



Coronavirus: financial schemes for entrepreneurs

In response to the COVID-19 crisis, the Dutch government is doing everything it can to protect the jobs and incomes of as many people as possible and to keep the economy running as smooth as possible. A range of emergency financial schemes for employers and self-employed entrepreneurs are available.

Two of the temporary measures are the Temporary Emergency Bridging Measure for Sustained Employment (NOW) and the Temporary bridging measure for self-employed entrepreneurs (Tozo).

TEMPORARY EMERGENCY SCHEME FOR JOB RETENTION (NOW)

If a company employs staff and expects to suffer a loss of turnover for at least 20%, it can claim a compensation for its wage costs for a period of 3 months under the Temporary emergency scheme for job retention (Tijdelijke noodmaatregel overbrugging voor behoud van werkgelegenheid; NOW). The company can claim a maximum of 90% of its wage costs, depending on the level of loss of turnover.

WHAT IS NOW?

Due to extraordinary circumstances, like the coronavirus, a company is confronted with a substantial or complete loss of work for its employees. In that case, the company can claim the NOW for a substantial compensation for the wages of its employees. In this way, the company can continue to pay its employees with permanent and temporary contracts. The

Employee Insurance Agency (UWV) will pay the suffering company an advance upon application.

The company can claim the compensation for the months March, April and May 2020. Depending on the situation at a later stage, there might be a possibility to extend it for another 3 months. The company can claim the compensation for loss of turnover as from 1 March onwards.

Other costs for employees in addition to wages are also compensated with the NOW. This applies to costs such as pension premiums (both employees' and employers' contribution), employee insurance premiums and the accrual of holiday allowance. Only the accrual of holiday allowance of the months March, April and May is compensated. UWV applies the same surcharge of 30% on top of the wages for all employers. Employees who were not employed in January yet do not count for the wage costs for calculating the compensation.



A company may also use the NOW if it has a loss of turnover due to other causes than the coronavirus outbreak.

CONDITIONS IF A COMPANY WANTS TO CLAIM NOW

The company must suffer a loss of turnover of at least 20% for 3 consecutive months:

- If a company claims NOW, it is agreed that the company doesn't file a request for a permission to dismiss employees on economic grounds during the period for which the company receives compensation.
- The company expects to have a loss of turnover for at least 20%.
- NOW is meant for loss of turnover starting 1 March 2020. A company can also apply if it suffers loss of turnover from 1 April or 1 May for 3 consecutive months.
- A company continues to pay its employees in full (100%).
- A company must use this compensation to pay wage costs.
- A company must inform its employees or works council if the company has been granted this compensation.
- A company has to keep verifiable records of all information of relevance. The company must be able to make these records available during 5 years after this compensation has been granted.
- A company must notify UWV of anything that happens that may affect a decision to change, repeal or determine the compensation.
- If a company receives wage subsidy, it must inform the providing authority that the company is granted the NOW compensation.
- A company will need to submit a statement from an accountant for claims exceeding a certain amount (the level has not been announced yet).

KEY CONDITIONS FOR BUSINESS GROUP SUBSIDIARIES

Business groups can also apply for support through the NOW measure for subsidiaries that suffer loss of turnover more than 20%. This applies even in case other business units do not suffer loss of turnover or even make a profit. 3 key requirements have been drawn up for this extension:

1. the business group may not pay out bonuses or dividend over 2020 nor may it acquire its own shares
2. the operating companies for which NOW is claimed, must make arrangements on maintaining employment with trade unions or employee representation authorities
3. there may not be an intra-group secondment operating company (personeels-bv) within the group.

HOW MUCH COMPENSATION FOR WAGES CAN AN EMPLOYER CLAIM?

The compensation for wages depends on the level of loss of turnover. A company can claim a maximum of 90% of the wage costs. For example:

- If the loss of turnover is 100%, the compensation will amount to 90% of the wage costs
- If the loss of turnover is 50%, the compensation will amount to 45% of the wage costs
- If the loss of turnover is 25%, the compensation will amount to 22.5% of the wage costs

Based on the company's application, the Employee Insurance Agency (UWV) will pay the company an advance of 80% of the expected compensation. The actual loss of turnover will be determined afterwards. When determining the final compensation, an adjustment can be made, if there has been a decrease in wage costs.