

To all clients and relations of
Aegis Tax Lawyers N.V.

WTC Schiphol Airport
F-Tower, 7th Floor
Schiphol Boulevard 407
NL-1118 BK SCHIPHOL
The Netherlands

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Subject: Fiscal measures coronavirus

Dear Madam / Sir,

The government decided yesterday to take exceptional economic measures because of the coronavirus. The aim is in the first instance to protect the health of the citizens. But not only that: safeguard their jobs and incomes, dealing with the consequences of all this for self-employed persons, small and medium-sized entrepreneurs as well as large companies.

The emergency package includes several fiscal measures aimed at providing liquidity support. These fiscal measures are as follows.

1. Liquidity support / deferral of payment of taxes

A few days ago, the government announced that the Tax Administration would grant special deferral of payment to all entrepreneurs who have run into or will run into liquidity problems as a result of the corona crisis. Entrepreneurs can apply to the Tax Administration for postponement of payment by letter. Once the Tax Administration receives the request, they will suspend the recovery measures, and entrepreneurs will, therefore, receive an immediate deferment of payment. Individual assessment of the application will take place at a later date. Entrepreneurs do not have to immediately send the required "declaration of a third party expert". The government wants to make this process as simple as possible for entrepreneurs with as little administration as possible. The government is still investigating how to achieve this most efficiently. To accommodate entrepreneurs, the Tax Administration will soon waive or reverse a fine (a so-called 'default penalty') for failing to pay (on time). The processing of requests for postponement of payment occurs manually, and this involves an increase in the processing times in the case of an increased number of applications.

The government wants to temporarily postpone the levy of the energy tax and/or the levy of Storage Renewable Energy (ODE) for companies in the second, third and fourth tax brackets. The government is studying how to proceed. In particular, the postponement of payment for



the taxable energy suppliers must lead to more liquidity for the customers of electricity and natural gas, such as in the ornamental horticulture sector. The government is discussing this with energy suppliers.

2. Recovery interest and tax interest

The government has decided to take further fiscal measures aimed at supporting the liquidity of entrepreneurs. In case of late payment of an assessment, a 4% collection interest shall be due, as from the moment the payment term has expired. To facilitate entrepreneurs requests for straightforward deferment of payment, the government will temporarily reduce the collection interest from 4% to 0.01% with effect from 23 March 2020. This tax interest reduction will apply to all tax debts. Because it is not technically possible to reduce the percentage to 0%, the percentage will (temporarily) be set at 0.01%.

In addition to collection interest, entrepreneurs are also regularly confronted with tax interest. Tax interest is charged in case of delay in the assessment determination, for example, due to belated submission of the tax return to the Tax Administration or incorrect established amount. The rate of tax interest is 8% for corporate income tax and 4% for other taxes.

To accommodate entrepreneurs, the government will also temporarily reduce the percentage of the tax interest to 0.01%. This reduction will apply to all taxes for which a tax interest rate applies. The government will adjust the tax interest as soon as possible. For implementation reasons, the temporary reduction in the tax interest will take effect from 1 June 2020. The only exception to this is the temporary reduction of the tax interest for personal income tax, which will take effect from 1 July 2020.

3. Modification of the provisional assessment

Entrepreneurs now pay tax based on the interim evaluation of personal income tax or corporate income tax. Entrepreneurs who expect lower profits due to the corona crisis can apply for a reduction of the provisional assessment. The Tax Administration will grant these requests. As a result, entrepreneurs will immediately pay less tax. It may also be the case that the amount of the new provisional assessment is lower than the tax already paid by the entrepreneur in the first months of this year. In that case, the entrepreneur will be paid the difference.

4. Finally

To be able to respond appropriately to developments, the emergency package applies for the next three months. The government is closely monitoring developments and is in constant dialogue with employers' and employees' organizations, companies and financiers to be able to make the necessary adjustments if the situation so requires. In the coming period, the



measures will be worked out and specified so that changes can still take place. We will, of course, keep you informed on this.

Above all, we wish you, your employees and your loved ones good health.

With kind regards,

Michel Bilars