

**The Solidarity Fund
(updated on 5 January 2021)**

Purpose	<p>Setting up and strengthening of a solidarity fund (up to 16 February 2021*) with a view to provide financial support to individuals and private law governed legal entities particularly adversely impacted by the economic, financial and social consequences of the covid-19 spread and the measures taken to limit such spread, through the granting of subsidies by the <i>ministre de l'action et des comptes publics</i>.</p> <p>*: the duration of the solidarity fund could be extended up to six months.</p> <p><i>Note: this updated alert only covers financial aids which can be requested at the date hereof and not the financial aids for the period running from March to October 2020 (which have now expired).</i></p>
Beneficiaries	<p>Individuals (self-employed workers, artists-authors, etc.) and private law governed legal entities (companies, associations, etc.) (together, the “companies”) which are French tax residents, conduct economic activities and were not subject to ongoing liquidation proceedings on 1 March 2020.</p> <p><i>Associations have to be subject to commercial income taxes or employ at least one employee.</i></p> <p><i>Regarding group of companies, the thresholds of turnovers and workforce are to be considered at the level of the group and the group is defined in accordance with Article L. 233-3 of the French code de commerce.</i></p> <p><i>Regarding each aid listed below, in addition to their respective conditions, individuals and, for legal entities, their majority-owner manager, shall not have a full time employment contract as at 1 November 2020 (unless the workforce of the company is of at least one employee).</i></p>
Subsidies for November 2020	<p>Financial subsidies to compensate the loss of turnover incurred during November 2020.</p> <p><u>Main conditions:</u></p> <ul style="list-style-type: none"> – Administrative closure from 1 to 30 November 2020. – Activities shall have started prior to 30 September 2020. – Workforce of max. 50 employees. <p><u>Amount of the subsidies:</u></p> <ul style="list-style-type: none"> – For companies subject to an administrative closure or conducting their main activity in sector S1 (hotel, restaurant, bar, travel agency, culture, ...): subsidy amounting to the loss of turnover (the turnover made with the "click & collect" or delivery activities are not taken into account) and capped to € 10,000. – For companies conducting their main activity in sector S1bis and, but excluding companies set up after 10 March 2020, having incurred a loss of turnover of at least 80% during the first lockdown: subsidy amounting to 80% of the loss of turnover but capped to € 10,000 (minimum subsidy of € 1,500 if the loss exceeds € 1,500 ; subsidy amounting to 100% of the loss of turnover if the loss is less or equal to € 1,500). – Other companies: subsidy amounting to the loss of turnover but capped to € 1,500. <p><i>The request is filed in electronic form by no later than 31 January 2021.</i></p>
Subsidies for December 2020	<p>I. Financial subsidies to compensate the loss of turnover incurred during December 2020.</p> <p><u>Main conditions</u></p> <ul style="list-style-type: none"> – Administrative closure during 1st December and 31 December 2020 OR loss of turnover of at least 50% over the same period*. – Activities shall have started prior to 30 September 2020.

	<p><u>Amount of the subsidies</u></p> <ul style="list-style-type: none"> – For companies subject to an administrative closure during the whole period: subsidy amounting to the loss of turnover and capped at either € 10,000 or 20% of the reference turnover (whichever is the most favorable for the beneficiary). – For companies subject to an administrative closure during part of the period and having suffered a loss of turnover of at least 50% during the whole period: subsidy amounting to the loss of turnover and capped at either € 10,000 or 20% of the reference turnover (whichever is the most favorable for the beneficiary). – For companies conducting their main activity in sector S1 and having suffered a loss of turnover of at least 70%: subsidy amounting to the loss of turnover and capped at either € 10,000 or 20% of the reference turnover (whichever is the most favorable for the beneficiary). – For companies conducting their main activity in sector S1 and having suffered a loss of turnover of less than 70%: subsidy amounting to the loss of turnover and capped at either € 10,000 or 15% of the reference turnover (whichever is the most favorable for the beneficiary). <p>II. Financial subsidies to compensate the loss of turnover incurred during December 2020.</p> <p><u>Main conditions</u></p> <ul style="list-style-type: none"> – Loss of turnover of at least 50% over the same period*. – Activities shall have started prior to 30 September 2020. – Workforce of max. 50 employees. <p><u>Amount of the subsidies</u></p> <ul style="list-style-type: none"> – For companies which started their activities prior to December 2019, conducting their main activity in sector S1 bis (food retail, ...) and having suffered a loss of turnover of at least 80% during the first lockdown OR a loss of turnover of at least 80% from 1st November up to 31 November 2020: subsidy amounting at least to 80% of the loss of turnover and capped at € 10,000 (minimum subsidy of € 1,500 if the loss of turnover exceeds € 1,500; subsidy amounting to 100% of the loss of turnover if such loss is less or equal to € 1,500). – For the other companies: subsidy equal to the loss of turnover and capped to € 1,500. <p>In both cases, the amount of the subsidy is capped to € 200,000 at the level of the group and the determination of the loss of turnover is set in the <i>Décret</i> dated 30 March 2020 (as amended).</p> <p><i>The request is filed in electronic form by no later than 28 February 2021.</i></p> <p>* Regarding companies subject to an administrative closure, the turnover of December 2020 includes the turnover generated on « click & collect » and deliveries activities.</p>
<p>Distressed companies</p>	<p>Distressed companies subject to ongoing safeguard proceedings and to reorganization proceedings are eligible to the Solidarity Fund (but excluding companies subject to ongoing liquidation proceedings on 1 March 2020).</p> <p>Subsidies granted pursuant to the Solidarity Fund regime to companies being distressed on 31 December 2019 pursuant to the European Union law (please refer to our memo “<i>Notion of distressed company under European Union law</i>”) must comply with the Regulation No. 1407/2013 dated 18 December 2013 from the Commission regarding the enforcement of Articles 107 and 108 of the <i>Traité sur le fonctionnement de l'Union européenne</i> to de minimis aids/supports.</p>

Tax	The subsidies are tax-free: they are not subject to income taxes, corporate taxes and to any other social charges.
Control by the Direction Générale des Finances Publiques (DGFIP)	<p>The DGFIP will carry out first-level controls and will quickly pay the subsidies to the beneficiaries. Second level controls may be also carried out by the DGFIP after the payment of the subsidies.</p> <p>Save under specific circumstances, subsidies cannot be seized.</p>
Source	<ul style="list-style-type: none"> – Law n° 2020-289 dated 23 March 2020 amending the finance law for 2020. – Article 216 of the finance law for 2021 dated 29 December 2020. – <i>Ordonnance</i> No. 2020-317 dated 25 March 2020, as amended from time to time, introducing the solidarity fund for companies particularly impacted by the economic, financial and social consequences of the spread of the covid-19 epidemic and the measures taken to limit the spread – <i>Décret</i> No. 2020-371 dated 30 March 2020, as amended by the <i>Décrets</i> (No. 2020-371 dated 30 March 2020, No. 2020-433 dated 16 April 2020, No. 2020-552 dated 12 May 2020, No. 2020-757 dated 20 June 2020, No. 2020-873 dated 16 July 2020, No. 2020-1048 dated 14 August 2020, No. 2020-1200 dated 30 September 2020, and No. 2020-1328 dated 2 November 2020, regarding the solidarity fund for companies particularly impacted by the economic, financial and social consequences of the spread of the covid-19 epidemic and the measures taken to limit this spread – FAQ of the French Government dated 15 April 2020: "<i>Le fonds de solidarité, Quelles démarches pour quelles entreprises ?</i>" – FAQ of the French Government dated 4 November 2020: "<i>Mesures de soutien économique – Comment bénéficier de l'aide du fonds de solidarité?</i>" – Press release of the Ministry of Economy: https://www.economie.gouv.fr/covid19-soutien-entreprises/fonds-de-solidarite-pour-les-tpe-independants-et-micro#