

COVID-19 Temporary allowance for wage costs

June 2020

Purpose

Companies are eligible for a temporary allowance to cover wage costs in the periods March to May (NOW 1.0) and/or June to September 2020 (NOW 2.0) if their turnover is expected to decrease by at least 20% compared to 2019 due to COVID-19. This allowance is aimed to enable employers to retain their employees in these extraordinary times.



How will your allowance be estimated?



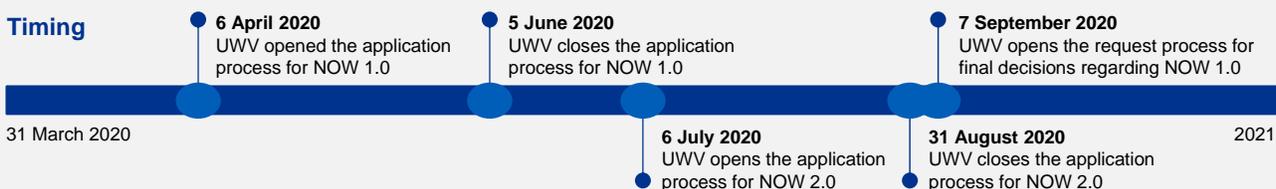
	NOW 1.0	NOW 2.0
A	Three-months turnover starting from March, April or May 2020 compared with 1/4th of the 2019 turnover. ¹	Four-months turnover starting from June, July or August 2020 compared with 1/3th of the 2019 turnover. ^{1,2}
B	Total wages in January 2020, including flexible and zero-hour contracts with a maximum individual salary per month of €9,538 and excluding holiday pays.	Total wages in March 2020, including flexible and zero-hour contracts with a maximum individual salary per month of €9,538 and excluding holiday pays.
C	The allowance period ranges from March until May and as such, the monthly wage bill is multiplied by three.	The allowance period ranges from June until September and as such, the monthly wage bill is multiplied by four.
D	Employer charges are assumed to be 30%. In accordance the allowance is multiplied by 1.3.	Employer charges are assumed to be 40%. In accordance the allowance is multiplied by 1.4.
E	The maximum allowance is 90% of the expected wage costs.	The maximum allowance is 90% of the expected wage costs.
	<small>¹ For start-ups and/or business combinations set up after 1 January 2019 and before 1 February 2020, the 2019 turnover is replaced by the turnover since set up and adjusted to reflect a three months period.</small>	<small>¹ For start-ups and/or business combinations set up after 1 January 2019 and before 1 May 2020, the 2019 turnover is replaced by the turnover since set up and adjusted to reflect a four months period. ² Companies who applied for NOW 1.0 are required to choose subsequent months of turnover loss when applying for NOW 2.0.</small>

UWV will pay an advance payment of at least 80% in a maximum of three terms starting within 2-4 weeks after the initial application.

How will your final allowance be determined?

- The turnover loss percentage will be based on the actual turnover loss;
- Regarding the NOW 1.0, (i) the monthly wage bill used to calculate the allowance will change from January to March, if the January wage bill was lower than the average actual monthly wage bill between March and May and (ii) in case an employee's contract is terminated for business economic reasons after 17 March 2020, the NOW 1.0 allowance is reduced by the salary of the redundant employee plus 50% times 3 x 1.3 x 90%;
- Regarding NOW 2.0, if an employee's contract is terminated by a company for business economic reasons the allowance for the employer will be reduced by its salary. Additionally, companies who terminate 20 or more employee contracts for business economic reasons will face a 5% cut on their total allowance unless agreement has been reached on the termination with the trade union(s). Under NOW 2, employers are obliged to encourage employees to retrain themselves; the government covers the costs incurred;
- The final NOW 1.0 and NOW 2.0 allowances are reduced if the total actual wage costs in the allowance periods are lower than the expected wage costs. The reduction equals the difference between expected and actual wage costs times x 90% (note that the calculation does not include the turnover loss percentage);
- Companies who receive NOW 2.0 allowance are not allowed to pay dividends and bonuses or repurchase shares in 2020 and in 2021 (until the general meeting of shareholders takes place) if the amount of allowance requires an audit report (see below). This restriction is always applicable (irrespective of the allowance amount) if allowance is requested at operational level instead of at concern or holding level;
- The final settlement is against the advance payment, which can result in either a reclamation or additional payment. The final allowance cannot become negative;
- Requests for the final decision regarding the allowance should be accompanied with an auditor's report if the advance payment exceeds €100,000 or the final allowance is expected to exceed €125,000. This request should be submitted within 38 weeks after the turnover loss period; and
- UWV decides upon the final allowance within 52 weeks after the request for final decision has been submitted.

Timing



Key Contacts

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