**Coronavirus newsletter no. 13/2021**

**Government extends coronavirus support package for businesses**

The government is extending the financial support package by three months (July to the end of September) for entrepreneurs who have been affected by the coronavirus crisis. Under one of the measures entrepreneurs will be able to start paying back their debts to the Tax and Customs Administration one year later (1 October 2022) and spread their payments over a longer period. The measures were announced on Thursday 27 May. Find out the latest news relating to the support package!

**Please note:**

We are keen to ensure we provide up-to-date information. As we are writing, however, new additions or improvements to the support measures may be announced by the government. Various schemes are also yet to be specified in official announcements. It is always possible that certain details will be announced that have not been mentioned previously. The overview in this Coronavirus Newsletter is based on the information available as at 8 p.m. on Thursday 27 May 2021.

1. NOW extended
2. TVL extended
3. Rules on repayment of tax debts relaxed
4. Deferment of loan repayments under Tozo
5. TONK expanded (with retroactive effect)
6. Relaxation of tax rules extended
7. Credit facilities
8. Sectoral measures

# **NOW extended**

*NOW to continue in third quarter of 2021*

The Temporary Emergency Bridging Measure for Sustained Employment (NOW scheme) is a contribution towards payroll costs for companies whose turnover has dropped by at least 20%. NOW 4 will apply for the third quarter of 2021 (July to the end of September). The details of the scheme have not been changed, which means that the maximum compensation amounts to 85% of a company’s payroll costs in the event of a drop in turnover of 100%. If the drop in turnover is lower, the compensation under the NOW is reduced proportionately.

*Other details also unchanged*

In addition, the payroll compensation per employee will remain capped at twice the maximum daily wage and the wage bill exemption – the amount by which the wage bill can fall without any consequences for the NOW – is being maintained at 10%. The flat-rate mark-up applied to payroll costs – the amount by which payroll costs are increased to compensate for additional employer’s contributions (such as holiday allowance) – will be kept at 40%.

*Reference month changed*

The reference month is changing, however. This means that, for the purposes of the compensation, the wage bill for February 2021 instead of June 2020 will be taken as a basis.

*TVL no longer counted as turnover*

It has also been decided that from NOW 3 onwards, i.e. from October 2020, the Reimbursement of Fixed Costs for SMEs scheme (TVL, see point 2 below) will no longer be counted as ‘turnover’ for the purposes of the NOW. As a result, entrepreneurs will have a higher drop in turnover under the NOW, which will lead to higher compensation.

*Flexible repayment under NOW*

The government has reiterated that a flexible approach will be taken to any NOW subsidies that have to be repaid. A payment scheme can be applied for easily, no interest will be charged and no action will be taken to collect amounts up to € 500, for example.

# **TVL extended**

*TVL to continue in third quarter of 2021*

The Reimbursement of Fixed Costs for SMEs scheme (TVL) will continue unchanged in the third quarter of 2021. This means that companies whose turnover has fallen by at least 30% will receive compensation for a maximum of 100% of their fixed costs; this percentage will be adjusted proportionately according to the actual drop in turnover suffered.

It has also been decided that the maximum subsidy for large companies – with more than 250 employees – will be increased in the second quarter of 2021 to € 1,200,000 instead of € 600,000. In the first and third quarters of 2021 a maximum of € 600,000 will apply for such companies.

**Tip:**

The TVL application period has closed for the first quarter, but large companies still have until 5 p.m. on 10 June 2021 to submit an application.

The fixed-costs percentage for a company will continue to depend on the sector in question and will be determined on the basis of figures from CBS (Statistics Netherlands). Consequently, on balance a company may have more or less than 100% of its fixed costs subsidised.

One requirement of the TVL is that an entrepreneur has fixed costs of at least € 1,500 over a quarter. These fixed costs are determined on the basis of the company’s turnover and the industry average.

**Please note:**

TVL applications are based on estimates. A definitive application has to be submitted later. For the TVL from the first quarter of 2021 a declaration from an accountant is needed if the amount of the advance exceeds € 100,000 or if the definitive subsidy is more than € 125,000.

*Choice of reference period*

The reference period for the TVL for the second quarter of this year, i.e. from April to the end of June 2021, is being expanded. Entrepreneurs can decide for themselves whether they compare their turnover for the second quarter of 2021 with the second quarter of 2019 or the third quarter of 2020. In the third quarter of 2021 it will also be possible to select the third quarter of 2020 as a reference quarter instead of the third quarter of 2019. The quarter chosen can make a big difference, as entrepreneurs only qualify for the TVL if they have suffered a drop in turnover of at least 30%. This change may therefore help entrepreneurs whose drop in turnover was too low compared with 2019.

*Start-ups*

Start-ups generally do not satisfy the conditions of the ‘ordinary’ TVL for the first quarter of 2021. For this period they will therefore receive assistance via the Start-Up Scheme (Startersregeling), a separate TVL subsidy scheme for start-ups. The Start-Up Scheme is intended for SMEs and also applies to self-employed persons with a separate workplace at their home address. As in the case of the ordinary TVL, the level of the subsidy will be based on the drop in turnover and the fixed-costs percentage associated with the SBI code of the company’s principal activity. The Start-Up Scheme is expected to be launched in May. The scheme is open to entrepreneurs who have newly registered with the Commercial Register of the Chamber of Commerce between 1 October 2019 and 30 June 2020. As the reference period has been expanded, a separate scheme for start-ups is not needed for the period from the second quarter of 2021 onwards.

*Sector-specific supplements*

The additional supplement for businesses in the retail sector and for the travel industry has been withdrawn from the TVL for the second quarter of 2021. It will also not be reintroduced in the third quarter of 2021. However, the supplement of 21% for the agricultural and horticultural sector has been retained in the second quarter and will also apply in the third quarter.

**Tip:**

The TVL for Q2 2021 is expected to be launched in the second half of June. To apply, you will require DigiD or e-Herkenning with at least security level 3. The TVL is being administered by the Netherlands Enterprise Agency (RVO).

*Flexible repayment under TVL*

As in the case of the NOW, the government has reiterated that a flexible approach will be taken to any TVL subsidies that have to be repaid. A payment scheme can be applied for easily, no interest will be charged and no action will be taken to collect amounts up to € 500, for example.

1. **Rules on repayment of tax debts relaxed**

The rules on the repayment of tax debts for which a deferment of payments has previously been granted are being relaxed. Accrued debts will only have to be repaid from 1 October 2022, instead of 1 October 2021. Entrepreneurs will also be given more time to repay their tax debts, namely five years instead of three years. In addition, a lower rate of late payment interest will apply.

One aspect that will remain unchanged is that no further tax debts can be accrued from 1 July of this year onwards. For taxes including payroll tax and VAT this means that the tax due in respect of the last tax period before 1 July 2021 will have to be paid on time. Prompt settlement of new liabilities is a condition that must be met to qualify for the generous payment scheme. It has also been decided that a generic waiver of tax debts will not be granted.

*Gradual increase in late payment interest*

As a result of the coronavirus crisis, the rate of late payment interest has been temporarily reduced to 0.01%. It will increase to 1% from 1 January 2022, to 2% from 1 July 2022, to 3% from 1 January 2023 and, finally, to 4% from 1 January 2024. To avoid having to pay tax interest, companies can always repay (part of) their tax debt earlier, of course.

1. **Deferment of loan repayments under Tozo**

The Temporary Bridging Scheme for Independent Entrepreneurs (Tozo) is also being extended by three months and it will be possible to submit applications until 1 October 2021. The Tozo consists of a contribution to help with living costs (which supplements household income up to the minimum social income) and working capital loans.

Besides the extension of the Tozo, it has also been decided that the scheme should be ‘more active’. This means that the support offered by local authorities will relate to aspects including maintaining the viability of the business or making the business viable, training, the search for employment and the tackling of indebtedness.

Within this context it has also been decided to incorporate an additional disclosure obligation for entrepreneurs into the Tozo. This will help local authorities gain a better insight into the entrepreneurs who are taking advantage of the Tozo and into who may need additional support. Local authorities will decide for themselves whether to impose this disclosure obligation and how to put it into practice.

*Relaxation of working capital repayment scheme*

It has been decided that working capital loans under the Tozo will only have to be repaid from 1 January 2022. Originally, repayments were due to start from 1 July 2021. Up to this point entrepreneurs will not have to pay any interest on these loans. An interest rate of 2% will apply from 1 January 2022. Furthermore, these loans can be repaid over a period of 60 months instead of the original term of 42 months.

1. **TONK expanded (with retroactive effect)**

The Temporary Support for Necessary Costs (TONK) scheme is also being extended until 1 October 2021, but a number of local authorities are also expanding the scheme with retroactive effect from 1 January of this year. The TONK is intended for households that are no longer able to pay necessary (living) costs due to a drop in income as a result of the coronavirus crisis. It is at the discretion of local authorities to decide to what extent they take income or assets into account. The government has urged them to apply the scheme more generously, as to date fewer applications have been received than were expected prior to its introduction. The local authorities in Rotterdam, The Hague and Utrecht have already announced that from 25 May they will be expanding their TONK scheme with retroactive effect from 1 January. Any applications that have already been made will be reassessed.

1. **Relaxation of tax rules extended**

It has also been decided that a number of relaxations of tax rules linked to the coronavirus crisis will be extended until 1 October 2021. These are listed below:

* the deferment of administrative obligations relating to payroll taxes
* the agreement with Germany and Belgium on the taxation of cross-border workers
* the untaxed travel allowance for homeworkers
* the exemption of a number of German net benefits
* the zero rate of VAT on face masks
* the VAT exemption for the loaning out of healthcare personnel
* the zero rate of VAT on coronavirus vaccines and testing kits
* the retention of the right to mortgage interest relief in the event of a mortgage payment holiday
* the lower rate of VAT on online gym classes that temporarily replace group classes until indoor group classes are allowed to resume.

**Please note:**

The relaxation of the hour criterion will not be extended and will therefore apply until 1 July 2021. Certain facilities available to entrepreneurs, such as the self-employed person’s allowance, are subject to the hour criterion, which means that an entrepreneur must dedicate at least 1,225 hours a year to his/her business. Until 1 July entrepreneurs can assume that they have dedicated at least 24 hours a week to their business. From 1 July 2021 the actual number of hours will apply once again.

1. **Credit facilities**

*TOA restart credit*

It is expected that from 1 June 2021 companies will be able to obtain a TOA (Time Out Arrangement) credit via Qredits. This credit will enable SMEs to restart their activities via a procedure under the Court Confirmation of Extrajudicial Restructuring Plans Act (WHOA) and in this way avert bankruptcy by restructuring their debts. The target group of the TOA credit are SMEs whose business activities are sufficiently viable. The TOA credit will enable these companies to incur expenses and make investments with a view to (re)starting their business activities.

It will consist of two components, namely working capital and subordinated capital. No more than € 100,000 in TOA credit can be awarded per company. The entrepreneurs to whom the credit is granted will also receive 12 months of free coaching to help get the company back on track.

**Tip:**

The WHOA is a new scheme intended to enable companies that are faced with the prospect of bankruptcy to make arrangements with their creditors. Under certain conditions this can allow bankruptcy to be averted.

*Other credit facilities*

It has also been decided that the following credit facilities will be extended until 31 December 2021:

* Coronavirus module of the government-guaranteed scheme for loans to SMEs (BMKB-C)
* Coronavirus module of the Corporate Finance Guarantee Scheme (GO-C)
* Small Loans Coronavirus Guarantee Scheme (KKC)
* Qredits Coronavirus Bridging Loan (COL)

**Please note:**

After 30 June the government is stopping the supplier credit reinsurance guarantee scheme.

**8. Sectoral measures**

Culture – The support measures in the area of culture will be extended in scaled-back form until 1 October 2021. For the third quarter of 2021 a sum of € 45 million will be made available for cultural basic infrastructure (BIS) institutions and institutions under the Heritage Act, with € 25 million available for an extension of direct support to creators. The loans to publicly accessible listed buildings will also continue in the third quarter, with an additional amount of € 25.75 million being made available.

Sport – In principle, the specific support measures for sport will be extended by one quarter, taking into account the impact of the actual relaxations in the sports sector over the third quarter. The support package will provide support for the sporting infrastructure, made up of clubs and sports associations, as well as operators of swimming pools and ice rinks. A sum of € 40 million is being made available for this purpose.

Zoos – The support measure for zoos is being extended for the second quarter of 2021. A sum of € 42.5 million is being made available, but as zoos can partially reopen from 19 May, the amount of the subsidy will be adjusted.

***Disclaimer***

*We have endeavoured to compile these texts as reliably and as carefully as possible. Our organisation cannot be held liable for any inaccuracies they may contain or the consequences thereof.*