

Coronavirus newsletter no. 12/2021

Further expansion of coronavirus support

The government is once again taking additional measures to support companies seriously affected by the coronavirus restrictions. These new support measures are in addition to the existing schemes, some of which are being adapted and expanded.

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. The overview in this Coronavirus Newsletter is based on the information available as at 8 p.m. on Thursday 21 January 2021.

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1. Improvement of NOW scheme

20% drop in turnover

The Temporary Emergency Bridging Measure for Sustained Employment (NOW scheme) is a contribution towards payroll costs for companies that have suffered a substantial drop in turnover as a result of the coronavirus crisis. In 2021 the NOW 3 scheme will apply to payroll costs for the periods from January to the end of March 2021 (NOW 3.2) and April to the end of June 2021 (NOW 3.3). It has been decided that in both periods the drop in turnover must amount to at least 20% in order to qualify for the scheme. This means that, for the time being, the scheme is not being scaled back. It will be possible to apply for NOW 3.2 from 15 February.

Compensation to rise to 85%

The maximum compensation for payroll costs is being increased from 80% to 85%. The planned reduction to 60% over the second quarter has also been scrapped. In addition, the payroll compensation will remain capped at twice the daily wage instead of being cut to 1x the daily wage.

No change to wage bill exemption

The wage bill exemption – the amount by which the wage bill can fall without any consequences for the NOW scheme – 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%.

Please note:

When it comes to determining turnover for purposes of the NOW scheme, it is important that subsidies received under the Reimbursement of Fixed Costs for SMEs scheme (TVL) are also counted as 'turnover'. As a result of the improvement of the TVL (see point 2), entrepreneurs who take advantage of this scheme will see their contribution under the NOW scheme fall. On balance the increase in payments under the TVL will result in seriously affected entrepreneurs receiving more support.

2. Significant improvement of TVL

85% with retroactive effect



The Reimbursement of Fixed Costs for SMEs scheme (TVL) is being expanded with retroactive effect to 1 January 2021. As a result, all entrepreneurs whose turnover has fallen by at least 30% will receive compensation amounting to 85% of their fixed costs.

Please note:

This means that the percentage is no longer variable and therefore does not rise according to the scale of the drop in turnover.

More than 250 employees

The TVL is also no longer restricted to SMEs with a maximum of 250 employees. From 1 January 2021 businesses with more than 250 employees can also take advantage of the scheme.

Maximum amount to increase

The maximum amount that can be received under the TVL is being increased from € 90,000 to € 400,000 for a three-month period. Please note that for entrepreneurs with up to 250 employees this maximum will be € 330,000 for a three-month period. These maximums exclude the stock subsidy for closed retail outlets.

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 85% of its fixed costs subsidised.

One requirement of the TVL is that an entrepreneur has fixed costs of at least € 3,000 over a quarter. The government is considering whether this amount could be lowered.

Minimum amount will also increase

The minimum amount of support that can be received under the TVL is also being increased from € 750 to € 1,500 per three-month period.

3. Additional support for start-ups

A new support measure for start-ups is being introduced that will be based as much as possible on the TVL. This scheme will apply to start-ups that began operating between 1 January and 30 June 2020. The precise details of the scheme are not yet known. For such companies the reference period will be the third quarter of 2020 and the scheme will apply for both the first and second quarters of 2021.

In the first quarter of 2021 start-ups that began operating between 1 January and 15 March 2020 will also be eligible for the regular TVL in addition to the start-up scheme. In the second quarter the government's plan is that this group of start-ups will only receive support under the new start-up scheme (if they meet the conditions).

The government hopes that applications will open from April/May this year.

Additional credit opportunity

For entrepreneurs who started their business in the first or second quarter of 2020 an additional credit opportunity will also be made available via Qredits. This is because this group of entrepreneurs has hardly any opportunity to benefit from the other support measures, due to the lack of any reference turnover. By means of coronavirus bridging loans, this group of start-ups will be able to borrow on generous terms, i.e. at an interest rate of 1.75% for a term of between 4 and 6 years, up to a maximum sum of € 35,000.

4. Expansion of stock subsidy

Increase to 21%

The stock subsidy for retail outlets in the non-food sector is being expanded. In the first quarter of 2021 this subsidy will amount to a 21% supplement on top of the 85% under the TVL scheme.

A rate of 5.6% applied in the fourth quarter of 2020. The new contribution is equal to a payment of 17.85% of the drop in turnover (21% x 85%).

Entrepreneurs do not have to submit a separate application to receive the stock subsidy. It will be automatically included in the application to be submitted under the TVL scheme in the first quarter of 2021. The supplement is capped at € 200,000. For the fourth quarter of 2020 the maximum amount was € 20,160.

Please note:

The supplement is in addition to the maximum payment of € 330,000 or € 400,000.

It has not yet been decided whether this measure will continue in the second quarter of 2021. The need for the measure will be considered later based on the situation that applies at that time.

5. Relaxation of Tozo and introduction of TONK

Self-employed persons can claim support under the Temporary Bridging Scheme for Independent Entrepreneurs (Tozo), which provides an additional payment to help with living costs if a person's income falls below the minimum social income as a result of the coronavirus crisis, as well as working capital loans to assist with liquidity problems linked to the crisis.

Retroactive effect

From 1 February 2021 it will be possible to apply for Tozo 3.0 with retroactive effect from the previous month. On 1 February 2021 an entrepreneur will therefore be able to apply for the payment under the Tozo scheme with effect from 1 January 2021. Tozo 4.0, which will start on 1 April 2021, will also include this possibility of applying with retroactive effect in relation to Tozo 4 payments.

No means test

It has also been decided not to introduce a limited means test from 1 April 2021, so that self-employed persons can qualify for the Tozo scheme more quickly. The decision had previously been taken not to proceed with the means test planned for the period up to 1 April. It is still necessary to take the partner's income into account for purposes of the income support, although this does not apply in the case of a working capital loan.

Temporary Support for Necessary Costs

Employees who lose their job and self-employed persons who lose work as a consequence of coronavirus-related measures will soon be able to approach their local authority for assistance under the Temporary Support for Necessary Costs (TONK) scheme. This scheme will offer them additional support with the payment of unavoidable and necessary costs if they are no longer able to cover these due to an unforeseeable and unavoidable drop in income resulting from measures connected with the coronavirus crisis. Under this scheme the emphasis is placed on living costs. The TONK scheme will apply with retroactive effect from 1 January 2021 to 30 June 2021.

6. Relaxation of deferment of tax payments

The deferment of tax payments has now been extended until 1 July 2021. Previously, a deferment was possible up to 1 April 2021. Entrepreneurs therefore have until 1 July 2021 at the latest to apply for a deferment of payments or an extension of a deferment that has already been granted.

In the case of entrepreneurs who apply for the first time after 1 April 2021, this means that they will not have to fulfil their new payment obligations, such as the payment of VAT and payroll taxes, until 1 July 2021. For entrepreneurs who had previously submitted an application for a three-month period, this means that they can apply for an extension of the deferment until 1 July 2021, subject to certain conditions. In the case of entrepreneurs who had already been granted an extension earlier this year,

the deferment will now automatically run until 1 July 2021. Any new obligations arising will therefore not have to be settled until after 1 July 2021 for all the above groups of entrepreneurs.

Please note:

Once the deferment period has expired, any new obligations relating to the filing of returns and the payment of taxes will have to be fulfilled. If this is not the case, the deferment may be withdrawn and it will not be possible to take advantage of the staggered payment scheme (see below). It is therefore important that entrepreneurs who are unable to meet their payment obligations after this three-month deferment apply for an extension themselves. Should they fail to do so, they run the risk of being excluded from the payment scheme under which they can repay their debt over 36 months.

A tax debt that has been accrued must be paid back in 36 monthly instalments from 1 October 2021. This is three months later than the original date of 1 July 2021.

Please note:

The Tax and Customs Administration charges late payment interest on tax debts. Against the background of the coronavirus crisis the rate of this interest has been temporarily reduced to 0.01%. It will return to 4% from 1 January 2022. As yet no measure has been announced to postpone this increase.

7. Expansion of work-related expenses scheme

Under the work-related expenses scheme employers can offer goods and services to their employees free of tax. This scheme involves a fixed budget. If the allowances and benefits in kind granted by the employer remain within this fixed budget, no tax has to be paid. Above the amount of the fixed budget the employer pays 80% tax via the final levy.

Last year the fixed budget was expanded and this expansion of the fixed budget under the work-related expenses scheme will be maintained this year. This means that in 2021 the fixed budget will again amount to 3% instead of 1.7% on the first € 400,000 of the wage bill.

Please note:

This year the fixed budget on the amount above this figure will be 1.18% instead of 1.2% in 2020.

8. Changes to other tax measures

Change to customary salary for directors/major shareholders

Directors/major shareholders (DGAs) of private limited companies are obliged to pay themselves a customary salary each year. In principle, this must amount to at least € 47,000 for 2021. DGAs of companies that have suffered a drop in turnover as a result of the coronavirus crisis were allowed to take a lower customary salary in 2020.

Under certain conditions it will also be possible to receive a lower customary salary in 2021 due to the crisis. The customary salary for 2021 can be derived from the customary salary for 2019 and may be reduced by the same proportion as the drop in turnover experienced in 2021 relative to 2019. One condition that applies here is that this drop must amount to at least 30%.

Relaxation of hour criterion

Many of the facilities available to entrepreneurs in the area of income tax are subject to the 'hour criterion'. This means that an independent entrepreneur must dedicate at least 1,225 hours a year to his/her business and at least half of his/her working hours. The latter requirement does not apply to start-ups.

As a result of the relaxation, independent entrepreneurs will be considered to have dedicated at least 24 hours a week to their business over the period from 1 January 2021 to 30 June 2021. Measures

taken in connection with the coronavirus crisis should not therefore prevent an entrepreneur from fulfilling the hour criterion.

Seasonal work?

An exception applies to entrepreneurs who carry out seasonal work and for whom the peak of their activities lies within the period from 1 January 2021 to 30 June 2021. They are allowed to derive their hours for this period from the hours they worked in 2019.

Extension of exempted travel allowance

Under certain conditions, employees who carry out work from home can be paid a tax-free travel allowance for commuting. This measure applied until 31 December 2020 and was extended until 1 February 2021. It has now been decided that it will be extended further until 1 April 2021. This means that existing fixed travel allowances can continue to be paid by the employer free of tax until 1 April 2021, even if the employee is no longer incurring these travel expenses, or only in part, due to working from home. One condition that applies is that this must be a fixed allowance that had already been granted by the employer before 13 March 2020.

Homeworking allowance?

At present there is no specific exemption for homeworking allowances. If employers pay such an allowance, they may be able to take advantage of the exemption for health and safety facilities in the workplace or ICT equipment (such as an internet contract). The government is looking into the possibility of introducing an exemption for homeworking allowances. This will be considered in conjunction with the travel allowance.

Relaxation of debt rescheduling

Guidelines are being introduced to ensure the smoother and more efficient handling of debt rescheduling requests from entrepreneurs. Within the limits of what the law allows, the Tax and Customs Administration will consider deferred and newly received debt rescheduling requests favourably, and as part of this process will consider whether the standard 36-month repayment scheme is sufficient. In the event of doubt a request will be granted. The circumstance that the entrepreneur has not used financial resources to pay tax debts over the past period will no longer constitute a reason to reject a request, except in the case of abuse.

Extension of tax measures

A number of tax measures are being extended until 30 June 2021.

These are:

- the deferment of administrative obligations relating to payroll taxes;
- the agreement with Germany and Belgium on the taxation of cross-border workers and the exemption of a number of German net benefits;
- the zero rate of VAT on face masks, the loaning out of healthcare personnel and COVID-19 vaccines and testing kits;
- the retention of the right to mortgage interest relief for homeowners who are granted a mortgage payment holiday by their lender;
- the temporarily reduced rate of VAT on online gym classes offered by gyms (this measure will apply until gyms are no longer required to remain closed).

9. Measures for the agricultural and horticultural sector

A contribution towards fixed costs that is comparable with the TVL is being introduced for the agricultural and horticultural sector. The aim is a contribution of up to € 330,000 per quarter for businesses with up to 250 employees and € 400,000 per quarter for businesses with 250 employees or more. A maximum of € 800,000 will apply over the whole of the support period. This separate scheme is needed, as, due to European rules, entrepreneurs in the agricultural and horticultural sector can only receive up to € 100,000 under the TVL.



In addition, a contribution is being introduced for the agricultural and horticultural sector to mitigate the ongoing costs of keeping plants and animals alive, e.g. costs of feeding and looking after plants and animals and of crop protection. A scheme will therefore be implemented that will allow the relevant agricultural sectors (SBI codes 1.1 to 1.5) to benefit from a 21 percentage point supplement on top of the TVL.

Please note:

Please call us if you want to benefit from the support measures due to the impact of the coronavirus crisis and would like to find out more.

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.