

# NOW-3: Dutch government continues support for employers, but on less generous terms

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The government in the Netherlands is extending its salary subsidy scheme to the end of June 2021. Employers will continue to receive assistance under "NOW-3, but conditions are stricter than in previous NOW regulations.

The details of NOW-3 were published in the [Staatscourant](#) on 9 October 2020.

## Key features

### *Duration and percentages*

NOW-3 has a total duration of nine months, and is divided into three periods of three months each: 1 October to 31 December 2020; 1 January to 31 March 2021; and 1 April to 30 June 2021. The amount of the subsidy will decrease by 10% every three months, from 80% to 70% and then 60% of the employer's salary costs.

### *Revenue loss thresholds and eligible salary caps*

From 1 October to 31 December 2020, the subsidy will be conditional on an expected 20% loss in revenue, the same as under NOW-1 and NOW-2. From 1 January to 30 June 2021, this threshold will be higher: 30% of expected loss in revenue.

The salary cap eligible for reimbursement under NOW-3 will remain at EUR 9,538 gross per employee (two times the maximum daily wage) in the period of 1 October 2020 to 31 March 2021. It will be lowered to EUR 4,679 gross (the maximum daily wage) in the period of 1 April to 30 June 2021.

### *Redundancies*

Filing a termination request for economic reasons will no longer result in a penalty being levied on the subsidy. Employers will be allowed to decrease their total wage sum for each three-month period: by 10%, then 15% and finally 20%. NOW-3 introduces an obligation for employers to help employees in their job-to-job transition, failing which a 5% reduction will apply to the subsidy.

### *Bonuses, dividend and share repurchase*

The prohibition on companies paying out bonuses and dividends and buying back their shares, as introduced by NOW-2 still applies. For the first three months of NOW-3, these prohibitions relate to the year 2020, for the second and third three month periods, the prohibitions related to the year 2021.

### *Deadlines*

Applications for the NOW-3 subsidy must be submitted between 16 November and 13 December 2020 for the first three-month period; between 15 February and 14 March 2021 for the second

three-month period; and between 17 May and 14 June 2021 for third and final three-month period.

### **NOW-1 and NOW-2 correction for subsidiaries**

NOW-3 corrects the previous two NOW regulations on the subject of subsidy applications by certain subsidiaries. This concerns subsidiaries that suffered a 20% or more loss in revenue, but belong to a group of companies that has not met the 20% loss of revenue threshold, such as Dutch companies forming part of an international group.

The first two NOW regulations implied that the subsidiaries had to meet all of the relevant NOW conditions at the time of *the subsidy application*. This has now been corrected: these subsidiaries must comply with the conditions when *the amount of the subsidy is determined*.

The conditions are:

- The group as a whole has less than 20% revenue loss;
- The subsidiary must have a job preservation agreement with the trade unions or other employee representation;
- The subsidiary must provide a declaration that no dividends or bonuses will be paid out at the group level and that the group's parent company will not repurchase shares over the year 2020 until the 2020 annual accounts are adopted.

This means that companies which applied for subsidy in March or April 2020, but were denied the subsidy because they did not meet these conditions at the time of their application, can now reapply for a subsidy under NOW-1 and NOW-2, provided that they meet the conditions when the amount of subsidy is determined.