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'Swiss start-ups gain Covid-19 support'

On 22 April the Swiss Federal Council enacted financial support measures for start-ups in Switzerland. Prior to this, most start-ups had no access to the government's general financial measures set out in March, which was limited to financial support of up to ten percent of the sales generated in the preceding business year. Unable to present significant turnovers in their prior years, many start-ups found themselves ineligible for such credit. Furthermore, the pandemic has made raising start-up funds more complicated.

According to the new loan scheme start-ups must:

- Have been incorporated after 1 January 2010 but before 1 March 2020.
- Have been incorporated as companies limited by shares (*Aktiengesellschaft*) or limited liability companies (*Gesellschaft mit beschränkter Haftung*).
- Be suffering from significant financial and liquidity problems due to Covid-19.
- Have its registered seat in a Swiss Canton participating in the scheme.
- Not be over-indebted according to article 725 paragraph 2 of the Swiss Code of Obligations and not be subject to bankruptcy or composition proceedings or in liquidation.
- Provide a scalable, science- or technology-based, innovative business model.
- Not be part of the agricultural sector.

The government-backed loan scheme grants up to CHF1 million per startup company. The total amount may not exceed one third of the start-up's 2019 running costs, counting salaries, investments (as far as not eligible for capitalisation), rents, patent applications and patent lawyers, internal or outsourced research and development procedures.

A company's business model will be evaluated by cantonal bodies, with the possible support of the Swiss Innovation Agency.

The total support guaranteed by the federal government and the participating cantons is CHF154 million. The federal government will guarantee 65 percent of the loan, participating canton's backing the remainder. The scheme is not mandatory for any canton.

Applications must be submitted by 31 August 2020 at: www.covid19.easygov.swiss/en/startups. After evaluation and approval by the canton it will be reviewed by an additional federal organisation which prepares the loan guarantee. After this final decision the start-up may apply for a loan from any bank.