

NOW modification: subsidy for operating company

If a group has incurred a turnover loss of less than 20% during the Coronacrisis, an operating company with at least 20% turnover loss may qualify for a NOW subsidy under certain conditions. The Dutch government announced this on April 22, 2020.

1 NOW modification

- ▶ On April 16, 2020, a motion was adopted to include in the NOW the possibility of claiming a NOW subsidy at the operating company level, i.e. autonomous participating parts of a group.
- ▶ As a result of the NOW modification, operating companies that suffer a turnover loss of at least 20% due to the coronacrisis, but belong to a group that does not meet that condition, can still apply for the NOW.

2 Additional conditions

Applicable conditions:

- ▶ the group has less than 20% loss of turnover;
- ▶ the operating company is a legal entity (parts of legal entities, such as autonomous commercial entities, branches or business units are not eligible);
- ▶ the group declares not to pay any dividend or bonuses over 2020 or to purchase its own shares, until and including the date of the shareholders' meeting at which the annual financial accounts for 2020 will be determined;
- ▶ the operating company with 20 or more employees make an agreement with the concerned trade unions or, in absence thereof, with any other representation of employees about work retention at the operating company. If the company employs less than 20 employees, an agreement with an employee representation is sufficient; and
- ▶ there is no personnel-BV within the group.

3 Additional audits

Additional audits apply:

- ▶ the other operating companies are not allowed to carry out contracts or projects to the detriment of the operating company applying for the NOW, which would normally carry them out;
- ▶ if employees of the operating company undertake activities with another entity during the subsidy period, the decrease in turnover of the operating company will be reduced by the resulting (theoretical) turnover at the final determination of the subsidy;
- ▶ the transfer pricing system used in the financial accounts over 2019 or in the most recently adopted financial accounts, is leading for the measurement period in 2020 and may not be adjusted; and
- ▶ movements in inventories of finished products will be allocated to turnover.

These conditions will further be elaborated in the - yet to be developed - standards of auditors.

4 Application of the NOW in relation to groups

- ▶ The main scheme of the NOW remains unchanged.
- ▶ A group with at least 20% turnover loss cannot use the turnover loss at the operating company level as a basis for the subsidy.

5 Implementation of the modification

The amendments of the NOW regulation will be published in the week of April 27, 2020. From that moment on, employers can submit an application to the UWV for operating companies.

6 Seasonal work

- ▶ The Dutch government recognizes that for some sectors or companies the NOW offers little or no relief, due to seasonal patterns in turnover and/or wage costs;
- ▶ The government will create a separate scheme for companies with seasonal work;
- ▶ In a number of urgent cases – the ornamental horticulture sector and the cultural sector, which are particularly seasonal – specific measures have already been taken by linking up with existing data or subsidy flows;
- ▶ We will inform you as soon as more is known about a separate scheme for seasonal sectors and companies.

What HVG Law can do for you

The coronavirus 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



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