

Press release 12 August 2020

The application process for remuneration and compensation for catering companies is well under way - there is still time to apply

As of the 10th of August, 1,237 applications for remuneration of business restriction have been received, of which EUR 2.91 million has been granted to 141 companies. Support for re-employment has received 1,907 applications up to the 10th of August, of which EUR 3.91 million has been granted to 396 companies. Remuneration of business restriction can be applied for from the ELY centres' and the TE Offices' development and administration centre (KEHA centre) until the 31st of August 2020 and re-employment support until the 31st of October 2020.

Applications are processed in order of arrival. At the moment, applications for remuneration of business restriction are processed for applications received the 10th of June and re-employment support for applications received 9th of June. During the first few days following the opening of the application, many applications were made, which means that there has been a lot of urgency with the processing, but the situation will be easier in the next few days and the processing times are tighten as the number of applications decreases every day. The KEHA Centre also adds case handlers to speed up the processing of applications.

Among the applications about remuneration of business restriction has so far not occurred any rejected applications. There have been 57 applications rejected in support of re-employment. The most common reasons to rejections have been the lack of or low salary amounts in February 2020, or the company has been included in a group, in which case the subsidiary's application has been rejected and the parent company's application has been complemented in accordance with this, if not the subsidiary has drawn back its application. A company that meets the definition of a company in difficulties has also got a rejection decision.

In addition, the companies get a written decision sent along with instructions concerning claim for a revised decision. Application if amendment must be submitted to KEHA centre within thirty (30) days from the date of receipt of the decision.

Remuneration of business restriction through mass payment

In June, remuneration of business restriction was implemented as an automatic mass payment for catering companies as their main occupation, whose VAT information from April the KEHA centre received from the Tax Administration. The advance payment was made in a mass payment based on an estimated estimate of the decrease in sales caused by the restriction and the final payment on the actual sales data received from the Tax Administration. KEHA centre has paid in all 74,49 million euros in mass payments to 7 016 companies. Of the above amount, approximately EUR 2,95 million will be reclaimed from around a thousand companies, of which EUR 1,1 million has already been repaid from 341 companies.

There is still some companies in processing that had not submitted its VAT return for April by June 12th that was needed in order to complete the final payment of the mass payment, and companies that were objects for mass payment, but as according to the Tax Administration's list should not be paid for some other reason. For these companies, the KEHA centre requests a new list from the Tax Administration on the 17th

of August 2020 and - if the VAT return is valid and the sales reduction is clear - the final support is paid to the company during the month of August.

Companies that have received a mass payment have received a payment decision by post, with the exception of companies that had not submitted the VAT return in due time. The decision is accompanied by an instruction to submit a request for review to the person who is dissatisfied with the decision.

There were several hundred companies in the mass payment, where the advance payment corresponds to the total amount of remuneration. Any claim for a revised decision from these companies, as well as from the companies that have received a refund decision, will be processed according to the new list received from the Tax Administration on the 17th of August. If the Tax Administration's information has been updated regarding VAT information and the amount to be paid in addition to the decision that the KEHA centre has already made or the recovery would be reduced, the KEHA centre makes a new decision and payment to the customer ex officio or withdraws the refund request without any actions by the customer. According to the KEHA centre, this only applies to individual cases. Regarding a claim for a revised decision, however, a written decision is always made which can be appealed.

Distribution of remuneration for restriction of business

The catering business was severely restricted by legislation to prevent the spread of corona virus under the period of 4th of April - 31st of May 2020. The Parliament of Finland demanded restrictions when approving compensation for reasonable costs and measures to mitigate the effects.

Compensation for catering business only applies to companies whose operations have been temporarily restricted in accordance under section 3a, subsection 1 of the Act on Accommodation and Catering Operations (308/2006) Questions have arisen within the industry's companies and lobbying activities about the type of activities that can be reimbursed with the support of the law. The KEHA Centre has interpreted the restriction of the catering business on the basis of Act 403/2020 so that catering activities involve the professional provision of food or drink to the public for consumption in a food premises referred to in the Food Act (23/2006) in accordance with section 1 in Act 308/2006. This was also the subject of a restrictive measure between the 4th of April and the 31st of May 2020. As a rule, the VAT rates for the above-mentioned businesses are 14% and 24%, which includes food and drink and related production work.

However, situations have arisen during the processing of the application where compensation for the reduction of the sale of other VAT rates has also been considered. For example, the company's business concept is based entirely on ticket sales, where theatre performances and restaurant services are an integral part of each other. Decisions are always taken based on information received from the company and the Tax Administration. If, after receiving the decision, the company finds that the decision is based on incomplete information or if the company considers that the decision has been misinterpreted, the company may apply for reconsideration in accordance with the instructions concerning claim for a revised decision that accompanied the decision. As the compensation in the catering industry is limited to only one industry and also to a fairly limited activity, it is worthwhile for the company to explore other support alternatives, such as business cost support from the State Treasury or various development instruments from the regional ELY centers.

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[More information on remuneration for business restriction for catering companies and support for re-employment on the KEHA Centre's website](#)