

Measures taken by The Netherlands to deal with the economic consequences of COVID-19

In order to deal with the economic consequences of COVID-19, the Dutch government has introduced several measures, which as of April 8 include:

1. **A guarantee facility for SME loans (BMKB)** is already in place and working. SMEs can use the BMKB scheme for bridge loans or to increase the overdraft limit on their current account, despite not having the required collateral. The Ministry of Economic Affairs and Climate Policy has expanded the share of a loan for which the government will be a co-guarantor from 50% to 75%. The government guarantee will account for 90% of this 75%-share, for a loan of up to EUR 1.5 million. Firms are eligible for this scheme if they have less than 250 full-time employees, an annual revenue of up to EUR 50 million, or a balance sheet total of up to EUR 43 million. The BMKB guarantee budget is increased from EUR 765 million to EUR 1.5 billion.

2. **The self-employed and entrepreneurs can receive income-support and a loan to supplement their working capital through the Tijdelijke Overbruggingsregeling Zelfstandige Ondernemers (TOZO).** To receive income support, the self-employed or entrepreneur has to declare that his income in the next three months will be less than the social minimum (EUR 1500 for couples, EUR 1050 for singles). If so, the TOZO will supplement their income up to the social minimum. There will be no income-support for self-employed with an income above the social minimum. Self-employed with liquidity problems are furthermore eligible for a loan of maximally EUR 10.157 with an interest rate of 2% and a maturity duration of three years. The loan is intended to supplement their working capital.

3. **A new temporary measure was introduced to help entrepreneurs pay wages (Noodmaatregelen Overbrugging voor behoud van Werkgelegenheid, NOW),** in order to prevent layoffs. This measure replaced the previous working time reduction scheme, which was not designed for handling the number of applications during the pandemic. In the new scheme, employers can be supported more quickly than before. Employers who expect a decline of at least 20% in revenue can request an allowance for a period of 3 months of maximally 90% of the total wage sum. The Employee Insurance Agency (UWV) will pay a deposit beforehand, and it will be determined afterwards whether a firm has received too much or too little support. Employers using the scheme must commit to not firing their employees on economic grounds, and to continue paying the full salaries of their employees (incl. those with a flexible contract), as the allowance will be adjusted downwards afterwards if the total wage sum had declined. The costs will strongly depend on the number of applications. If 25% of all employers apply for an average of 45% of their wage bill, the costs will be around EUR 10 billion in the first 3 months. These costs will increase when the number of applications rise.

4. **Businesses can request for a special deferral of payment in income tax, corporate tax, turnover tax, energy tax and wage tax. Temporarily, no penalties for failure to pay taxes (on time) will be imposed.** Businesses that already forecast lower profits due to the epidemic can request a reduction of the provisional tax assessment and will be able to pay less initial taxes in order to avoid liquidity problems. To avoid immediate liquidity problems, the usual requirement that a “third expert” provides a statement that verifies the financial situation of the applicant does not have to be included in the request immediately (but only after two weeks). Moreover, the tax authorities temporarily decreased the recovery rate from 4% to 0.01% for all unpaid taxes. Information for individual firms regarding tax measures are available on the website of the Dutch Tax and Customs Administration (Belastingdienst).

5. **The so-called GO-measure, through which companies can secure a government guarantee on their bank loans and bank guarantees was expanded.** The maximum guarantee percentage has been

increased from 50% to 80% for large companies and to 90% for SMEs. The amount per firm for which the government stands as guarantor has been increased from EUR 50 million to EUR 150 million, while the GO guarantee ceiling has been raised from EUR 400 million to EUR 10 billion. This will enable both small and large firms to benefit from this policy. Moreover, the measure has been opened to a broader type of firms, including agricultural firms.

6. In order to support small firms and start-ups with little financial reserves, the existing Qredits-program was expanded. Through this program, the non-profit service provider Qredits expects to support approximately 3,000 to 6,000 firms through a deferment of payment for a maximum period of six months and by giving those firms a discount on rent payments for the same period.

7. Agricultural and horticultural SMEs can receive a loan guarantee for up to EUR 1.2 million with a maturity duration of 2 years.

8. The central government will discuss with **local governments** how they can support local entrepreneurs within the existing regulatory frameworks. In order to support the liquidity of local firms, the governments are exploring the possibility of postponing the collection of local taxes, including tourist taxes.

9. To support firms that are affected by the government's health-related measures in response to the COVID19 outbreak - for example the closure of restaurants - **an emergency desk (Tegemoetkoming Ondernemers Getroffen Sectoren COVID-19, TOGS) was introduced.** Through TOGS, firms can receive a one-off lump sum allowance of EUR 4,000. The scheme is available for a multitude of firms in specific sectors, including retail, personal services, restaurants, hotels and sports. Whether a firm belongs to one of the specific supported sectors is determined by the main activity mentioned in the firm's description at the Netherlands Chamber of Commerce (KVK). Furthermore, firms are eligible if they have less than 250 employees and if they expect a decline in revenue of at least EUR 4,000 between March 16 and June 15.