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## Memorandum

### **Corona-related measures to support businesses in the Netherlands**

#### **I. Introduction**

1. This memorandum provides a short overview of measures taken in the Netherlands to support businesses struggling with the effects of Corona and other measures taken by the government to combat Corona that may be relevant in dealing with financial distress.
2. This situation develops rapidly. The information below is up to date as of 23 March 2020, 22:00h. Changes compared to previous versions of this document are *typeset cursive*.
3. Should you require any further information, please contact Niels Pannevis at [Niels.Pannevis@resor.nl](mailto:Niels.Pannevis@resor.nl). Also, at the end below you will find references to websites with further details.

#### **II. Government reimbursement for labour costs**

4. An existing facility of the government for shortening work hours is replaced by a new but similar arrangement. Under this arrangement companies can request a substantial reimbursement for the wages of their employees if they experience a downfall in revenue.

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5. Companies can request application of this arrangement if (i) they experience a downfall of at least 20% in revenue; (ii) due to a calamity outside of normal entrepreneurial risks (such as Corona-related measures), and (iii) they commit to the obligation to refrain from dismissing employees for economic reasons during the period in which the reimbursement is received.
6. The employer will still pay the full salaries of his workers. The amount of the reimbursement depends upon the downfall in revenue; the maximum amount is 90% of the total wage bill (so if a company loses 50% of its revenue, 45% of the total wage bill will be reimbursed). Up to 80% of the requested support can be paid up front.
7. Staff that works in a payroll-arrangement or through an employment agency is also covered by this arrangement.
8. The arrangement shall not affect rights that dismissed employees have on the basis of the Dutch unemployment act.
9. This new arrangement will have retroactive effect back to 1 March 2020. It applies for a period of three months, which may be prolonged once with another three months. It is not yet possible to request the arrangement.
10. It is no longer possible to request the old government facility for shortening work hours. If this facility was already granted to a company, it remains in force.

### **III. Fiscal measures**

11. The tax authorities are taking several measures to keep companies from going into financial distress.

#### Extension of payments

12. For the next three months all businesses can get an extension of payment of their taxes. *Such request is automatically granted.*

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13. Companies can request extension of payments for income taxes, corporate income taxes, VAT and taxes over wages. The tax authorities will suspend any collection measures. Also no penalties will be incurred for untimely payment.
14. A request for extension of tax payments needs to be filed in writing, explaining how the Corona-outbreak has incurred financial distress. *Contrary to earlier information, this request does not need to be supplemented by an opinion of an independent expert.*
15. Other usual conditions for an extension of payments apply. These include the past behavior of the taxable company. If insufficient funds were reserved for the taxes that were to be expected, no extension is granted.
16. *If three months' extension is not sufficient, a company can request for further extension. The tax authorities will request additional information for such a request, possibly including an opinion of an independent expert such as an accountant. Tax authorities are still determining which information will be required information for such an extension-request.*

#### Adjustment of preliminary assessments

17. Companies currently paying income or company taxes based on a preliminary tax assessment which is in turn based on last years profit, can request to lower that preliminary assessment of this years profit. This directly lowers the taxes currently due.

#### No interest

18. Usually due and payable tax claims incur interest of 4%. Starting 23 March 2020, this rate will be lowered to 0,01%.
19. The interest for taxes that are assessed late is also lowered. Usually this is 8% for corporate income taxes and 4% for other taxes. This rate will be lowered to 0,01% starting 1 June 2020.

#### Local taxes

20. The government endeavors to suspend the collection of local taxes, particularly tourism taxes. *Discussions with local authorities on this topic are ongoing.*

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#### IV. Emergency funds

##### Additional guarantees for large financing

21. Under an existing program the government guarantees medium and large sized loans made by financial institutions to large companies. Loans between EUR 1,5 million and EUR 150 million qualify. They can be guaranteed for up to 50%.
22. This program will be expanded. As of yet the new conditions are not known. Interested companies should address their bank.

##### Additional sureties for SME-loans

23. Under an existing program the government acts as a surety (*borg*) for (part of) loans to small and medium sized enterprises (SME's). To qualify as an SME a company can have no more than 250 employees (fte's), a turnover of EUR 50 million or a balance sheet total of EUR 43 million.
24. This existing program will be expanded. Under the new rules the government will act as surety (*borg*) for more loans and for up to 75% of the loan. It is intended for bridge loans or extension of existing loans for up to one year. The personal surety of entrepreneurs will be lowered from 25% to 10%. The maximum credit for this program is EUR 1,5 million.
25. To request such surety, companies should address their own bank.
26. The specific surety program for entrepreneurs in the agricultural sector will also be expanded.

##### Closed business support

27. A specific support program for business closed to combat Corona has been announced. It is currently under development.

##### Other small business measures

28. On March 17<sup>th</sup> the government announced it will soon open an 'emergency window' where entrepreneurs forced to close their business can quickly get a fixed amount of EUR 4.000.
29. Self-employed can get extra income support for up to three months, without having to first use up their savings.

30. Small businesses financed through governmental finance provider Qredits will get an extension of payments of six months and their interest rates will be lowered to 2%.

Support by banks

31. Dutch banks have indicated that SME's with loans up to EUR 2,5 million can get an extension of payments for half a year.
32. *For larger financings bespoke measures are being taken by the banks. Additionally, some banks are granting all larger customers suspension of interest payments, others are even suspending down payments on existing financing for larger customers.*

Other suspensions of payment obligations

33. *Pension funds are suspending payment obligations for affected companies. Currently this is done per individual company, broader guidelines are being developed.*
34. *The organization of professional landlords and tenants of corporate real estate are in negotiation on national guidelines for extension of lease-payments for companies. No agreement has been reached on this yet. Large individual landlords are granting extensions.*

**V. Closure of courts and specific businesses**

Courts

35. As of Tuesday March 17<sup>th</sup> the courts will be closed for all non-urgent matters.
36. Filings for the opening of insolvency proceedings are considered urgent and therefore still handled. The Enterprise Chamber of the Amsterdam court of appeal also remains open.
37. Whether summary proceedings (*kort gedingen*) will qualify as urgent matters is assessed on a case-by-case basis.

### Close-contact businesses

38. *Specific businesses for which close contact is unavoidable, such as beauty salons and hair dressers, are requested to shut down.*
39. *Other businesses can remain open, although all personnel that can work from home should do so.*
40. *Stores can remain open, but must take measures to ensure customers keep 1,5m (5 feet) distance. Stores that do not do so can incur fines of up to EUR 4.000 and ultimately be closed by the local mayor.*

## **VI. Links**

### Government reimbursement for labour costs

- [Central government website](#) (in Dutch)
- [Business.gov](#) (in English, shorter version, see 'NOW')

### Fiscal measures

- [Tax authorities](#) (in Dutch)
- [Business.gov on fiscal measures](#) (in English, under 'Tax options')

### Emergency funds

- [Business.gov on sureties for larger companies](#) (in English)
- [Central government website on sureties for larger companies](#) (in Dutch)
- [Business.gov on extra sureties for SME-loans](#) (in English)
- [Further information by central government on SME-sureties](#) (in Dutch)
- [Dutch banking association on extension of six months for SME's](#) (both in Dutch and English)

### Closure of courts and specific businesses

- [The Courts](#) (in Dutch)
- [Central government on closure of specific businesses and measures for stores](#) (in Dutch)