

Netherlands: COVID-19 financial measures for employers and the self-employed

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COVID-19 and the response to it will most likely lead to a recession in the Netherlands. The government has put several emergency financial schemes in place to support employers and the self-employed. A first package of measures focused on protecting jobs and incomes. A second package builds on the first package, with measures to let the economy adjust to the new situation.



Description

Following the first confirmed COVID-19 case in late February 2020, the Dutch government imposed a so-called “targeted” lockdown in March. This meant that schools and restaurants were closed and people were encouraged to stay at home. As the situation improved, several lockdown measures were abolished. The COVID-19 crisis caused major economic damage. The unemployment rate grew from 2.9% in March to 3.6% in May. In a recent forecast by the Netherlands Central Bank (DNB), an economic growth of -6.4% is predicted for 2020 and in 2021 and 2022 DNB expects growths of 2.9% and 2.4% respectively.

On 17 March, the government responded to the crisis with a first package of emergency financial measures for employers and self-employed professionals (i.e. entrepreneurs without staff working for different customers – hereafter “self-employed”), consisting of three main measures:

1. Employers with more than 20% turnover loss could apply for the “Temporary Emergency Bridging Measure for Sustained Employment” (NOW) to receive up to 90% compensation for their employees’ wages, depending on the lost revenue.
2. Self-employed could apply for the “Self-employment income support scheme” (Tozo) to bridge their loss of income. The amount depends on their income and household

situation, and ranges up to €1,500 (net) per month.

3. A €4,000 reimbursement was made available for entrepreneurs in sectors that were particularly affected by the lockdown measures, for example because they were closed (TOGS).

Given the acute situation, the government opted for rapid design and implementation of these measures. Means-testing and administrative requirements were limited as much as possible and citizens and businesses were requested to only take up financial support if they really needed this.

The initial measures were taken for a period of three months. In May, the government announced a second set of economic measures for the subsequent four months. Several of the first round of measures were extended with the aim to protect jobs and incomes. However, the second-round measures were more targeted because it was no longer realistic to expect that they could prevent redundancies during the expected deep recession. The major adjustments in the measures were:

- Employers who receive the NOW, are allowed to dismiss employees on economic grounds. However, they are no longer allowed to pay out bonuses or dividends.
- For the self-employed, a partner income check is required.
- Measures for the career development and training of

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employees, self-employed people, and workers on a flexible contract (i.e. crisis programme "The Netherlands keeps learning").

- The TOGS was replaced by a "Reimbursement Fixed Costs Scheme" (TLV) for small and medium-sized enterprises (SMEs) to compensate fixed costs other than wage costs. The amount depends on the loss in revenue and can go up to €50,000.
- In June, a one-time benefit of €1,650 was introduced for workers on a flexible contract who suffered a loss in income (Tofa).

The Dutch trade unions and employers' organisations responded positively to the first package. However, following the initial announcement of the second package (on 20 May) there was significant debate. Trade unions and many opposition parties in parliament were against permitting employers to dismiss their employees while receiving wage compensation (NOW). Employers' organisations, on the other hand, stated that the Fixed Costs Scheme did not offer enough compensation for large SMEs. In response, on 28 May the government announced several changes to the second package. Firstly, the TLV maximum was increased from €20,000 to €50,000. Secondly, employers receiving NOW and seeking to dismiss more than 20 people have reach an agreement on this with their union, or else face a fine.

As of 9 July, 139,399 employers, with a total of 2.65 million

employees, received a total of €7.9 billion in wage cost compensation (NOW). The sectors with the most recipients are retail, hospitality and commercial services, and the average decline in revenue is 65%. An estimated 448,000 self-employed have received a Toza benefit. 16,700 workers on a flexible contract applied for a Tofa benefit, of which 7,500 were approved. Approximately 178,000 entrepreneurs received the €4,000 reimbursement (TOGS).



Outlook and commentary

The government responded clearly and quickly to the economic challenges posed by the COVID-19 crisis by investing considerably in "temporary bridging" measures. As the economic prognosis deteriorated, the government had to change its approach and adjusted the conditions for the second package. Given that there was more time to design these measures, it was possible to make them more targeted so as to prevent misuse. Both current and future government action requires striking a balance between supporting those in vulnerable positions, promoting economic adjustment and managing the government debt. The active involvement of the social partners in adjusting the second package is a positive sign. This ensures that both economic and social consequences are taken into account and that the government measures are supported by employers and workers.

Further reading

CBS, [Economic contraction of 1.7 percent in Q1 2020](#), 15-5-2020.

CBS, [160 duizend minder mensen met werk in april](#), (160,000 fewer people in employment in April), 20-5-2020.

DNB, [Economische ontwikkelingen en vooruitzichten](#) (Economic developments and prognoses), June 2020.

[Kamerbrieven Noodpakket 2.0](#) (Letters to Parliament from three ministers on second set of measures), 20-5-2020 and 28-5-2020.

[Kamerbrief Monitoring Arbeidsmarkt en Beroep Noodpakket](#) (Letter to Parliament by minister of Social Affairs and Employment on take-up of emergency package), 9-7-2020.

www.business.gov.nl/corona (platform initiated by the Ministry of Economic Affairs), 20-5-2020.

CNV, [Reactie CNV op kabinetsbesluit "Big bang aan ontslagen wacht"](#) (press release on second set of measures), 20-5-2020.

VNO-NCW, [Tevreden over verlenging noodpakket](#), gesloten sectoren nog in gevaar (on second set of measures), 20-5-2020.

Parool, [Kabinet past noodpakket aan na kritiek](#) (Government adjusts emergency package after criticism), 28-5-2020

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