

## **Tax and economic measures relating to the coronavirus**

The corona pandemic will also have a profound impact on the Dutch business community. The financial and economic consequences may also be considerable. By letter dated March 12, 2020 the government therefore announced several measures to support the business community. We discuss these measures below, also mentioning several other tax points to consider and actions to take that could generate liquidity.

### *Tax*

#### **1. Deferral of payment**

The government has announced that the Dutch tax authorities will grant a deferral of payment for any VAT, personal income tax, payroll and corporate income tax payable, if the business can substantiate in writing that it has run into problems due to the corona crisis. As soon as the Dutch tax authorities receive the request, it will put the collection of tax on hold. An individual assessment will take place at a later date.

#### **2. No default penalty**

In the coming period, 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.

#### **3. Reduction of provisional assessments**

If a provisional assessment has been imposed 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. This will immediately result in less tax having to be paid. The government has indicated that the Dutch tax authorities will grant any requests for reductions in connection with the coronavirus.

#### **4. VAT refunds**

It may be useful to assess whether customers may no longer be able to pay their debts due to the coronavirus. If that is the case, then the VAT remitted in this regard can be reclaimed, subject to conditions.

#### **5. Insourcing personnel**

In these anxious times, it is also advisable to be extra alert when insourcing personnel. If the party from which you insource personnel fails to pay payroll tax and social security contributions, you may be liable for this as the insourcing party.

*Miscellaneous*

**6. Reduced working hours for employees**

Businesses that are affected by the coronavirus and met all the relevant conditions, may be eligible for the (current) reduced working hours scheme (*regeling werktijdverkorting*). This is a scheme that businesses can rely on if, due to a calamity, they suffer a temporary loss of working hours. This calamity must result in a loss of work for at least two weeks but no more than 24 weeks and there must be no work for at least 20% of the personnel. That portion of the personnel is eligible for the unemployment benefit (*WW-uitkering*). This is on the condition that the relevant employees have accrued an entitlement to the unemployment benefit.

**7. Assistance for self-employed persons**

Self-employed persons are not employees and therefore cannot rely on the reduced working hours scheme. They can however rely on the Social Assistance (Self-Employed Persons) Decree 2004 (*Besluit bijstandverlening zelfstandigen 2004*). To do this, they must apply to the municipality where they are registered.

**8. Easing of the government-guaranteed scheme for loans to small and medium-sized enterprises (*Verruiming Borgstelling MKB-kredieten; BMKB*)**

In addition to the measures that businesses themselves can agree with their creditors (bridging loans, suspension of repayments and interest payments etc.), the Deputy Minister of Economic Affairs and Climate Policy hopes to be able to temporarily ease the BMKB at the end of March. For example, by increasing the share for which the government is guarantor (from 90% of 50% of a line of credit to 90% of 75% of a line of credit). This rule will apply until April 1, 2021.

*The future*

**9. Provisional loss set-off**

If you expect to incur a loss for the 2020 financial year, whether or not due to the corona crisis, it may be useful to file a tax return immediately after the end of the financial year and request that this loss is provisionally set off against the profit for 2019 (as set by assessment) (provisional carry-back). Of the reported loss, 80% will be taken into account. The tax payable/paid for the 2019 financial year can then be either partly or fully reduced/refunded.

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  
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