

## LEGAL AND TAX ALERT

### Update 20 March 2020 - Alert: Dutch relief measures for businesses, response to coronavirus (COVID-1)

March 20, 2020

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#### Update 20 March 2020 - Alert: Dutch relief measures for businesses, response to coronavirus (COVID-19)

**UPDATE 20 MARCH 2020:** on March 19, 2020 the Dutch State Secretary of Finance has announced that the conditions for applying for deferral of tax payment have been further relaxed.

- *The Dutch tax authorities will, upon receipt of the request, suspend any tax collection measures (Dutch personal income tax, corporate income tax, VAT and wage tax). The actual assessment of the deferral of tax payment request will take place at a later time. In principle, the deferral of tax payment should apply automatically for a period of three months.*
- *Taxpayers that face liquidity problems due to the coronavirus are no longer required to provide an expert's statement (e.g. from an external auditor, consultant or financier) for the first three months of the deferred tax payment.*
- *In respect of any request for deferred tax payments lasting longer than three months, additional information is required (may include an expert's statement) to assess whether the financial problems were mainly caused by the corona crisis.*
- *The Dutch government is still investigating which information will be required and how that information can be provided as straightforward as possible.*

#### Introduction

On 17 March 2020, the Dutch government has announced new measures in a letter to the lower house of the parliament in addition to the tax and non-tax measures announced by the Dutch Ministers for Finance and Social Affairs and Employment on 12 March 2020, to help mitigate the economic effects of the coronavirus (COVID-19) outbreak.

#### Dutch tax relief measures – Deferral of tax payment

- In order to head off any liquidity problems businesses may face, an exceptional deferral for the payment of personal income tax, corporate income tax, VAT and wage tax is in effect.
- The taxpayer should request the deferral of payment in writing and state that it is being sought as a result of problems caused by the corona crisis. The Dutch tax authorities will, upon receipt of the request, suspend any tax collection measures. The actual assessment of the deferral of payment request will take place at a later time.
- The coming period, the Dutch tax authorities will not impose or reverse an administrative fine in cases of non- or late payment.

#### Dutch tax relief measures – Provisional tax assessments

- Taxpayers who also pay tax based on provisional 2020 (corporate or personal) income tax assessments, and expect that their taxable income will be lower due to the corona crisis, may request

the Dutch tax authorities to issue them with a lower provisional tax assessment.

- If a loss for the 2020 financial year is expected, it may be helpful to file a corporate income tax return immediately after the end of the 2020 financial year and request that this loss is provisionally set off against the profit for 2019. Consequently, the tax payable or paid for the 2019 financial year may then be either partly or fully reduced or refunded.

### **Dutch tax relief measures – Collection and tax interest temporarily at 0.01%**

- If a Dutch tax assessment is not paid in due time, typically so-called collection interest of 4% must be paid from the moment the payment term has expired. The Dutch government will temporarily reduce the collection interest rate as from March 23, 2020, from 4% down to 0.01%. This reduction will apply to all Dutch tax debts.
- In addition to collection interest, taxpayers may also be confronted with so-called tax interest, which is applicable when a too small amount of taxes is paid. The current tax interest rate is 8% for Dutch corporate income tax and 4% for other Dutch taxes. The Dutch government will also temporarily reduce these Dutch tax interest rates to 0.01%.
- For technical reasons, the temporary reduction of the percentage of the tax interest rate will take effect from 1 June, 2020. The only exception to this is the temporary reduction of the percentage of the tax rate in the personal income tax, which will take effect from 1 July, 2020.

### **Dutch general relief measures – Crisis measure for the retention of work**

- The so-called regulation on a reduction of working hours for employees has been suspended due to an unprecedented number of requests for this regulation. Currently, the Dutch government is actively working to introduce a new temporary crisis measure, the so-called crisis measure for the retention of work (*noodmaatregel overbrugging voor werkbehoud*, NOW).
- Employers who are faced with at least a 20% expected loss of revenue can apply to the Dutch government for a compensation of up to 90% of the wage sum related to the loss of turnover, for a period of 3 months. In this regard, employers still need to continue to pay 100% of the wages to the employees involved.
- The Dutch government will provide an advance for the request (in any case 80% of the amount requested) based on the application. Subsequently, it is retrospectively determined what the actual loss in revenue was. Please note that an audit report is required for large applications.
- The 3 month period may be extended once, by another 3 months, and is applicable to decreases in revenue as of 1 March 2020.

### **Dutch general relief measures – Additional crisis provision**

- There will be an additional crisis provision in the form of a payment to entrepreneurs who have been directly affected by Dutch government measures to combat the corona crisis and who see their revenue diminish wholly or largely as a result (e.g. restaurants, bars, etc.).
- The additional crisis provision shall concern a one-off lump sum of € 4,000 for the three-month period, but still needs to be further developed.

### **Dutch general relief measures – Temporary support for self-employed professionals (ZZP)**

- The Dutch government is instituting temporary measures that shall be carried out by municipalities. Under these measures, self-employed professionals can receive – among others – additional income

support for a period of three months through an accelerated procedure. These measures supplement the income for self-employed professionals to the Dutch social minimum norm and does not have to be paid back.

- Under these temporary measures, support is also possible in the form of a working capital loan (at a maximum of EUR 10,157), at a reduced interest rate.

### **Dutch general relief measures – Expansion of the Small and Medium sized Enterprises (“SME”) Credit Guarantee**

- Under the SME Credit Guarantee, SME companies are provided relief by providing a Dutch state guarantee on loans. Currently, this guarantee is maximized at 50% of the loan. Under a temporary measure (until 1 April 2021), this percentage will be raised to 75%.

### **Dutch general relief measures – Go measure**

- Companies that may have problems obtaining bank loans and/or bank guarantees have been able to use the so-called GO measure since 2009.
- Under the GO measure, both SMEs and (medium) large companies with a 50% guarantee on bank loans and bank guarantees, from EUR 1.5 million to (currently) a maximum of EUR 50 million per company.

Should you have any questions on how these relief measures in response to the corona virus will affect your business, please do not hesitate to contact us.

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