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INCREASE OF SUBSIDIES UNDER THE REIMBURSEMENT FIXED COSTS SMES SCHEME (TVL)

In its letter of 24 January 2021 to the Lower House of Parliament, the government set out the expansion of the Reimbursement Fixed Costs SMEs (TVL) scheme. This expansion is made possible thanks to increased scope within European regulations. By means of this expansion, the government intends to continue to support businesses and sectors by meeting their liquidity needs as quickly as possible. In this alert we inform you about the expansion of the TVL scheme.

Expansion of the TVL scheme

The following adjustments (including those amended in the proposal of 21 January) to the TVL scheme have been announced for Q1 and Q2 of 2021:

- Medium-sized enterprises will also be eligible for the scheme.
- The employee limit (maximum 250 employees) will increase to apply.
- The maximum remuneration will be increased (see table).
- Increase of the reimbursement percentages and maximum reimbursements.
- Further support (Q1 only) with respect to losses on stocks for retailers that have been forced to close (the fixed costs percentage is increased from 5.6% to 21%, with a maximum of € 300,000. Previously € 200,000.)

Small businesses will receive support by increasing the minimum TVL reimbursement from € 750 to € 1,500 per entrepreneur, starting in Q1 2021.

2019 will continue to be the reference year for determining the loss of turnover with respect to the 2021 TVL. The fixed costs reimbursement percentage will be increased to 85% for all entrepreneurs that suffered a turnover loss of 30% or more.

For companies with up to 250 employees, the maximum quarterly reimbursement is increased from € 90,000 to € 550,000 (previously € 330,000). The maximum reimbursement for companies with more than 250 employees will be € 600,000 (previously € 400,000). The table below provides an overview of the differences:

Table 1: Differences in TVL decision-making on 21 January 2021 and on 19 February 2021 per quarter

	DECISION-MAKING 21/01/2021		DECISION-MAKING 19/02/2021	
	Q1	Q2	Q1	Q2
SME	€ 330,000	€ 330,000	€ 550,000	€ 550,000
Non-SME	€ 400,000	€ 400,000	€ 600,000	€ 600,000
Closed retail SME (including VGD[Stock Subsidy Closed Retail])	€ 530,000	€ 330,000	€ 850,000	€ 550,000
Closed retail non-SME (including VGD[Stock Subsidy Closed Retail])	€ 600,000	€ 400,000	€ 900,000	€ 600,000

The distinction between SME and non-SME enterprise is based on European law and is considered complex. Table 2 outlines the criteria for meeting the European SME definition.

Table 2: SME definition according to European law

SIZE	NUMBER OF EMPLOYEES	AND ANNUAL TURNOVER	AND/OR ANNUAL BALANCE SHEET
Medium-sized	< 250	max. of € 50 million	≤ € 43 million
Small	< 50	max. of € 10 million	≤ € 10 million
Micro	< 10	max. of € 2 million	≤ € 2 million

For further information we refer to the [SME test at RVO.nl](https://www.rvo.nl/en/entrepreneurship/sme-test) (in Dutch).

Other points relating to the expansion of the TVL:

- For the agricultural and horticultural sector, the maximum subsidy (TVL Q4, TVL Q1 and TVL Q2) is € 225.000. The maximum for the fisheries sector is € 270,000, although the criteria for assessing whether a company operates in this sector and thus is subject to this limitation have not (yet) been clearly defined under the scheme and the explanatory notes.
- The government is working on a separate scheme for large agricultural and horticultural companies, under which the same ceilings as for the regular TVL will apply. The aim is for this separate scheme to be operative by April or May of this year with retroactive effect to Q1 2021.

- The proposed changes to the TVL will be submitted to the European Commission. The government hopes for the changes to be approved by mid-March 2021, following which any additional remuneration will be paid out by the RVO to the relevant companies.
- If you apply for the TVL Q1 2021, your subsidy will be calculated on the basis of the previous subsidy percentage (50-70%), and the original minimum and maximum amounts (€ 750 and € 90,000). You will automatically receive an additional payment at a later stage. At this moment the RVO is unable to give a specific date.
- You may also qualify for TVL Q1 2021 as a non-SME or entrepreneur with low fixed costs. There may be additional support for the retail trade and entrepreneurs in the event sector.
- Non-SMEs, including companies with more than 250 employees, are also eligible for TVL Q1 2021. The RVO only requests that you do not submit your application until their system is ready to process it. If you fail to do so, your application will be rejected. Once the RVO has a date for you to apply, they will inform you immediately.

More information?

If you would like more information about the above, please contact your trusted RSM advisor or send an email to: maatregelencorona@rsm.nl.