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**- Korea Overcomes the COVID-19 Pandemic -
Government to Provide Small-sized Business Owners with Opportunities
to Ask for Loss Recovery Fund with Returning to a Normal Life**

**- Korean citizens will return to their normal lives from November 1, and
small-sized business owners will be given Loss Recovery Fund from October 27 -**

- **In 2021 3Q (July ~ September), 800,000 businesses will be given a compensation of 2.4 trillion won in total (est.)**
- **Conveniently apply online from 8AM, October 27, and receive the fund on the day of application**
 - **Loss Recovery Fund to be paid on the same day of application for a trial period of 3 days, if made before 4PM**
 - **Based on the last digit of the company's corporation registration number for the first four days (Wednesday, October 27 – Saturday, October 30)**

The Ministry of SMEs and Startups (Minister KWON Chil-seung, hereafter referred to as “MSS”) is preparing to go back to a normal life after overcoming the COVID-19 pandemic. As a part of the return, the MSS revised the Act on the Protection of and Support for small-sized companies on July 7 to define in detail the compensation system for small-sized business owners, and announced that it has decided on the 2021 3Q Loss Recovery Fund Plans (draft), and receive on-line applications from October 27 based on two deliberate meetings* from October 8 according to the act.

* First Compensation Deliberation Council Meeting (October 8),
Second Compensation Deliberation Council Meeting (October 26)

Accordingly, 800,000 business owners who ^①‘complied with measures of ban on gatherings and limitations of business hours from July 7 to September 30, 2021 ^② experienced severe losses in management. ^③and are listed under small-sized businesses will be given a fund of 2.4 trillion won.

Quick reimbursement allows business owners to receive quickly their fund upon applying, without having to submit documents, based on the administrative data of the National Tax Services and the local government. It will start from October 27, 2021.

Loss Recovery Fund amount is recalculating the amount of compensation if the business owners do not agree to the amount of compensation calculated from the quick reimbursement. If they do not agree to the outcomes of it, then they may go through an objection process.

1. Outline of Loss Recovery Fund

(1) Significance of the Loss Recovery Fund Program

This program is significant as it provides the small-sized business owners who were suffered from the pandemic severely after having complied with the ban on gatherings and limitations in business hours. Particularly, putting compensation into law is considered a great leap forward with few similar cases abroad.

So far, the MSS hosted seven seminars in the month of September with 20 small business organisations and associations to ensure there will be no problematic issues related to the implementation of the Loss Recovery Fund program, the Korean government has received counsel from experts and the field by organizing pan-government gathering.

For an effective implementation, two heads of small-sized business owners-related organisations and associations were selected based on one recommendation each from the Korean Federation of Micro Enterprise and Korean Merchant Association out of seven members of the council from the private sector.

(2) Who is eligible?

Eligible for small-sized businesses owners and enterprises that have experienced severe losses in management due to the ban on gatherings and limitations of business hours from July 7 to September 30, 2021

Specifically, those eligible should:

- ① Small Enterprises as defined by the Framework Act on Small and Medium Enterprises
- ② Have experienced losses from July 7 to September 30, 2021
- ③ Comply with measures of the ban on gatherings and limitations of business hours as prescribed in Article 49, 1(2) of the Infectious Disease Control and Prevention Act
- ④ Have experienced severe losses in management.

(3) Program Criteria

The amount of fund will be matched with the amount of losses for each small business or enterprise.

It will be calculated by comparing the same months in the years of 2019 and 2021 to identify the average amount of daily loss, in consideration of the duration of complying with quarantine measures and a correction rate.

In addition, when calculating the average amount of daily loss, the amount of labour costs and rent in comparison to the amount of sales

will be 100% reflected, in addition to the profit rate, to ensure a greater amount of loss recovery fund.

The correction rate will be flat at 80% regardless of stages in bans on gatherings and limitations on business hours.

The amount of decrease in sales, profit rates, and the like needed to calculate the amount will be objectively calculated using taxation data from each business or enterprise.

The maximum amount per quarter will be 100 million won, and the minimum amount will be 100,000 won.

2. Total Fund for 2021 3Q

It was estimated that 800,000 businesses will be eligible to receive 2.4 trillion won in Loss Recovery Fund program for 2021 3Q.

The eligible businesses are 800,000 businesses who experienced losses in sales among small-sized business owners and small enterprises who have complied with the measures of ban on gatherings and limitations of business hours from July 7 to Sept. 30, 2021.

Among the 800,000 businesses, 27,000 businesses complied with the measures of ban on gatherings (3%), and 773,000 businesses complied with limitations of business hours (97%).

The total amount of fund is 2.4 trillion won, which is an increase of 1.4 trillion won from the original 1 trillion won that was originally given. The amount increased by more than twice considering the damages done for the small-sized business owners following stronger quarantine measures that took place from July 2021.

< Loss Recovery Fund for 2021 3Q >

Classification	Total	Quick Reimbursement
Eligible Businesses (10,000 businesses)	80	62
Compensation Amount (trillion won)	2.4	1.8

※ Total compensation amount is estimated based on quick reimbursement, compensation confirmation, and objection

3. Major Facts about the Quick Reimbursement of 2021 3Q

Quick reimbursement allows business owners to receive quickly their compensation upon applying, without having to submit documents, based on the administrative data of the National Tax Services and the local government. It will start from October 27th, 2021.

After calculating the amount of compensation in advance, 620,000 business owners will be eligible for 1.8 trillion won in total by the quick reimbursement of 2021 3Q.

This accounts for 77% of the entire group of business owners eligible for Loss Recovery Fund program during the 2021 3Q (800,000 owners), and 73% of the total amount of compensation (2.4 trillion won).

If a small-sized business owner does not agree with the amount calculated from the “Quick Reimbursement” system, it will be possible to additionally submit documents to recalculate the amount of compensation through “Compensation Confirmation.”

If anyone does not agree with the amount calculated from “Compensation Confirmation,” it is possible to ask for redemption based on a formal objection.

4. Application and Reimbursement Schedule

(1) Quick Reimbursement

Small-sized business owners can apply for reimbursement without submitting any documents on the exclusive website(소상공인손실보상.kr) from Wednesday, October 27

For the first three days (Wed. October 27 – Fri. October 29) the fund will be given four times a day*. If you apply before 4PM, it will be feasible to receive the reimbursement on the day of application.

- * ① Application from midnight to 7AM → 10AM on the day of, ② Application from 7AM to 11AM → 2PM on the day of, ③ Application from 11AM to 4PM → 7PM on the day of, ④ Application from 4PM to midnight → Starting from 3AM of the next day

In particular, 620,000 small-sized business owners who are eligible for quick reimbursement will get text messages notifying them of the application from 8AM over the course of 2 days, Wednesday, October 27 to Thursday, October 28.

310,000 business owners whose corporate registration number ends on an odd number will receive text messages on the 27th, and 310,000 business owners whose corporate registration number ends on an even number will receive text messages on the 28th.

Even if business owners do not receive a text message, they can check their eligibility on the compensation website 「소상공인손실보상.kr」 which will open on 8AM, Wednesday, October 27.

It is also possible to check for eligibility from Friday, October 8 via the call centre (☎1533-3300) and online chatting services (손실보상114.kr).

During the first 4 days of application (Wednesday, October 27 – Saturday, October 30), business owners will be asked to apply based on the corporate registration numbers.

Business owners may apply for compensations based on the last digit of their corporate registration numbers, but from Sunday, October 31, all business owners may apply regardless of their corporate registration numbers.

Small-sized business owners who have difficulties in applying online may also apply in person.

They may visit the Loss Recovery Fund exclusive counters available in city halls located close to the business from November 3.

(2) Confirmation, Objections

Business owners that ^①do not agree on the amount calculated from the quick reimbursement, or ^②are not eligible for the quick compensation despite complying with ban on gathering and limitations in business hours may sign up for compensation confirmation.

Applying for compensation confirmation will start online from Wednesday, October 27 like the quick reimbursement, but will start from Wednesday, November 10 in person.

If business owners do not agree with the outcomes of the compensation confirmation, they may file an objection within 30 days they receive the results of the compensation confirmation.

5. Enquiry

Starting from Wednesday, October 27, there will be Loss Recovery Fund exclusive counters in 300 places around the country such as city halls, Regional SMEs and Startups Offices, and Small Enterprise and Marketing Service (SEMAS) regional centres.

The public may also make enquireis to the Loss Recovery Fund call centre (☎1533-3300) and online chatting services (손실보상114.kr).

Minister KWON Chil-seung of SMEs and Startups stated, “It is meaningful that we will be able to institutionally compensate for the losses of the small-sized business owners who have endured the prolonging quarantine measures.”

He added, “I hope that the Loss Recovery Fund program will suggest a remedy to soothe the pains of the small-sized business owners who were suffered from ban on gathering and limitations in business hours due to the COVID-19.”