, i.e. a maximum of £ 2,500 per month. A self-employed person should meet several conditions to receive funding. Such a person must had run a commercial activity in the 2018-2019 tax
year and filed a tax return by April 23, 2020, or in the previous year; operated in 2019-2020, intends to operate in 2020-2021 and suffered a loss due to the effects of COVID-19.

5. Subsidizing the remuneration of company directors.

Entrepreneurs can also apply for financial support for company directors who cannot perform their tasks due to the coronavirus. Co-financing - as in the case of an employee - may amount to 80 percent of a salary, up to a maximum of £ 2,500 per month. While applying for and receiving funding, the director should only perform the necessary activities that will allow the company's survival and not generate profit.

6. Aid for small and medium-sized enterprises.

Entrepreneurs who own small and medium-sized companies can apply for a loan. It is helpful for entrepreneurs that the state guarantees 80% of the lender’s financing. The government pays interest and fees for the first 12 months of taking the loan. To take advantage of the loan, you must have a seat in the UK, and the annual turnover may not exceed 45 million pounds. It must be shown the pandemic has had an impact on the company's financial condition. When the entrepreneur wishes to borrow £ 30,000 or more, he must show that his business was not in financial distress as of December 30, 2019. This solution cannot be used by banks, insurers, public sector companies, as well as state-funded primary and secondary schools. The application must be accompanied by, among others, cash flow forecast, business plan, account history, asset details.

7. Aid for large enterprises.

Entrepreneurs who run large companies can apply for a loan where the state guarantees 80% of the lender’s financing. To apply for the loan, as above, a company headquarters must be in Great Britain, and the annual turnover must not exceed 45 million pounds and the company cannot benefit from the support of the Bank of England's (CCFF). Companies such as those mentioned in the point above, as well as building societies, cannot apply for the loan. These companies can apply for loans, revolving credit lines, invoice financing, and asset financing. A maximum of £ 200m can be borrowed. The loan period may be from 3 months to 3 years. The documents to be attached are the same as in the previous point on small and medium-sized enterprises.

Conclusions

Overall, the economic impact of the outbreak is two-fold. Consumer spending is falling, people are sick or try to avoid disease. They themselves quarantine and stay home instead of traveling or going to shopping malls. The tourism, transport and entertainment industries will therefore be hard hit by the epidemic.

An equally important, if not even more important, effect of the epidemic is a negative supply shock. Above all, epidemics reduce labor supply. In most cases, temporarily because some employees become ill or remain in quarantine. When production declines and fixed costs, but also wages, must still be covered, when debts have to be settled, trouble arises and the risk of bankruptcy increases. Moreover, during a pandemic, all sectors of the economy suffer disruptions, which can lead to a shortage of goods and the resulting higher prices for them. Limited economic activity also generates lower tax revenues. Because it is precisely when the government increases spending, it results in larger fiscal deficits and greater public debt.

Each from the analysed countries has prepared a program to protect enterprises against the negative effects caused by the coronavirus pandemics. The goals of each of the programs are very similar, i.e. protecting the employee and ensuring financial liquidity for enterprises. In Great Britain, the main focus has been on job protection. However, there are also differences between individual aid projects. In Poland, the implementation program took a long time, it was modified many times, so Polish entrepreneurs certainly did not feel safe. The German and British governments paid out funds to their entrepreneurs much earlier than the Polish government. As a result, German and British entrepreneurs could
settle their payments much earlier, when their companies were not making profits. It allowed for liquidity to be maintained, even during a pandemic. In Poland, the Financial Shield for large companies was introduced only on June 9, so much later than in other countries. Such activities may result in that entrepreneurs running large companies did not have a certain financial situation. For sure, it affected financial security decrease. Large enterprises could not afford to invest in such uncertain times, which did not develop the economy.

The German government helps young entrepreneurs who set up their businesses during the already prevailing pandemic. The Polish and British governments do not envisage any aid for young entrepreneurs. It is important to provide help also to those entrepreneurs who are just taking their first steps on the market because helping new entrepreneurs motivates starting new businesses. It will allow economic development to remain unhampered.

In each of the analysed countries, the financial aid may be used by micro-entrepreneurs, small, medium, and large enterprises, the self-employed, and also farmers. In each of the analysed countries, companies from the financial sector cannot apply for financial aid as help against the negative effects of a pandemic.

In each of the countries, funds from the government under the aid can only be used to cover obligations related to running a business. The grace period and repayment period are the longest in Germany and amount to a grace period of 2 years, and a repayment period of 10 years. This will allow dealing with the difficult financial situation and then paying off the loan. In Poland and in the United Kingdom, the repayment of the loan with the help of the Government is up to 3 years. The grace period in Poland is 12 months.

Countries in which the Government will provide good conditions for the development of enterprises, even in the face of the economy, and will introduce beneficial and actually very helpful solutions, the economy will be able to develop, and entrepreneurs will have financial security ensured. Properly selected solutions aimed at providing financial assistance to entrepreneurs may lead to the development or limitation of the development of the economy and to ensure a high or low level of financial security. Government solutions have a very large impact on the development of enterprises and their financial security.

On the example of the analysed countries, entrepreneurs in Germany will have the greatest financial security. This state supports every enterprise, even those established in the era of a pandemic, and offers loans on very good terms in terms of the repayment period and grace period. In Germany, the economy will certainly develop efficiently, new companies will be established, and entrepreneurs will be able to develop their activities thanks to financial liquidity and financial security. It will allow fewer losses associated with freezing the economy to be incurred. The better financial situation of German companies will contribute to the development of the German economy. On the other hand, in the United Kingdom, assistance is mainly aimed at employee protection. Support solutions are also prepared for enterprises and the self-employed in the form of, among others, loans. Every UK company is entitled to deferred payment of VAT. There are also many solutions for entrepreneurs in Poland. Subsequent amendments to the Anti-Crisis Shield were introduced over a long period of time, which meant that Polish entrepreneurs might not feel financially secure. Many workplaces were closed overnight, and the funds under the shield were disbursed much later than in Germany or Great Britain. Companies that did not have enough resources to cover employee salaries and company maintenance costs, such as renting costs, lost their sense of financial security. The application submitted by the bank under the Financial Shield was difficult for many entrepreneurs, therefore these applications could be rejected. In such a situation, the entrepreneur had to submit an appeal application, which extended the waiting time for funds.

The Polish economy should be less affected by the pandemic than other European countries. Firstly, because compared to, for example, the German economy, the Polish economy is less
dependent on exports and less tied economically with China. Secondly, the tourism and entertainment sector accounts for a smaller percentage of GDP compared to European countries. The Polish economy is also quite diversified. Third, the higher rate of economic growth in Poland compared to Germany or other Western countries creates more space before a possible recession.

References


