

## **COVID-19: Extension NOW**

On 20 May 2020 the Dutch government announced 3-months extension of the NOW. So far communicated conditions are set out below.

## 1 Introduction NOW 2.0

The NOW scheme will be extended with three months. The objective of the NOW remains unchanged: enable employers with a decrease in turnover of at least 20% to retain as many employees as possible. The expected commencement date of the NOW 2.0 is 6 July 2020. The NOW 2.0 also applies to companies that have already applied for the NOW.

NOW 2.0 is largely the same as the current NOW:

- employers who expect a loss of turnover of at least 20% can apply for a subsidy of maximally 90% of the wage bill related to the loss of turnover
- corona subsidies received by employers count as turnover
- employers must continue to pay 100% of the employees' wages
- the employer must inform the works council, the employee representative body or, in the absence thereof, the employees about the NOW subsidy granted
- the UWV (a Dutch governmental body) provides an advance payment of 80% of the subsidy
- a final determination of the subsidy is made afterwards

## 2 New conditions NOW 2.0

NOW 2.0 differs from the current NOW:

- the loss of turnover will be determined over a three-month period to be chosen, starting on 1 June, 1 July or 1 August 2020. If the employer has also applied for NOW 1.0, the measurement period for the NOW 2.0 must be in line with the period chosen for NOW 1.0.
- the reference month for the wage bill is March 2020
- the NOW 2.0 is a contribution to the wage bill for the months June to August 2020
- the flat-rate surcharge is increased from 30% to 40%

- the received "Tegemoetkoming Vaste Lasten" (a new corona measure also announced by the Dutch government on 20 May 2020) qualifies as turnover
- the "penalty" for economic dismissal will lapse: if the employer submits a request for permission for dismissal for economic reasons in the period from 1 June to 31 August 2020, 100% of the salary of the employees proposed for dismissal will be deducted from the wage bill for March 2020, instead of 150%.
- the subsidy reduction in the event of a request for permission for dismissal on grounds of business economics will be as follows: wage bill of the proposed employees x 3 (months) x 1.4 x 0.9
- the employer (a company or group) that receives a subsidy for which an auditor's report is required may not pay any dividend or bonuses to the board and management and/or may not repurchase its own shares for 2020 up to and including the (shareholders') meeting at which the annual accounts will be adopted in 2021
- when applying for a subsidy, the employer must indicate whether the Dutch law on collective dismissal applies and, if so, whether all obligations (including consultation with the trade unions) have been met, and
- the employer has a best-efforts obligation to encourage workers to undergo further training, for example by providing time and resources. In support of this, the Dutch government is presenting a crisis package 'NL leert door'.

## 3 Change NOW 1.0: additional compensation

- Employers who, due to a seasonal pattern or other reasons, had a wage bill in January 2020 that was too low and unrepresentative in relation to the subsidy period March to May 2020, may receive additional compensation when determining the subsidy
- If the wage bill from March to May 2020 is higher than the wage bill from three times January 2020, the wage bill from March to May 2020 will automatically be taken as the starting point for calculating the level of the subsidy at the time of final determination

- the wage bill for April and May 2020 will be capped at the wage bill for March 2020
- Employers will receive this additional compensation at the end of the subsidy period, but not prior to September 2020

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### **Final determination of subsidy NOW 1.0**

- As per 7 September 2020, employers who have only invoked the NOW 1.0 can apply for the final determination. For employers who (also) apply for the NOW 2.0, a final determination will only be possible after 31 August 2020.

## **What HVG Law can do for you**

The coronavirus pandemic also affects the Netherlands. We are ready to help you with all challenges in these disrupting times. We understand your business and partner you through uncertainty with practical advice and solutions, so you can focus on what needs your attention most.

## **COVID-19 helpdesk**

Contact our helpdesk via [info@hvglaw.nl](mailto:info@hvglaw.nl) or visit our special coronavirus webpage for more alerts: <https://www.hvglaw.nl/en/corona-updates-english/>



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