

Reimbursement of Fixed Costs for SMEs (Tegemoetkoming Vaste Lasten MKB, TVL) scheme

From 30 June 2020, it is possible for SME entrepreneurs, including self-employed persons, from specific sectors who are directly affected by the corona measures to apply for the Reimbursement of Fixed Costs for SMEs (Tegemoetkoming Vaste Lasten MKB, TVL) scheme.

The Reimbursement of Fixed Costs for SMEs scheme replaces the Compensation for Entrepreneurs in Affected Sectors COVID-19 (Tegemoetkoming Ondernemers Getroffen Sectoren COVID-19, TOGS) scheme in the Government's Emergency Package 2.0. In some respects the Reimbursement of Fixed Costs for SMEs scheme is similar to the Compensation for Entrepreneurs in Affected Sectors COVID-19 scheme, for example with regard to the definition of the target groups that can submit an application, but differs in other respects. Unlike the Compensation for Entrepreneurs in Affected Sectors COVID-19 scheme, the Reimbursement of Fixed Costs for SMEs scheme takes the level of turnover loss and fixed costs in a sector into account and is intended to address the needs of each individual company. You can find the publication of the scheme [here](#).

Who is it for?

Any company registered in the Trade Register of the Chamber of Commerce with a Standard Industrial Classification code (SBI-Code). The Standard Industrial Classification code is linked to the main or secondary activity of a company. A company is eligible for the Reimbursement of Fixed Costs for SMEs scheme if the registered Standard Industrial Classification code for its main or secondary activity is on the list of Standard Industrial Classification codes published by the Government. This includes branches that suffered from forced closures and contact professions. These are the same companies as those who were eligible for the Compensation for Entrepreneurs in Affected Sectors COVID-19 scheme.

The reimbursement

The Reimbursement of Fixed Costs for SMEs scheme is intended to help SME entrepreneurs who have been affected by the corona crisis to pay their fixed costs for the months June to September 2020. In order to ensure that there is no need to look at the actual fixed costs, the Government has set the fixed costs per sector as a proportion of turnover. These are fixed costs – such as depreciation of fixed assets and other operating costs – that do not relate to the cost of sales, labour costs, or other fixed costs (e.g. energy costs). Examples of other operating costs are rent, insurances, subscriptions, etc.

The Reimbursement of Fixed Costs for SMEs scheme compares the turnover in June-September 2019 with the turnover in June-September 2020. This turnover is based on the turnover in the second quarter (April-June) and is divided by three and added to the turnover in the third quarter (July-September). The minimum amount of the reimbursement is € 1.000 and the maximum amount is € 50.000. In order to qualify for the Reimbursement of Fixed Costs for SMEs scheme, a company must have suffered a turnover loss of more than 30% and have fixed costs of more than € 4.000. The percentage of fixed costs in relation to turnover is established in advance for each Standard Industrial Classification code. Turnover is understood as

the net turnover relating to the main or secondary activity on the basis of which the application for a reimbursement under the Reimbursement of Fixed Costs for SMEs scheme is made. For example, if the application is made on the basis of a secondary activity, only turnover resulting from this secondary activity should be taken into account. Turnover from the main activity should be excluded.

The result of the turnover comparison for 2019 and 2020 should be multiplied by the percentage of fixed costs. As stated above, in order to simplify and promote the implementation of the scheme, this percentage has been fixed in advance by the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland, RVO) per Standard Industrial Classification code on the basis of data from Statistics Netherlands (Centraal Bureau voor de Statistiek, CBS). This means that it is not possible to use a different percentage, despite the fact that the actual fixed costs may be higher. If you have more than one ancillary activity covered by the scheme, the ancillary activity with the highest percentage will be used. The reimbursement then amounts to 50% of the outcome.

The calculation is therefore as follows:

Turnover reference period x percentage of turnover loss x percentage of fixed costs of the sector in question x 50% = amount of reimbursement.

On the basis of this calculation method, an advance payment of 80% is then made. Turnover loss will be calculated differently for SMEs that were founded in the period 1 April to 15 November 2019 or in the period 16 November 2019 to 29 February 2020. Please note: the amount of NOW subsidy received does not affect the turnover loss for the Reimbursement of Fixed Costs for SMEs scheme, but the amount received under the Reimbursement of Fixed Costs for SMEs scheme does affect the determination of the turnover loss for the NOW subsidy.

Conditions

In addition to the conditions mentioned above, there are a number of sector specific conditions that need to be fulfilled:

- The maximum number of employees is 250;
- The company was founded and registered in the Trade Register of the Chamber of Commerce before 15 March 2020;
- The company has a branch in the Netherlands;
- At least one branch of the company has an address other than the home address of the owner or owners. Or the branch is separate from the private residence and has its own entrance or access. There are a number of exceptions to this requirement, e.g. catering establishments, taxi transport, market trade, etc.;
- The company is not a public-sector company;
- The company keeps records in such a way that up to ten years after the final determination of the reimbursement it can always be deducted in a simple and clear manner that the recipient complies with the requirements of this scheme;
- The company is not active in the fisheries or aquaculture sector or in the primary production of agricultural products, and did not receive more than € 800.000 in Government support in the context of the COVID-19 outbreak;
- The company has not petitioned for bankruptcy and has not filed for suspension of payments with the court.

Applications for an advance payment and subsequent determination

Applications can be submitted from 30 June to 30 October 2020 with eHerkenning (all levels) and DigiD via the website of the Netherlands Enterprise Agency. The Netherlands Enterprise Agency will assess the application within eight weeks. The application must be accompanied by evidence of the turnover for the second calendar quarter and the turnover for the third calendar quarter of 2019 (e.g. copy of the turnover tax return) and an estimate of the turnover loss.

If you are not able yet to make a proper estimate of the turnover loss, we advise you not to apply for the reimbursement now but to do so at a later time. It is of course important that you do this before 30 October 2020. In this way you will have less risk of a set-off at the final determination. On the other hand, if you apply for a reimbursement later, you will also receive the advance payment later. Once the application has been approved, the reimbursement is usually transferred to you within three working days.

If you have applied for the Reimbursement of Fixed Costs for SMEs scheme, you must request a final determination from the Netherlands Enterprise Agency before 1 April 2021. The reimbursement will then be determined within sixteen weeks after receipt of this request. This takes place on the basis of the actual turnover loss in the months June to September 2020. Depending on the actual turnover figures, the set-off may involve an amount being claimed back or a subsequent payment, in part or in full.

Calculation examples

Calculation example 1 (entitlement to the Reimbursement of Fixed Costs for SMEs scheme):

- Company A achieved € 400.000 of its turnover (reference turnover) in June to September 2019 and can demonstrate this with its VAT return;
- Company A estimates that from June to September 2020, due to the corona crisis, it will have € 200.000 (50%) less turnover;
- The proportion of fixed costs in this sector has been set at 25%. Based on normal turnover this is € 400.000 x 25% = € 100.000. Company A is eligible for the Reimbursement of Fixed Costs for SMEs scheme because it has fixed costs of more than € 4.000;
- A maximum of 50% of the fixed costs will be reimbursed;
- Calculation: € 400.000 x 50% x 25% x 50% = € 25.000;
- Company A receives an amount of € 25.000, with an advance payment of € 20.000 (80%).

Calculation example 2 (no entitlement to the Reimbursement of Fixed Costs for SMEs scheme):

- Company B achieved € 38.000 of its turnover (reference turnover) in June to September 2019 and can demonstrate this with its VAT return;
- Company B estimates that from June to September 2020, due to the corona crisis, it will have € 19.000 (50%) less turnover;
- The proportion of fixed costs in this sector has been set at 10%. Based on normal turnover this is € 38.000 x 10% = € 3.800;
- Company B therefore falls under the limit of € 4.000 for fixed costs and is not eligible for the Reimbursement of Fixed Costs for SMEs scheme.

Contact

Should you have any questions about one or more topics in this update, please contact us.

Megin van Kempen, labour lawyer

m.kempen@crowefoederer.nl

+31 (0)6 - 33 03 09 41

