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ADDITIONAL DUTCH FINANCIAL AND TAX MEASURES IN RESPONSE TO THE CORONAVIRUS

On Tuesday evening 17 March 2020, the Dutch government announced new and adjusted measures in order to support Dutch businesses, employees and self-employed persons. The measures are an addition to the measures already announced on 12 March 2020. The measures among others support self-employed persons and support businesses in continuing paying their employees. In addition, the measures stimulate that funds could be kept within the business via easing tax measures, compensation and additional credit possibilities. We will briefly discuss the most important measures below.

1. Introduction of temporary arrangement compensation labor costs (NOW)

The current regulation 'part time unemployment benefits' (Werktijdverkorting) will be ceased effective immediately. Requests already filed will be handled under a newly introduced arrangement (whereby additional information may be requested). Under this new introduced 'Temporary Arrangement Compensation Labor Costs' (NOW), companies expecting losses in turnover of at least 20%, could request compensation at the 'Executive Institute for Employee's Insurances' (UWV) for a period of three months in respect of salary costs (maximum of 90% of the salary costs, depending on the turnover loss).

The compensation concerns the salary costs of permanent and flexible employees, under the condition that they continue to be employed during the respective period. Employers continue to pay 100% of the salary of the employee. Further guidance in respect of the calculation is not yet published in detail, but from an initial perspective it seems that the compensation is as follows: turnover loss (per 1 March 2020) x 90% x salary costs.

The UWV will provide an advance payment of 80% of the requested compensation. As of a certain amount of

compensation an accountant statement is necessary. At the final determination of the compensation, a correction is made in the case of a decrease of the salary, whereby an additional payment, or a repayment could be applicable.

The period of three months could be one-time extended for an additional three months. Additional conditions may apply in this respect.

The NOW will be opened as soon as possible and will replace the current 'part time unemployment benefits'. As mentioned, if you have already filed a request under the current legislation, this request will be handled as a request under the NOW. The compensation could be requested with retroactive effect to 1 March 2020

2. Additional support for entrepreneurs / self-employed persons

A temporary and eased arrangement will be introduced for entrepreneurs, among others self-employed persons, in order to stimulate continuance of their business. The arrangement will be executed by municipalities.

Self-employed persons can receive income support for a period of three months. The request time will be reduced

from 13 weeks to 4 weeks. The amount of the income support depends on the income and the household composition and may amount to a maximum of € 1,500 (net) per month. The income support is a gift.

This accelerated procedure also applies to a specific loan that can be provided to the business by the government amounting to maximum €10,157. The loan can be provided against a lower interest rate and an extended repayment obligation.

3. Easing of extension of payment in respect of taxes

After receiving a specific written request, the Dutch tax authorities will directly grant extension of actual payment for VAT, personal income tax, Dutch wage tax and Dutch corporate income tax. An individual assessment will be performed later by the Dutch tax authorities. Further, it is not necessary to immediately provide the normally obliged 'third party statement' as a supplement to the request.

4. No default penalties

In order to temporarily support companies, any default penalties for not paying taxes or for the late payment of taxes do not have to be paid. Moreover, the Dutch tax authorities will reverse any default penalties if they were already imposed.

5. Loosening collection interest and interest on underpaid tax

In principle, if an assessment is not paid in time, 4% collection interest (invorderingsrente) applies if the payment term is due. To stimulate that companies can request extensions for tax payments, the collection interest will be reduced from 4% to 0.01% per 23 March 2020 for all taxes.

The current interest on underpaid tax rate (belastingrente) is 8% for Dutch corporate income tax, and 4% for other taxes. In order to support companies, per 1 June 2020, the interest on underpaid tax will be reduced to 0.01% (per 1 July 2020 in respect of personal income tax).

6. Request to reduce provisional assessments

In principle, companies pay taxes on the basis of a provisional assessment (Dutch corporate income tax or personal income tax). Companies that expect a reduced profit due to the corona crisis, may apply for a reduced provisional Dutch corporate income tax or personal income tax assessment. Such a request needs to be filed electronically and will be automatically granted by the Dutch tax authorities. In case the amount on the adjusted provisional assessment would be lower than the already paid tax in the first three months, the difference will be repaid by the Dutch tax authorities.

7. Other non-fiscal measures

The Dutch government has announced several other (non-fiscal) measures that mainly relate to softening credit conditions and related aspects. In addition, a so called 'Emergency Counter' will be introduced where entrepreneurs in specific sectors can receive a gift of € 4,000 for a period of three months.

More information?

Please contact your trusted RSM advisor to further discuss which measures may be relevant for you and your business.