

Relief and recovery package fourth quarter 2021

During the past year and a half the government, now caretaker government ('the government'), has set up an extensive generic relief and recovery package. By letter to the Lower House of Parliament dated August 30, 2021 the government announced that as of October 1, 2021 this generic relief and recovery package would largely end. This means, among other things, that the various tax measures, the Overhead Compensation SMEs (*Tegemoetkoming Vaste Lasten mkb*; TVL) and the Temporary emergency bridging measure to retain jobs (*Tijdelijke Noodmaatregel Overbrugging voor Werkgelegenheid*; NOW) will not be extended and therefore will end on October 1, 2021.

The government will continue to support businesses also after October 1, 2021 that are experiencing financial problems as a result of the corona crisis and businesses operating in sectors that will also face difficulties after nearly all the social distancing measures are lifted, for example, tourism, nightclubs, congresses and festivals.

These matters and several other (tax) measures are briefly addressed below.

1. Tax measures

Special deferral of payment

As of October 1, 2021 businesses must again pay all their new tax payment obligations on time. As of October 1, 2022 the – in short – tax debt accrued during the period in which a business received a special deferral of payment, must be paid in 60 monthly installments. The tax debt must therefore be fully paid by October 1, 2027 at the latest.

To accommodate businesses, the extended payment deadline of 60 months will apply to all debts of businesses that were granted a deferral of payment as a result of the corona crisis, even if an extension was not requested.

Late payment interest

Through to the end of 2021 the late payment interest is 0.01%. It will gradually be increased as follows:

- 1% as of January 1, 2022;
- 2% as of July 1, 2022;
- 3% as of January 1, 2023;
- 4% as of January 1, 2024 (the normal rate).

Tax collection to begin if there is no special deferral of payment

In September 2021 the Dutch tax authorities will gradually start collecting tax from all individuals and businesses that have not been granted a deferral of payment. The Dutch tax authorities will first send a letter with information about the accrued debts and information about deferral of payment options. Personal contact will also be sought where possible. Only then will notifications that ultimately involve costs follow, such as demands for payment and execution orders.

Other corona tax measures

The government will continue the following four corona tax measures until the end of the fourth quarter 2021:

1. The agreement with Germany and Belgium concerning the taxation of frontier workers (provided Germany and Belgium agree to this).
2. The exemption for a number of German net benefits.
3. The untaxed payment of fixed travel allowances.
4. The retention of the right of homeowners to claim the mortgage interest deduction if they obtain a mortgage repayment break from their mortgage lender.

The reduction of the normative salary for so-called substantial interest-employees and the increase of the fixed exemption in the work-related costs rules for the year 2021 (see our [memorandum dated January 22, 2021](#)) were already set to continue until January 1, 2022.

The other corona tax measures will therefore, in principle, end on October 1, 2021.

2. NOW and TVL

Not extended

The NOW and TVL will not be extended through to the fourth quarter of 2021 and will therefore end on October 1, 2021. Applications for the TVL for the third quarter of 2021 can be submitted to the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*; RVO) through to 5:00 p.m. on October 26, 2021. Applications for the NOW for the third quarter of 2021 can be submitted to the Dutch Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*; UWV) through to September 30, 2021.

Repayment of NOW and TVL

After the final NOW/TVL subsidy amount has been determined for the period to which it applies, each business will have a standard six weeks to repay any overpaid subsidy. If, for whatever reason, a business is unable to do so, it can agree a repayment arrangement with multiple installments. The implementing agencies (UWV and RVO) have scope for customized solutions and will use this to offer deadlines of up to five years – with 0% interest – tailored to a business' specific situation.

3. Miscellaneous

WHOA and TOA

The government also wants to support businesses that, despite the deferred payments and longer payment deadlines, are in principle forced to close their business. It will, for example, do so by means of the Court Approval of a Private Composition (Prevention of Insolvency) Act (*Wet homologatie onderhands akkoord*; WHOA). These rules can be used to reschedule the debts of a business in such cases and so avoid bankruptcy.

The time-out arrangement (TOA) credit subsequently enables SMEs with business activities that are sufficiently viable to make a restart from a WHOA process. Qredits may grant a maximum of EUR 100,000 in TOA credit to a business. Qredits provides microcredits to start-ups and small businesses.

Guarantee schemes

To continue to facilitate market financing, the Small Corona Loans (*Klein Krediet Corona*; KKC), the Qredits Bridging Loans (*Qredits-overbruggingskrediet*), the Government-guaranteed scheme for loans to small and medium-sized enterprises (*Borgstelling mkb*; BMKB-C) and the Business Loan Guarantee Scheme (*Garantie Ondernemingsfinanciering*; GO-C) will remain in force until the end of 2021. The guarantee scheme for events and the loan facility for guarantee funds in the travel sector will also continue to apply until the end of 2021.

Nightclubs and discos

In order to carefully reopen society and the economy, the government considers it essential that nightclubs and discos remain closed until at least November 1, 2021. A targeted compensation scheme will therefore be set up for this sector. The government is busy working out the details of this and is in discussion with the sector and all those involved.

Return of Reduced Working Hours

As a result of the introduction of the NOW, the Reduced Working Hours (*Werktijdverkorting*; WTV) was suspended. Because the NOW will end on October 1, 2021, the government intends to reactivate the WTV as of that date. The WTV offers support to employers who are affected by an extraordinary circumstance that is not part of the business risk. The WTV is expressly not intended for corona-related circumstances.

Termination of TOZO

As of October 1, 2021 the Temporary emergency bridging measure for self-employed persons (*Tijdelijke overbruggingsregeling zelfstandig ondernemers*; TOZO) will be halted. This means that as of October 1, 2021 welfare assistance to the self-employed will, where necessary, only be provided under the Social Assistance (Self-Employed Persons) Decree 2004 (*Besluit bijstandverlening zelfstandigen 2004*; BBZ). The government has however decided to simplify and ease the BBZ during the fourth quarter of 2021.

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 tax developments.

KPMG Meijburg & Co
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