

Conditions announced for 'Temporary emergency bridging measure to retain jobs'

On March 31, 2020 the Minister of Social Affairs and Employment announced the conditions for the 'Temporary emergency bridging measure to retain jobs' (*Tijdelijke noodmaatregel overbrugging voor behoud van werkgelegenheid*; NOW). This scheme is briefly discussed below.

The NOW scheme in general

In line with the announcement of March 17, 2020 the scheme provides for compensation for payroll costs if an employer expects and ultimately experiences a decline in turnover of 20% or more as a result of the corona crisis. Compensation will be granted in relation to the decline in turnover and will amount to 90% of the eligible payroll costs. The temporary emergency measure attempts to encourage employers as much as possible to retain employees (with temporary and open-ended contracts).

Although the decline in turnover is calculated at the group level, each employer (that is eligible for the scheme) must apply for the subsidy separately. The application procedure takes place in **two steps**, which can both, in principle, take place online via the website of the Dutch Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*; UWV).

1. The first step entails applying for an advance payment based on the expected decline in turnover. The UWV will pay 80% of the calculated subsidy in advance and hopes to make this payment within two to four weeks. This application can be submitted through to May 31, 2020.
2. In the second step, the employer must submit the final application within 24 weeks of the end of the period over which the employer calculated the loss of turnover in the subsidy application. The final amount of the subsidy is determined on the basis of the actual decline in turnover in that period and credited or debited against the advance payment.

Some other points to consider

- The final subsidy amount will be reduced if:
 - the actual payroll during the period March through May 2020 is lower than three times the payroll for the first payroll tax period of 2020 (usually January 2020); and/or
 - an employer submits, after March 17, 2020, one or more applications to make one or more employees redundant for economic reasons.

- The scheme is also available to foreign legal entities and companies insofar as these entities pay salaries over which Dutch national insurance contributions are remitted. Foreign group companies are not included in the calculation of the decline in turnover if they do not pay Dutch salaries that are subject to national insurance contributions.
- Turnover is understood as net turnover, as defined in accounting and reporting rules. In principle, that is turnover reduced by, for example, discounts.
- The scheme imposes all kinds of administrative and information obligations on employers.

Should you have any questions about the above, Meijburg's advisors would be pleased to use their expertise to help you minimize the tax and financial consequences of the corona crisis. We will of course keep you informed of any additional tax measures.

Meijburg & Co
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