

Additional corona crisis measures by the government (emergency package covering jobs and the economy)

With the passage of time, the corona pandemic is having an increasingly dramatic effect on the Dutch business community. The measures announced by the government on March 12, 2020 proved to be inadequate. For this reason, in a letter dated March 17, 2020, the government announced, in principle for the coming three months, additional measures to further support Dutch employees, self-employed persons and the Dutch business sector. These complement or extend the measures of March 12, 2020 and are discussed below.

For several other tax aspects to consider and actions to take that could generate liquidity please refer to [our previous memorandum in response to the government's letter dated March 12, 2020](#).

Tax

1. Deferral of payment

As previously announced, the Dutch tax authorities will, upon request, grant a business that has been or will be confronted with liquidity problems as a result of the corona crisis, deferral of payment for any VAT, personal income tax, payroll and corporate income tax payable. As soon as the request is received, the Dutch tax authorities will immediately put the tax collection measures on hold. The required statement from an expert third party can be sent later, but – according to the website of the Dutch tax authorities at the time of writing – a four-week deadline will apply. Individual assessment of the request will take place at a later date. What should be included in the expert third party statement will be announced later.

The government wants to temporarily defer the payment of energy tax and/or the surcharge for sustainable energy (*Opslag Duurzame Energie*; ODE) for companies in the second, third and fourth tax brackets. It is still investigating how this can be achieved.

2. Late payment interest

With effect from March 23, 2020, the government will temporarily reduce the late payment interest rate for all tax debts from 4% to 0.01%. Late payment interest is normally payable if an assessment is not paid on time (from the moment the payment deadline has expired).

3. Interest on tax due

The government is also reducing the rate of interest on tax due for all taxes to which this applies from 8% (corporate income tax) and 4% (other taxes) to 0.01%. Interest on tax due is payable if an assessment cannot be imposed before the deadline, for example

because the tax return is not filed on time or for the correct amount. The reduction to 0.01% is also temporary and will take effect from June 1, 2020, with the exception of personal income tax, for which an effective date of July 1, 2020 applies.

4. Default penalty

The government reiterated that the Dutch tax authorities will refrain from imposing default penalties or will reverse any such penalties that were imposed for the late payment of tax.

5. Reduction of provisional assessments

If a provisional personal or corporate income tax assessment has been imposed on businesses and during the financial year it appears that the profit for tax purposes will be less than the profit estimated on the provisional assessment, a reduction of the provisional assessment can be requested. The government has indicated that the Dutch tax authorities will grant any requests for reductions in connection with the coronavirus. If a business has already paid (part of) the provisional assessment and the amount of the new provisional assessment is lower, the difference will be paid to the business.

6. Tourist tax

Many municipalities levy tourist tax on businesses in the accommodation sector and collect it by means of a provisional assessment. The government has entered into consultation with the Association of Netherlands Municipalities (*Vereniging Nederlandse Gemeenten*; VNG) about halting these assessments.

Miscellaneous

7. Temporary compensation for payroll costs

The current reduced working hours scheme (*werktijdverkortingsregeling*; WTV) has been withdrawn with immediate effect and will be temporarily succeeded in the very short term by the new temporary emergency bridging measure to retain jobs (*Tijdelijke noodmaatregel overbrugging voor werkbehoud*; NOW). The temporary emergency measure – which is no longer linked to unemployment benefit and thus means that employees will not have to use up their entitlement to unemployment benefit – will make it possible to financially compensate more employers and, moreover, to do so more quickly than was possible under the withdrawn reduced working hours scheme.

Under the NOW, employers who expect a loss in turnover of at least 20% can in relation to that expected loss apply to the Dutch Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*; UWV) for compensation of the payroll costs up to a maximum of 90% of the payroll. Based on the application, the UWV will make an advance payment of 80% of the compensation. Employers will continue to pay

100% of the salary of the relevant employees. The temporary emergency measure applies, subject to conditions, to both permanent employees and employees with a flexible employment contract. The period can be extended by another three months, but this is likewise subject to conditions. WTV applications that have already been filed but not yet been dealt with will be regarded as filed applications for the purposes of the new measure. Businesses can apply for the compensation for a drop in turnover from March 1. The actual loss in turnover will be determined later on. An auditor's report is required for applications for large amounts of compensation.

8. Additional support for self-employed persons

The government will shortly introduce a three-month provision for self-employed persons with financial problems. The additional support, which will be implemented by municipalities, can be applied for in the form of an additional allowance for living expenses and/or operating capital. Depending on the income and the composition of the household, the living expenses allowance will top up the income to a maximum of the guaranteed minimum income and does not have to be repaid. To avoid delays in the payment of the allowance, the income of a partner or the assets of the self-employed person will not be taken into account. Support for operating capital will take place in the form of a loan at a reduced interest rate according to the Social Assistance (Self-Employed Persons) Decree (*Besluit bijstandverlening zelfstandigen; Bbz*)

9. Unemployment insurance differentiation

Under the Labor Market (Improved Equilibrium) Act (*Wet arbeidsmarkt in balans; WAB*), the unemployment insurance contribution that employers pay for employees with an open-ended contract is lower than that paid for employees with a flexible employment contract. According to the WAB, the higher unemployment insurance contribution will apply retroactively to permanent employees whose overtime hours amounted to more than 30% during a calendar year. This provision may now lead to unintended effects in sectors where a lot of extra overtime is required as a result of the coronavirus. The government is therefore preparing to introduce an adjustment to eliminate this unintended effect for the 2020 calendar year.

10. Emergency counter (*Noodloket*)

Businesses that have been forced to cease most of their activities immediately due to the government measures to combat the coronavirus and thus have seen all or most of their turnover evaporate, can claim an allowance in the form of a gift. This concerns a one-off fixed amount of EUR 4,000 for the period of three months. The allowance and its conditions still have to be elaborated in more detail. This measure could, for example, include restaurants, cafes and bars, and beauty salons (with a physical location outside the own home).

11. Government-guaranteed scheme for loans to small and medium-sized enterprises (*Borgstelling MKB-kredieten*; BMKB)

The government has reiterated that the share for which the government is guarantor will be temporarily increased from 90% of 75% of a line of credit (was 90% of 50% of a line of credit). The change to the BMKB scheme will be published before April 1, 2020, but will have retroactive effect and apply as of March 16, 2020. Until its publication in the Government Gazette (*Staatscourant*), financiers can already apply this temporary relief measure to lines of credit with these additional favorable conditions via a pre-notification to the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*; RVO). The easing of the BMKB applies until April 1, 2021.

12. Business Loan Guarantee Scheme (*Garantie Ondernemingsfinanciering*; GO scheme)

Since 2009, businesses that have difficulty obtaining bank loans and bank guarantees can take advantage of the GO scheme. In short, the Minister of Economic Affairs and Climate Policy helps both small and medium-sized enterprises and large enterprises by means of a 50% guarantee for bank loans and bank guarantees, starting at EUR 1.5 million up to a maximum of EUR 50 million per enterprise. The government intends to increase the entire GO guarantee budget. In addition to this, the maximum GO relief per company will be substantially increased, i.e. from EUR 50 million to EUR 150 million. These extensions will be coordinated with the European Commission and implemented within one week.

13. Qredits

Qredits, a provider of micro-credits to start-ups and small businesses, will be financially supported with a maximum amount of EUR 6 million to support businesses affected by measures to combat the coronavirus. Eligible businesses will be supported by having the repayment obligation deferred for a maximum of six months, with an interest rate cut also being offered for this period. This crisis measure will be available until the end of May 2020. After consultation with the European Commission, Qredits will implement this measure immediately.

14. Government-guaranteed scheme for agricultural loans to small and medium-sized enterprises (*Borgstelling MKB-landbouwkrediet*)

Under the government-guaranteed scheme for agricultural loans to small and medium-sized enterprises, the government will shortly make a more favorable guarantee for working capital temporarily available to agricultural and horticultural businesses. The amended scheme will apply as of March 18, 2020 and thus will have retroactive effect when it is published.

Should you have any questions about the above, Meijburg's advisors would be please to use their expertise to help you limit as much as possible the tax and financial implications of the corona crisis. We will of course keep you informed of any additional tax measures.

Meijburg & Co
March 18, 2020

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