

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

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*In order to prevent the COVID-19 restrictions from causing a further economic downturn, the Dutch government announced a third package of financial measures for employers and the self-employed. These measures were built on existing ones, but with a few adjustments.*



## Description

As described in Timmerman & Oostveen (2020), the Dutch government imposed a so-called “targeted” lockdown in March 2020. With a view to containing bankruptcies and unemployment as much as possible, it put several financial schemes in place to support employers and the self-employed. After a first round of economic measures in March, a second round, which included some adjustments, was announced in May for a duration of 4 months. As the infection rate fell, several lockdown measures were abolished. After the summer, the number of COVID-19 infections increased again. Extra measures were taken to control this “second wave” (e.g. closing down restaurants and restricting group sizes). As the situation worsened, the government decided that the country should go into a stricter lockdown (including closing down all non-essential businesses) from 15 December 2020 until at least 19 January 2021.

In order to continue protecting the economy, the government announced that the financial measures introduced in May 2020 would be extended, but with a few adjustments. This “third” package was implemented from October, with some additional changes from 18 December because of the worsening situation. Since 18 December, it includes the following major elements:

- Employers with a loss in turnover of more than 20% (30% from April 2021) can apply to the “Temporary Emergency Bridging Measure for

Sustained Employment” (NOW) to receive up to 80% (down from 90%) compensation for their employees’ wages, depending on the extent of their lost revenue. This measure has been extended until at least July 2021.

- Self-employed professionals can apply for the “Self-employment Income Support Scheme” (Tozo) to bridge their loss of income. The amount depends on their income and household situation, with a maximum of €1,500 (net) per month.

- A “Fixed Costs Reimbursement Scheme” (TVL) was introduced for small and medium-sized enterprises in all sectors to help with fixed costs other than wage costs. The amount depends on the loss in revenue (at least -30%) and can go up to €90,000 (up from €50,000).

- Restaurants, bars and retail businesses (which are closed) are receiving a one-off extra benefit as compensation for inventory costs, on top of TVL. The maximum amount is €20,156.

- Additional support will be provided to companies in some affected sectors, such as the cultural and travel industry. Several arrangements were made with the various stakeholders to support their businesses.

- In order to stimulate the economy, planned public investment will be accelerated and private investment will be boosted.

- Given that unemployment will inevitably increase despite all the measures taken, the government

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introduced an additional social package. Extra resources will be given to the social partners, municipalities and executive agencies (such as job centres or tax and customs administration), and schools to support the unemployed (esp. the young and other vulnerable groups) in their search for employment.

- In order to help with the fixed costs, a “Temporary Support for Necessary Costs” (TONK) will be provided to households who are not entitled to other (existing) support schemes but still suffered a loss in income. This measure is expected to be launched in February 2021.

## Outlook and commentary

Dutch trade unions and employers were generally satisfied with the continuation of financial support (third package). However, the initial package of measures was announced before new COVID-19 restrictions were introduced in October and December. Therefore, according to Dutch trade unions and to MKB-Nederland (representing small and medium-sized enterprises), some measures are now outdated because more financial support is needed. Most importantly, these unions were against lowering the compensation levels of the NOW-scheme. They also pleaded for more financial support for sectors which were forced to close down or were seriously affected.

During the first round of measures (March-May), 139,335 employers, with 2.65 million employees in all, received a total of 7.9 billion in

wage cost compensation (NOW). The sectors with the most recipients are retail, hospitality, and commercial services. An estimated 374,000 self-employed persons received a Tozo-1 benefit. During the second round of measures (June-August), 63,654 (partly the same) employers received 2.1 billion under the NOW-scheme, and 119,000 self-employed persons received a Tozo-2 benefit. Latest figures (26 November) show another 20,998 employers receiving 379 million under the NOW-scheme from October. An estimated 65,000 self-employed persons received a Tozo-3 benefit in October.

The unemployment rate rose from 2.9% in March to 4.6% in August and then fell slightly to reach 4% in November. In a recent forecast from the Netherlands Bureau for Economic Policy Analysis (CPB), economic growth of almost 3% is predicted for 2021 (if COVID-19 is under control), after growth of -4% in 2020. The unemployment rate will grow to 6% in 2021. Given the COVID-19 pandemic, the (predicted) Dutch unemployment rate is lower than expected in earlier predictions, also compared to other European countries. In addition, in 2020 the number of bankruptcies surprisingly reached its lowest level in 21 years. The substantial financial support provided by the government undoubtedly contributed to this. But affected companies are running out of savings, which could probably lead to more bankruptcies and higher unemployment rates in 2021. If the government does not take this into account, the earlier financial support will have been in vain.

## Further reading

CBS (Centraal Bureau voor de Statistiek), [Werkloosheid in november verder gedaald](#) [*Unemployment further down in November*], 19-11-2020

CBS, [Minder faillissementen in oktober](#) [*Fewer bankruptcies in October*], 12-11-2020

CPB (Bureau for Economic Policy Analysis), [November estimate: Economic forecasts 2021](#), 26-11-2020

[Kamerbrief over specifieke aanpassingen in economisch steun- en herstellpakket](#) [*Letter to Parliament on specific adjustments in economic support and recovery package*], 18-12-2020

[Kamerbrief over aanpassingen in het economische steun- en herstellpakket](#) [*Letter to Parliament on adjustments in economic support and recovery package*], 09-12-2020

[Kamerbrief Monitoring Arbeidsmarkt en Beroep NOW en Tozo](#) [*Letter to Parliament on monitoring labour market and profession NOW and Tozo*], 03-12-2020

[Kamerbrief voortgang uitwerking aanvullend sociaal pakket](#) [*Letter to Parliament on progress in implementing additional social package*], 30-11-2020

[Kamerbrief Steun- en herstellpakket](#) [*Letter to Parliament on support and recovery package*], 28-08-2020

Ministry of Economic Affairs, <https://business.gov.nl/corona/> [*Government information on corona for entrepreneurs*]

MKB-Nederland, [Voorzitter Vonhof: Drastische aanpassing 3e steunpakket ondernemers nodig](#) [*Chairman Vonhof: Drastic adjustment needed in third package of support measures for entrepreneurs*], 20-11-2020

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