

Coronavirus Newsletter V

Additional changes to second coronavirus support package

The ink was barely dry on the text of the second support package for entrepreneurs when the government announced a number of important changes.

What is changing? The second support package is being extended by a month to the end of September. The compensation that can be obtained for fixed costs (Reimbursement of Fixed Costs for SMEs scheme (Tegemoetkoming Vaste Lasten MKB)) has been increased to a maximum of € 50,000 in the event of a drop in turnover of at least 30%. A 5% redundancy penalty is also now being imposed under the Temporary Emergency Bridging Fund for Employment 2.0 (NOW scheme 2.0) if the conditions are not met in cases where more than 20 employees are made redundant, and the amount made available for the Coronavirus Bridging Loan (COL) has been increased to € 200 million.

1. [Reimbursement of Fixed Costs for SMEs: more compensation for fixed costs in the event of a drop in turnover of at least 30%](#)
2. [NOW scheme 2.0: 5% redundancy penalty](#)
3. [Temporary Bridging Scheme for Independent Entrepreneurs \(Tozo\) 2.0: extended to end of September](#)
4. [Deferment of tax payments: extended to end of September](#)
5. [Amount available for Coronavirus Bridging Loan increased to € 200 million](#)

The second support package, including the changes announced on Thursday, 28 May, is presented below.

1. Reimbursement of Fixed Costs for SMEs: more compensation for fixed costs in the event of a drop in turnover of at least 30%

Under the Reimbursement of Fixed Costs for SMEs scheme (Tegemoetkoming Vaste Lasten MKB (TVL)) companies can obtain compensation for their fixed costs. This will be capped at € 50,000 (previously € 20,000) for the next fourth-month period, from June to September (previously three months). The level of the compensation will depend on the size of the company, the level of its fixed costs and the drop in turnover. Compensation is only available to companies with a workforce not exceeding 250 employees. The drop in turnover must amount to at least 30%. By means of these changes the scheme has been tailored more to specific situations. That was not the case with the Contribution for Entrepreneurs in Sectors Affected by COVID-19 scheme (TOGS) from the first support package, which applied from March to May. Under that scheme the drop in turnover suffered and the fixed costs incurred had to amount to at least € 4,000 for each company. The new TVL scheme is open to the same affected sectors that were eligible for the TOGS scheme. These include catering, recreation, gyms, events, fairs, gambling halls, venues and theatres. The compensation paid under the new scheme will also be free of tax.

2. NOW scheme 2.0: 5% redundancy penalty

A 5% redundancy penalty has been included in the NOW scheme 2.0. The NOW scheme will also now run until the end of September.

What does NOW 2.0 entail?

Companies that have suffered a drop in turnover can obtain a contribution towards their payroll costs. This NOW scheme reimburses up to 90% of the payroll costs of companies whose turnover drops by at least 20%. The maximum compensation of 90% applies if a company loses all of its turnover. If the drop in turnover is smaller, the compensation is reduced proportionately. This means that if a company sees its turnover fall by 50%, it can receive compensation for 45% of its payroll costs.

How is the drop in turnover determined?

The drop in turnover is determined over a four-month period, for which the company can choose 1 June, 1 July or 1 August as the starting date. It is not yet known whether this period can also commence on 1 September. In the case of applicants who are taking advantage of the NOW scheme for a second time, no choice is available, as the turnover period must fit in with the timeframe chosen for the first scheme period.

Accumulation of coronavirus subsidies

Under NOW 2.0 the level of the wage bill is derived from the wage bill for March. Any subsidies that entrepreneurs receive within the context of the coronavirus crisis are counted as turnover for the purposes of both NOW 1.0 and NOW 2.0. As a result, entrepreneurs who also receive a contribution on the basis of the TOGS scheme or the new TVL scheme receive a lower contribution via the NOW scheme.

The government hopes that the extended NOW scheme 2.0 for June, July, August and September will be open for applications from 6 July. It is now possible to apply for the payroll costs subsidy under NOW 1.0 until 5 June (previously 31 May).

Please note:

The fixed (flat-rate) mark-up under NOW 2.0 has been increased from 30% to 40%. In this way the NOW scheme will also contribute towards costs other than payroll costs.

Seasonal businesses

An adjustment has been made to NOW 1.0 with a view to supporting seasonal businesses that increased their workforce between January and March. The wage bill for March will now be taken as the frame of reference instead of the unrepresentative wage bill for January.

If the wage bill from March to May is more than three times the wage bill for January, the wage bill from March to May is taken as the basis for calculating the final subsidy. The wage bills for April and May will then be capped at the level of the wage bill for March, with 15 May as the reference date. This new calculation method will automatically apply to all employers who have a higher average wage bill over the period from March to May compared with January (including capping).

Additional conditions for bonuses

A company that takes advantage of NOW 2.0 may not distribute any dividends to shareholders, pay any bonuses to its board and/or management or buy back any of its own shares. The condition that no transactions of this nature may be effected in 2020 will apply up to the shareholders' meeting in 2021, when the financial statements are adopted. Dividends, bonuses and shares for 2019 are not subject to this condition. 'Bonuses' is also understood to cover profit-sharing and other forms of bonus payment. This ban only applies to companies that are receiving a contribution for which a declaration from an accountant is required.

Please note:

Under NOW 1.0 the ban on paying out dividends and bonuses and buying back own shares also applies to companies that fall under the group scheme.

Declaration from an accountant

You need a declaration from an accountant if you have received an advance payment under NOW 2.0 or NOW 1.0 of € 100,000 or more. To determine this amount, you need to add together the various applications submitted for the payroll tax numbers within your company or group. If you are paid an advance of less than € 100,000, but receive a subsidy of € 125,000 or more when the final subsidy is determined, you also have to submit a declaration from an accountant. You will need to estimate yourself whether the final subsidy determined will come to € 125,000 or more. If you receive an advance payment exceeding € 20,000, or an amount exceeding € 25,000 when the final subsidy is determined, you must submit a declaration from a third party confirming the drop in turnover. This third party may be a financial services provider, for example.

Redundancy penalty changed

The redundancy penalty is changing under the NOW scheme 2.0. Under NOW 2.0 the redundancy penalty is now 5% on the total amount of the NOW subsidy. This penalty is imposed if 20 employees or more are being made redundant and no agreement has been reached with the trade unions or employee representation body. If the parties are unable to reach an amicable solution, a request for mediation must be submitted to the Labour Foundation. In the absence of an agreement or mediation request, the redundancy penalty will be imposed.

Please note:

This applies to redundancy applications submitted to the Employee Insurance Agency (UWV) between 29 May and 30 September 2020.

One aspect of NOW 1.0 that has been retained under NOW 2.0 is the fact that no payroll subsidy is received for employees who are made redundant for commercial reasons. In this case a 100% correction is applied to the NOW subsidy. The 50% redundancy penalty applied under NOW 1.0 has been abolished under NOW 2.0. The statutory protection in the event of redundancy remains in force, which means the employer is still obliged to make a transition payment.

Further training and/or retraining mandatory

Employers who apply under NOW 2.0 will be subject to a best-efforts obligation to encourage their employees to undertake further training and/or retraining. The aim is to limit the number of compulsory redundancies as a result of the coronavirus crisis as much as possible. To this end, the government is making a € 50 million training package available under the name 'NL leert door' ('The Netherlands keeps learning'). This package, the further details of which are yet to be worked out, will include development advice and online training specifically geared towards career steps that are relevant to the needs of the labour market.

3. Temporary Bridging Scheme for Independent Entrepreneurs (Tozo) 2.0: extended to end of September

The support being offered under the Tozo scheme for self-employed persons in financial need is being extended until the end of September 2020. Under the Tozo scheme a person's income is supplemented up to the level of the minimum social income and this does not have to be paid back.

Conditions tightened to include partner test

Unlike Tozo 1.0, Tozo 2.0 will include a partner test, as previously announced. If the partner's income results in the family income exceeding the minimum social income, under the new scheme a self-employed person will therefore no longer receive any income support. However, there will still be no means test: the viability of the business will not be considered and the so-called 'kostendelersnorm' (cost standard divisor) will still not be applied. The cost standard divisor means that if several adults are living together, the benefit payment is lower, as it is assumed that the costs will be shared. This will therefore not apply under the new Tozo scheme either.

Working capital loan

It will also still be possible to obtain support in the form of a working capital loan of up to € 10,157 at a reduced interest rate.

Please note:

Entrepreneurs can submit applications for Tozo 2.0 to the local authority in their municipality of residence from 1 June to 30 September.

4. Deferral of tax payments: extended to end of September

The period during which affected entrepreneurs can apply for a deferral of tax payments has been extended until the end of September 2020. Any default penalties for late payment do not have to be paid. The rates of tax interest and late payment interest have been reduced to 0.01% until 1 October 2020 for all types of tax.

In addition, the other tax measures introduced, namely the relaxation of the hour criterion for self-employed persons, the mortgage payment holiday, the VAT exemption for medical aids and the VAT exemption for the loaning out of healthcare personnel, are being extended until 1 October 2020.



Entrepreneurs will be immediately granted a three-month deferment of payments on submission of their first application. An application only needs to be submitted once for this three-month period.

Please note:

Entrepreneurs who apply for a deferment of more than three months may not pay out any dividends or bonuses or buy back their own shares.

A deferment granted for more than three months will last until the deferment is withdrawn, which will not be before 1 October 2020. Upon expiry of the deferment entrepreneurs will be offered an appropriate payment arrangement. What this payment arrangement will involve is not yet clear.

5. Amount available for Coronavirus Bridging Loan increased to € 200 million

The amount being made available for the Coronavirus Bridging Loan (COL) has been increased to € 200 million from an initial amount of € 150 million. The purpose of the COL is to improve the liquidity position of innovative companies. Companies that are eligible for the COL can take advantage of the scheme until the end of September.

Coronavirus loans and guarantees for entrepreneurs

The extension to the end of September also applies to other loans and loan guarantees for entrepreneurs. This relates to the coronavirus modules of the government-guaranteed scheme for loans to SMEs (BMKB) and Corporate Finance Guarantee Scheme (GO), the new Small Loans Coronavirus Guarantee Scheme (KKC) and the budget for the SEED Capital scheme.

Please note:

We are keen to ensure we provide up-to-date information. As we are writing, however, the government is constantly announcing new additions or improvements to (new) schemes. The overview in this Coronavirus Newsletter is based on the information available as at Friday, 29 May.

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