

Expansion of relief package 4th quarter 2021

Due to the increasing number of corona infections, the caretaker government (hereinafter: the government) announced additional measures on Friday, November 26, 2021 in order to get the corona virus under control. Of course, these measures (also) have consequences for businesses and workers. In order to support them, the government will once again expand the relief package in the fourth quarter of 2021 (for the previous expansion see [our online memorandum of November 19, 2021](#)). The current expansion involves, among other things, the introduction of the fifth Temporary emergency bridging measure to retain jobs (*Tijdelijke noodmaatregel overbrugging voor werkbehoud*; NOW 5). In addition, the government announced that the already announced Overhead Compensation (*Tegemoetkoming Vaste Lasten*; TVL) scheme for the fourth quarter of 2021 (TVL Q4 2021) will also be expanded, that the special deferral of payment will be extended and that the late payment interest rate will remain at 0.01% for a further six months. The government will introduce additional measures for the sports and culture sector.

The various (tax) relief measures are briefly discussed below.

Tax measures

Special deferral of payment

The government has decided to extend the special deferral of payment for tax debts through to the fourth quarter of 2021. The extension will automatically apply to businesses with still outstanding tax debts that fall under the special deferral of payment policy. The extension applies to all taxes that are eligible for deferral under the Corona Crisis Emergency Measures Decree and of which the last date for payment expires before February 1, 2022. Businesses that have not previously applied for a special deferral or that have already paid their tax debts can reapply for a special deferral of payment.

Late payment interest

The late payment interest rate will remain at 0.01% through to June 30, 2022 (it was set to increase to 1% on January 1, 2022). It will now be set at 1% as of July 1, 2022, after which it will increase by 1 percentage point every six months. Thus on January 1, 2023 the late payment interest rate will rise to 2%, on July 1, 2023 to 3% and on January 1, 2024 to 4%.

Payment discount

The amount of the payment discount is linked to the late payment interest charged by the Dutch tax authorities. It is not technically possible to 'uncouple' this. Extending the period in which the reduced late payment interest rate of 0.01% is applied through to June 30, 2022 thus means that the payment discount for many taxpayers will be (considerably) lower.

Cross-border workers

The agreements with Belgium and Germany about preventing the power to tax being shifted due to the working from home measures, currently apply through to December

31, 2021. In light of recent developments surrounding the corona crisis, the Netherlands will ask Belgium and Germany for a further extension of these agreements.

With regard to social security, it has been agreed in an EU context that working from home must not result in a change to the Member State where the contributions must be paid. This measure also in principle applies through to December 31, 2021. Due to recent developments regarding the corona virus throughout the entire European Union, an extension of this agreement is on the EU agenda for mid-December 2021.

NOW 5

Main features of NOW 5

NOW 5 will apply for the period November 1, 2021 through December 31, 2021. This means that the turnover of the relatively good month of October 2021 will not count. The other conditions remain largely unchanged. The turnover threshold will remain at 20%, the subsidy percentage at 85%, the fixed increment for employer expenses at 40% and the maximum salary per employee to be taken into account will remain the same at twice the maximum daily wage per month. The reference month for the payroll will be September 2021 and the reference turnover will be determined by dividing the turnover in 2019 by six, with the exception of businesses that started operating between February 1, 2020 and September 30, 2021.

In contrast to previous NOW schemes, when applying for NOW 5 employers can no longer elect over which months they wish to have the loss of turnover calculated. For each employer, the loss of turnover will be calculated over the months November and December 2021. In addition, two changes will be made compared to NOW 4. Firstly, the payroll exemption percentage will be increased to 15% (was 10% under NOW 3 and NOW 4). Secondly, businesses that started operating between February 1, 2020 and September 30, 2021 may now submit a NOW application. However, separate turnover reference periods and calculations will apply to them.

Employer obligations

As of NOW 3, if an employer applies for redundancy on economic grounds during the period the NOW is used, they have a best efforts obligation to help the relevant employees find new jobs. This best efforts obligation entails, for example, that the employer must call the Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*; UWV). If they do not, their subsidy will be subject to a 5% reduction. This obligation and accompanying penalty will also apply under NOW 5, albeit only for redundancy on economic grounds between November 27, 2021 through to December 31, 2021. As is the case under NOW 3 and NOW 4, the bonus, dividend and share redemption prohibition will also continue to apply to NOW 5.

What is new compared to the previous NOW schemes is that the reduced working hours scheme (*werktijdverkortingsregeling*; WTV) can continue to be applied for during NOW 5. However, the WTV will not apply to corona-related applications. In order to

prevent unwanted double financing, the unemployment benefit that an employer receives will be regarded as turnover for the purposes of the NOW 5.

Opening of Subsidy Application Desk and Subsidy Determination Desk

The government's intention is that employers will already be able to submit a subsidy application for NOW 5 in December 2021. To realize this, the UWV is busy setting up the NOW systems. The UWV will pay out the NOW 5 advance payment in one installment.

TVL Q4 2021

In its previous letter to the Lower House of Parliament dated November 16, 2021, the government had already announced that it would be giving a new impetus to the TVL; see our [online memorandum about this dated November 19, 2020](#). As a supplement to this, the government has now decided to expand the TVL Q4 2021 on a number of points. Firstly, the State aid limit per business or group of associated enterprises will be increased to EUR 2.3 million (was: EUR 1.8 million). The maximum subsidy amounts will also be increased to EUR 550,000 for small and medium-sized enterprises (SMEs) and EUR 600,000 for non-SMEs. In addition, the government will increase the subsidy percentage to 100% (was 85%).

More information about the TVL Q4 2021 can be found [here](#). More information about the term 'group of associated enterprises' and/or '(non-)SME' can be found [here](#).

Additional relief for the cultural and creative sector

The new measures mean that the cultural and creative sectors are again hit hard: it is no longer possible to attend a theatrical performance, concert or musical after 5:00 p.m. The government is making EUR 68 million available for a specific relief package to support the cultural and creative sector until the end of the year. It is expected that the elaboration of this relief package will be completed at the beginning of 2022.

Additional relief for the sports sector

The previous compensation schemes for amateur sports will again be available for the period during which the measures apply, as compensation for their overhead expenses and rent. Municipalities will also be given the option to provide support to ice rinks and swimming pools.

In the elaboration of the scheme to compensate for lost income as a result of the public no longer being allowed to attend professional sports competitions (see our [online memorandum of November 19, 2020](#)), attention will be paid to the overlap between the NOW and the TVL to prevent overcompensation.

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
November 2021

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