

# What financial relief measures apply to my scale-up?



With **Suzanne Knottnerus**, tax advisor and transaction lawyer

by Anna Fenko & Ji-ye Oh

**ScaleUpNation**

During the Covid-19 crisis, a lot of businesses are suffering and have financial problems. The Dutch government has announced the relief program for businesses. However, it is focused either on specific industries, big corporations or small businesses. Scale-ups often don't fit the criteria for the program. How can scale-ups make use of the financial measures to keep their cash flow alive during the corona crisis? ScaleUpNation has spoken to tax advisor and transaction lawyer Suzanne Knottnerus.

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## Interview with Suzanne Knottnerus



**Suzanne  
Knottnerus**

Tax advisor and transaction lawyer at [griph](#) (working for SME companies, startups and scale-ups) and a co-founder of [blended.law](#), a platform where companies and entrepreneurs can buy legal solutions for fixed prices. During the corona crisis, blended.law immediately set up a [legal corona helpdesk](#) for all self-employed persons and SMEs who are affected by the consequences of the corona crisis. The helpdesk is free of charge and can be reached 24 hours a day, 7 days a week by phone, e-mail or chat.

### **The government has announced a series of measures to help businesses survive financial consequences of the lockdown. How applicable are those measures for scale-ups?**

The Dutch government's relief program is great news for businesses. However, it focuses mostly on revenue loss and this is often a problem for scaleups. If you are growing as a scaleup, you will not always see an instant drop in the absolute revenue. You will probably (first) see a drop in revenue growth. Or even you have a drop in your revenues, but not compared to the last year due to your fast growth. Furthermore, scaleups often may not be making any income but depending on investment capital and may not have the right business structure to qualify for the measures.

On the first sight, this might not seem as bad as an absolute revenue drop. But most scaleups raise investments to hire staff with expectation of certain growth. If that growth suddenly slows due to economic uncertainty, that creates a problem, because scaleups are spending more than they can without the expected revenue growth. The burn rate increases and the cash runway decreases, while raising new funding might be more difficult during these times.

A lot of scaleups are not making profit, but still have to pay wages while new funding is most likely postponed and have a higher risk profile. Some employees, like software developers, will also be hired as freelancers because of a shortage of highly-qualified people. It is vital that scale-ups can keep these employees.

The bank loans with the guarantee from the Government are available to scaleups, but the question is whether scaleups are qualified for these measures. Venture capitalist funds are of the opinion that the measures that have been taken so far do not compensate for the losses of scaleups in the Netherlands and many bankruptcies are expected followed by many job losses of people who are employed at scaleups. Many of venture capitalists funds and scaleup organizations (including ScaleUpNation) have sent letters to the Government to warn that most scaleups do not meet the conditions for the support measures and will not receive any compensation and have requested additional measures for scaleups similar to those taken in France, Germany and Switzerland.

### **What about additional measures announced on April 7 for start-ups and scale-ups?**

Indeed, the government has now made it possible for scaleups and other innovative companies affected by the corona crisis to apply for a bridging loan. These companies usually do not have a banking relationship. Therefore, at the request of the government, the Regional Development Agencies (ROMs) will provide these loans. The government will initially make EUR 100 million available for this purpose. The expectation is that this scheme will be accessible in the fourth week of April.

In addition, the premium for the extended Medium and Small Business Guarantee Scheme (BMKB) will be reduced. The government will also reinsure supplier credit up to EUR 12 billion. More businesses will receive a one-off grant to compensate for the consequences of measures taken by the government to combat the coronavirus: the aim is to open up this specific extension on 15 April 2020.

### **What is the best way to utilize those measures as a scale-up?**

Start to stress test your business. Look at last month's revenue and take 1/3rd of it. This amount will be your monthly revenue for the stress test. Then look at your expenses and determine whether you can survive the next 18 months with your monthly turnover from step 1. Why 18 months? This is the longest period ever that markets were in trouble and there was no access to finance. So, this is the maximum period you should be able to survive on your own turnover. Can you survive 18 months? Very good! You don't have to take drastic measures.

However, many scaleups will not make the 18 months and will have to take measures. Communicate this to your team (not your customers). From this communication, options and possibilities can emerge. After the stress test you'll know how long you have. But regardless of the outcome (6 or 16 months), always extend this period. Companies still have access to loans and credits. This possibility disappears the moment the crisis

gets worse: banks withdraw their financing. So, take all the loans and credits you can get right now. Don't use 10% of the loan capacity, but the full 100%. The interest won't outweigh the extra time you gain. Use this advantage while you still can!

Benefit as much as possible from the measures. Contact your bank and try to conclude and extend loans with the banks and use the Government as guarantor under the SME Credit Guarantee or the Business Loan Guarantee to have better rates and conditions for the loans. Especially the facilities for technical innovative companies could be interesting to apply for scaleups.

Furthermore, check whether the NOW is feasible and if it is advisable in your situation. This measure includes conditions that can have quite some impact on the long run for scale ups. There are many lawyers currently who provide free advice on the NOW, make use of this to inform yourselves as good as possible before applying for the NOW.

With respect to the tax facilities, apply for extension for payment of taxes. This is an extension, so it needs to be paid in the end, but for now it gives you time. And the extension is given automatically for 3 months without any penalties for late payment. If you need a longer extension, you need a third party declaration that declares that you are a healthy business but due to the corona measures you are currently not able to pay your taxes.

Also make sure that all freelancers you work with know how to apply for the benefits in case you have to temporarily hold their agreements or lower their fees due to saving expenses to be able to keep these freelancers as much as possible.



*The Moneylender and his Wife (Quentin Matsys, 1514)*

**You mentioned that the NOW option might not be advisable for all scaleups. How can taking this measure affect a scaleup in the long term?**

The NOW has strict conditions which can have quite some impact in the long run. For instance, no employees may be fired for economic reasons if you have obtained the NOW. Employee contracts may be ended only by natural ending of employment contract or by mutual agreement. Otherwise you risk a significant penalty.

Under this scheme, the compensation is max 90% of the wages by a turnover loss of 100%, but only 22,5% by a turnover loss of 25%. When you apply for the NOW, you have to estimate your losses. Afterwards, the exact turnover losses must be calculated and proven with an accountants declaration. If the actual turnover loss is lower than the estimated, the balance needs to be repaid. In that event you will have the employment costs and repayment of part of your compensation.

When you apply for the NOW, you have to decide for which period of turnover loss you request the compensation. For example for March, April and May or April, May and June. This cannot be changed afterwards. So, you need to make sure that you estimate your turnover loss in the right period.

# 02 How to keep your finances alive during the Covid-19 crisis

Recommendations from tax advisor Suzanne Knottnerus

## 1. No matter which industry you are in, consider tax payment extension

By doing so, you can gain more room for immediate and necessary cash spending. Furthermore, there is practically 0% interest late on late payment. By extending the tax payment, you are able to manage payment for other items in a timely manner, keeping everybody alive with cash flow. In order to apply for it, you need to file the tax return as usual and to send a letter to the tax officials (see the template in Appendix).

## 2. Consider taking out a loan while the interest rate is low & the options are still available

Take into consideration that in the past, the longest crisis went on for 18 months. So, prepare yourself for a long impact the pandemic might have on your business. Consider what happened in 2008, when the financial crisis hit the world. While in the very beginning of the crisis loans were available and more generous, after a certain period they became scarce and unavailable from the banks. So, you might want to consider taking a loan now, when it is still available.

At the same time, usually it takes considerable time to actually receive a loan after you apply for it. There is a chance that if you apply for a loan when you actually need it, it might be too late. However, the option of a loan comes with a cost, although the interest rate is relatively low at the moment. Rather think of your loans as a buffer and reserve for the coming months.

If you decide to take a loan, the first thing you need to look into is whether you have an established relationship with your bank in terms of credibility. Most of the currently available loans are available through banks. Even though the government backs up the enterprises, you still have to apply for a loan via the bank, and the bank that will request the guarantee from the government. In order to do that, you need to have a bank account and a credible relationship with the bank for negotiation.

If you already have an established relationship with a bank, then you can compare between these three options:

1. The SME credit guarantee (BMKB) scheme will be extended from 16 March 2020 to 1 April 2021 to help SMEs that are affected by the coronavirus secure bank guarantees and bridge financing. The extended scheme is re-

ferred to as BMKB-C. It is suitable for small and medium-sized companies.

2. The Business loan guarantee scheme (GO) has been extended. Suitable for medium or bigger size companies because the amount of the loan is larger, the term is longer and hence, it's riskier investment for the banks. As a scale-up, you need to prove your capability.
3. Entrepreneurs who have a loan from micro-credit provider Qredits do not have to repay their loan for a period of 6 months. During this period, the interest will be reduced to 2%. The government supports Qredits with 6 million euros. Suitable for relatively small size of loans.

Without an established relation with banks, scale-ups are difficult to apply for the loans available above. In this case, consider the newest measure from the government. You can apply for a startup/scaleups loan that is announced on Tuesday, 7 April. It is taking a loan through the Regional Development Agency (within the government) and they will be responsible for making an application for a loan from the banks. Estimated to be set up for 100 M in total, available from 4th week of April.

### **3. Probe into the conditions for subsidy from the government**

Calculate turnover loss before applying the new temporary measure Temporary Emergency Bridging Measure for Sustained Employment

(NOW, Noodfonds Overbrugging Werkgelegenheid). This might not be a very applicable measure for a scale-up because the measure compares your revenue loss of this year to that of last year, while scale-ups have grown significantly within a year so that the comparison is irrelevant. You can use [this tool](#) to help calculate your turnover loss.

If you estimate that you are eligible for the measure, then you need to be able to calculate an estimated turnover loss for the upcoming three months. It is not a loan, but within 24 weeks after the end of the period for which the NOW has been granted, you need to submit a final calculation based on the actual data. If your turnover loss turns out to be lower than you estimated, you need to repay the compensation to the government. In order to prevent such scenarios, you might need a professional service to consult with (financial expert, lawyer, or accountant) so that you can better understand if taking a measure makes sense to you or not.

## **4. Check out additional measures**

If you are hiring freelancers, you can consult with them and, if needed, advise them to apply for an extra temporary benefit for self-employed professionals (Bbz) in the municipality where they live. The requirements for applying will be relaxed.

If your industry is in the hospitality sector (including travel, event organization), regardless of

the size of the company, you are eligible for the government compensation of EUR 4,000. The plan for state support has been submitted for urgent treatment by the European Commission.

## 5. Consult with experts before making a decision

Consult with professionals in finance, accounting and legal matters for your detailed options. There is a group of lawyers who are willing to share their knowledge free of charge. You have to submit an application yourself but professionals can assist you in the process, especially if you have certain questions about calculation or conditions.

### Keeping your finances alive during the COVID-10 crisis

- No matter which industry you are in, consider **tax payment extension**
- Consider **taking out a loan** while the interest rate is low and the options are still available
- Probe into the conditions for **subsidy from the government**
- Check out **additional measures**
- Consult with **experts** before making a decision

# 03 Dutch government's relief program for businesses

## 1. Temporary Emergency Bridging Measure for Sustained Employment ([Noodfonds Overbrugging Werkgelegenheid, NOW](#))

Financial help for employers to help pay their employees' wages if the employer expects to lose at least 20% turnover. You can use [this tool](#) to calculate your turnover loss.

## 2. SME credit guarantee scheme ([Borgstelling MKB-kredieten, BMKB](#))

If you have a business in the Netherlands and employ no more than 250 workers (you have an SME), you can use the BMKB scheme for a bridge loan or to increase the overdraft limit on your current account. The guarantee runs to 75% of the credit given by the financing party. Innovative companies with a strong focus on technologic innovations can receive extra compensation under the BMKB.

## 3. Business loan guarantee scheme ([Garantie Ondernemings-financiering, GO](#))

Large and medium-sized companies in the Netherlands can borrow substantial amounts of money (up to EUR 150 M). Capital providers receive a 50% guarantee from the government. The maximum term for the Business loan guarantee scheme is 8 years.

## 4. Microcredit ([Qredits](#)) and SME business loan ([MKB-krediet](#))

Business owners in the Netherlands may be eligible for a microcredit, a business loan up to EUR 50,000. You can also apply for a SME business loan from EUR 50,000 to EUR 250,000. Due to the coronavirus outbreak, entrepreneurs who have a loan from microcredit provider Qredits do not have to repay their loan for a period of 6 months. During this period, the interest will be reduced to 2%. The government supports Qredits with 6 million euros.

## 5. Financial support for self-employed professionals ([Besluit bijstandverlening zelfstandigen, Bbz](#))

Support for self-employed professionals who are experiencing financial difficulties due to the corona crisis, including income support up to EUR 1,500 and a loan for a max amount of EUR 10,157. It is possible to request a delay of your payment obligation, and the interest rate will be lower than under the regular Bbz.

## 6. Compensation for entrepreneurs in the hospitality, travel and event organization sectors ([Tegemoetkoming schade COVID-19, TOGS](#))

Entrepreneurs in the hospitality, travel and event organization sectors are among those who are hit hard by the coronavirus crisis: the turnover loss they have is hard, if not impossible, to make up for. The government awards businesses in these and similar sectors a set compensation of EUR 4,000.

## 7. [Tax options](#)

- You can apply for a payment extension for income tax, corporate tax, payroll tax, and turnover tax (VAT). The Dutch Tax Administration will put on hold any measures in place to collect payment immediately upon reception of your request.
- You will not have to pay any fines for late payment.
- The normal collection interest rate for paying after the payment term has passed has been decreased temporarily to nearly 0%. This applies to all tax debts. The tax interest rate will also temporarily be set to the lowest possible percentage for all entrepreneurs.
- The obligation for employers under the new Balance Employment Market Act, to report permanent employees' employment contracts before 1 April 2020, has been extended to 1 July 2020.

We are gathering best practices on scaling through crisis from the scale-up CEOs in our community. Find their insights [on our website](#).

[Read More Insights](#)

# Appendix

## Template application for payment extension for income tax

**AANGETEKEND**

Belastingdienst  
Postbus 100  
6400 AC Heerlen

[Plaats], [datum]

Betreft: Verzoek om uitstel van betaling namens [naam] met RSIN/BSN [nummer] in verband met de uitbraak van het corona virus

Geachte heer/mevrouw,

Namens [naam] met met RSIN/BSN [nummer] gevestigd te [plaats] aan de [adres], [postcode], verzoekt ondergetekende uitstel van betaling te verlenen voor de openstaande belastingschulden voor de loonbelasting met aanslagnummer [\*\*] en de omzetbelasting met aanslagnummer [\*\*].

Door de uitbraak van het corona virus en de betreffende maatregelen zijn de inkomsten en omzetten dusdanig teruggevallen dat op dit moment de openstaande belastingschulden niet (tijdig) kunnen worden voldaan.

Ik verzoek u hierbij tevens om eveneens uitstel van betaling te verlenen voor de betalingsverplichtingen die de komende maanden opkomen voor de loonbelasting en de omzetbelasting.

Volledigheidshalve meld ik namens [naam] ook een betalingsonmacht.

De beschikking waarbij het uitstel wordt verleend zie ik graag tegemoet.

Met vriendelijke groet,  
[\*\*]

