

Coronavirus newsletter no. 9/2020

What is included in the third support package?

Support for businesses that have been affected by the consequences of coronavirus is being extended until 1 July 2021. This was announced by the government on Friday, 28 August. What is changing?

Please note:

We are keen to ensure we provide up-to-date information. As we are writing, however, new additions or improvements to the support package may be announced by the government. The overview in this Coronavirus Newsletter is based on the information available as at 8 p.m. on Sunday.

1. NOW scheme extended, but with stricter conditions
2. Tozo 3.0: introduction of means test
3. TVL: higher amount, but more stringent requirements
4. Fiscal measures scaled back
5. Credit facilities extended and new facilities may be introduced
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1. NOW scheme extended, but with stricter conditions

The contribution towards payroll costs for companies that have suffered a substantial drop in turnover is being maintained for three three-month periods. This means the Temporary Emergency Bridging Fund for Employment (NOW) will continue until the end of June 2021. However, under NOW 3.0 the conditions will gradually become stricter. Every quarter the requirements that have to be met relating to the drop in turnover will be tightened up incrementally, while the level of the contribution will also be reduced further. For employers applying under the NOW, the obligation to encourage employees to participate in training will remain in place, as will the ban on distributing dividends and bonus payments.

Fixed mark-up of 40%

A mark-up of 40% of payroll costs will continue to be added to the wage bill to compensate for charges paid by the employer, such as holiday allowance and pension contributions.

NOW 3.0: October to the end of December 2020

Over the first period, from October to the end of December 2020, a drop in turnover of at least 20% will still be required. The maximum compensation available under NOW 3.0, in the event of a drop in turnover of 100%, will be 80% of the company's payroll costs, instead of 90% under NOW 1.0 and 2.0.

NOW 3.0: January to the end of March 2021

Over the second period, from January to the end of March 2021, the drop in turnover suffered must amount to at least 30%. The contribution paid over this period will be capped at 70% if a company has lost 100% of its turnover.

NOW 3.0: April to the end of June 2021

Over the third period, from April to the end of June 2021, the drop in turnover suffered must be at least 30% and the contribution paid in the event of a 100% drop in turnover will be just 60%.

In summary:

NOW 3.0	Minimum drop in turnover	Maximum compensation
October to end of December 2020	20%	80%
January to end of March 2021	30%	70%
April to end of June 2021	30%	60%

No consequences for limited decrease in wage bill

The government has announced that employers can partially reduce their wage bill without this affecting the contribution they receive under NOW 3.0. Over the first three-month period (October to the end of December 2020) the wage bill may fall by 10%, over the second period (January to the end of March 2021) by 15% and over the third period (April to the end of June) by 20%. The reason for the decrease in the wage bill is irrelevant for the purposes of NOW 3.0. It may be a consequence of redundancies or agreements to voluntarily forgo salary, for example. It is not yet clear by how much the contribution will be reduced if the above percentages are exceeded.

Redundancy penalty to be removed

Entrepreneurs will no longer have their NOW subsidy reduced if they make employees redundant for commercial reasons. Such a penalty is currently applied under NOW 2.0. An entrepreneur is subject to a penalty under NOW 2.0 if he or she makes twenty or more employees redundant for commercial reasons without reaching an agreement with the trade union or another representation body.

Maximum salary under NOW 3.0

The maximum salary that qualifies for the contribution under NOW 1.0 and 2.0 is 2 x the maximum daily wage, i.e. € 9,538 (2020) per month. This maximum will also apply during the first two periods of NOW 3.0, i.e. for the period from October 2020 to the end of December 2020 and the period from January to the end of March 2021. Over the third period of NOW 3.0, from April to the end of June 2021, the maximum salary for the purposes of the contribution will amount to just 1 x the maximum daily wage (approximately € 4,769).

Applications for NOW 3.0 to open in November

The government is aiming to allow applications for NOW 3.0 to open on 16 November 2020. It will then be possible to submit an application for the first period, from October to the end of December 2020. Applications may be submitted irrespective of any previous applications under NOW 1.0 and/or NOW 2.0. It will again be possible to apply for NOW 3.0 via the Employee Insurance Agency (UWV).

Please note:

The precise conditions that will apply to NOW 3.0 are currently being worked out in detail and will be announced by 1 October 2020 at the latest.

2. Tozo 3.0: introduction of means test

The Temporary Bridging Scheme for Independent Entrepreneurs (Tozo) is also being extended until 1 July 2021. The main difference between Tozo 3.0 and the earlier versions of the scheme is the introduction of a means test.

Means test

Entrepreneurs with directly available funds of more than € 46,520 will no longer be eligible for the Tozo scheme. Directly available funds include cash, bank and savings account balances, shares, bonds and options. Other assets, such as commercial property and machinery, will not be considered. An entrepreneur's own home and ring-fenced pension will also not count towards the € 46,520 limit.

Partner's income test remains in place

The partner's income test will be maintained. No consideration will be given to the viability of the business and the '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.

Loan still possible

Under Tozo 3.0 it will still be possible to obtain a working capital loan. The total amount of the loan received under Tozo 1.0, 2.0 and 3.0 together may not exceed € 10,157. Entrepreneurs who have already received this amount in loans are therefore barred from applying again.

Bbz scheme after Tozo 3.0

The existing scheme in place under the Social Assistance (Self-Employed Persons) Decree (Bbz scheme) will continue to function as a safety net after Tozo 3.0 comes to an end on 1 July 2021. Support to help with living costs and working capital loans are also available under the Bbz.

Refocusing on the future

The government believes it is important that entrepreneurs who have experienced difficulties as a result of the coronavirus crisis refocus on their future. From 1 January 2021 local authorities will therefore be actively supporting such entrepreneurs with coaching, advice and further training or retraining.

Applications

Applications under the scheme can be submitted from 1 October 2020 to 30 June 2021. The opening date for applications may differ from one local authority to another. Keep an eye on your local authority's website for more information.

3. TVL: higher amount, but more stringent requirements

The Reimbursement of Fixed Costs for SMEs scheme (TVL) is also being extended until 1 July 2021. Notable changes compared with the current scheme are that under the TVL from the third support package the maximum level of the compensation is increasing to € 90,000 for a three-month period and that from January next year the drop in turnover will need to be higher to qualify for the TVL.

Three three-month periods

The new TVL set out in the third support package has been divided into three three-month periods. As is the case for NOW 3.0, these periods will run from October to the end of December 2020, from January to the end of March 2021 and from April to the end of June 2021. In each of these three periods the contribution has been capped at € 90,000 per period. This is € 40,000 more than under the current TVL, which has a maximum of € 50,000.

Greater drop in turnover required

Under the TVL from the second support package the drop in turnover suffered must amount to at least 30%. This percentage will remain the same for the first period of the new TVL from October to the end of December 2020. For the following period, from January to the end of March 2021, a minimum drop in turnover of 40% will be required, with a figure of 45% applying in the period after that, from April to the end of June 2021.

Partial coverage

As is the case under the TVL from the second support package, the new scheme will only cover 50% of fixed costs. Industry averages, based on figures from the CBS (Statistics Netherlands), will continue to be taken as a basis for the calculation. A contribution of 50% will be paid on the basis of this average and the drop in turnover suffered.

Only for SMEs in specific sectors

The contribution is only available to SMEs in specific sectors and this will remain the case. This means that a company needs to have the correct SBI code. Amongst other conditions, it must also employ fewer than 250 staff.

More fixed costs required

In addition, a company must have fixed costs of at least € 4,000 per three-month period. Under the TVL from the second support package a four-month period currently applies. Consequently, a company needs to have more fixed costs to qualify for the contribution under the new TVL.

Applications

Applications relating to the first period of the TVL from the third support package, from October to the end of December 2020, can be submitted at RVO.nl from 1 October 2020 to 29 January 2021. Entrepreneurs must submit a separate application for each period.

4. Fiscal measures scaled back

The relaxation of tax rules as a result of the coronavirus crisis, such as the possibility of deferring payments and the reduction in the rate of tax interest, is being scaled back. It is currently possible to obtain a deferment of payments for taxes including income tax, corporation tax, VAT and payroll tax.

Deferment until 1 January 2021 at the latest

Until 1 October 2020 entrepreneurs can still apply to the Tax and Customs Administration for a deferment of tax payments or an extension of a deferment. Deferments will therefore end for all entrepreneurs on 1 January 2021 at the latest. In principle, it will no longer be possible to obtain a deferment from 1 January 2021 onwards.

Settlement of tax debts

Entrepreneurs who do not apply for a deferment or extended deferment from the Tax and Customs Administration will in principle have to settle their tax debts in 24 months. If you have obtained a deferment, you will need to start settling your debts by 1 January 2021 at the latest.

Custom solutions in the event of payment problems

If settlement is not possible, a custom solution, such as a longer deferment of payments, will be considered. In such cases a declaration from a third-party expert, such as an accountant, will be required. This declaration must demonstrate that you have liquidity problems, that these are temporary, that they will be resolved by an agreed date and that the business is viable. The Tax and Customs Administration is still considering the possibility of expanding the existing debt rescheduling options.

Late payment interest remains low

Late payment interest is payable if tax debts are not settled on time. As a result of the coronavirus crisis, the rate of late payment interest has been reduced to 0.01%. This means that entrepreneurs have to pay hardly any interest on their tax debts for the duration of a deferment of payments. The reduced rate of 0.01% for late payment interest will continue to apply until 31 December 2021.

Tax interest increasing from 1 October 2020

Entrepreneurs pay tax interest if a tax assessment is determined late due to the fault of the entrepreneur or if the Tax and Customs Administration has to deviate from the information provided on the tax return. The rate of tax interest is currently also 0.01%, but this rate will return to the original level of 4% from 1 October 2020. Tax interest in the area of corporation tax will also be set at 4% up to 31 December 2021 (instead of the original level of 8%).

Commuting allowance expanded

In the area of income tax a commuting allowance is available to employees for travel by public transport between home and work that is not refunded by the employer. Some people are now working from home and travelling to work much less often. As a result, they are entitled to a lower commuting allowance, although they are often still incurring the same costs. For 2020 the commuting allowance for income tax purposes will therefore be applied as if the employee has continued to follow the same commuting pattern as before the coronavirus crisis. However, this is subject to the condition that the employee's travel costs are unchanged.

5. Credit facilities extended and new facilities may be introduced

Numerous credit facilities are being extended beyond 1 October 2020. It is not yet known whether the conditions will change. The extension will apply to schemes including the government-guaranteed scheme for loans to SMEs (BMKB) and the Small Loans Coronavirus Guarantee Scheme (KKC).

Together with the travel industry, the government is continuing to examine the feasibility and desirability of a credit facility linked to existing vouchers. If it becomes clear that government involvement would be demonstrably effective and desirable, this will be considered.

6. Possible insurance for events sector

In addition, the events sector is discussing new insurance instruments that would possibly allow activities to resume. If it becomes clear that government involvement would be demonstrably effective and desirable, this will also be considered.

7. Supplementary social package

In response to the job losses resulting from the coronavirus crisis, a sum of around € 1.4 billion is being earmarked for a range of social measures, including to help the UWV and local authorities support people in finding new work. These funds will also be available for retraining and further training, as well as to offer additional support for vulnerable individuals, such as young people and people with an occupational disability. In addition, support will be provided for people at high risk of poverty and problematic debts.

Disclaimer

We have endeavoured to compile these texts as reliably and as carefully as possible. Our organisation cannot be held liable for any inaccuracies they may contain or the consequences thereof.