

VANDELANOTTE
KEEPING YOU INFORMED

Overview of the main
coronavirus support
measures
d.d. 2 February 2021

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Our advice is based on up-to-date legislation, interpretation and legal doctrine. Nonetheless, the administration may dispute certain information, and current interpretations can change.

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FISCAL

THE RECOVERY RESERVE

What is a recovery reserve?

A recovery reserve is a way for enterprises to waive taxes on their profits, up to the value of losses incurred in 2020 as a result of the pandemic. There is an absolute maximum of 20 million euros. Concretely: the recovery reserve, which is also untaxed, can be established for the end of the financial year associated with the assessment year 2022, 2023 or 2024.

What is not covered?

Companies who have paid certain payments to tax havens cannot make use of a recovery reserve. There is also no cover for any company which has carried out a capital reduction, purchased its own shares or made dividend payments in the period from 12 March 2020 to the day on which the application is submitted, tied to the assessment year for which the reserve was established.

Condition of inviolability

All companies wanting to make use of a recovery reserve must comply with the condition of inviolability. This means that if the reserve reduces, corporate income tax will still be due. The reserve is considered to be reduced whenever:

- A company purchases its own shares (up to the value of the purchase);
- A dividend is allocated (up to the value of the dividend);
- The company undertakes a capital reduction or other reduction of its own assets (up to the value of the reduction); or,
- The value of salary payments and direct social benefits (item 620) falls below a particular threshold.

SOCIAL

REGIONAL MEASURES

1. VLAIO SUBSIDY: the next part of the New Flemish Protection

Mechanism

From 4 January 2021, enterprises founded before 1 October 2020 with an active place of business in Flanders may apply for the second part of the new Flemish Protection Mechanism ("Nieuw Vlaams Beschermingsmechanisme"). Applications for this subsidy are based on the period from 16 November to 31 December 2020 (inclusive).

Who can apply for the subsidy?

1. Commercial enterprises which were legally obliged to close during the period from 16 November to 31 December 2020 (inclusive).
2. Non-essential commercial enterprises which were legally obliged to close from 2 November 2020 but permitted to re-open on 1 December 2020. The subsidy applies pro rata to commercial enterprises.
3. Entrepreneurs who can provide evidence that their revenue has fallen by at least 60% (excluding VAT) by comparison with the same period in 2019.

In addition, the entrepreneur must have an active operation: the enterprise must be open, unless legally obliged to close due to measures designed to restrict the spread of COVID-19, or due to annual leave.

[Read more](#)

2. GLOBALISATION SUBSIDY

Many enterprises have been significantly affected (hospitality, events, tourism, etc.) and have had little or no activity in recent months. A new support measure has been introduced for enterprises who have suffered/are suffering unusually severe revenue losses. The goal is to improve the enterprise's chances of survival.

How much is the subsidy worth?

The subsidy is worth 10% of the revenue from the last three quarters of 2019.

➡ **Enterprises whose revenue fell by at least 70% or 90% in the last three quarters of 2020 (1 April to 31 December 2020) can therefore apply for a subsidy of 10% of their revenue for the same period in 2019.**

Careful!

All subsidies that have been paid out (nuisance premium, compensation and/or support subsidy, Flemish Protection, new Flemish Protection Mechanism) are deducted from this total. The value of the aid may not total more than 90% of fixed costs for a small enterprise, or 70% of the fixed costs for medium-sized or large enterprises.

	70% REVENUE LOSS	90% REVENUE LOSS
5–19 employees	€ 30,000	€ 50,000
20–49 employees	€ 100,000	€ 250,000
50–199 employees	€ 500,000	€ 1,000,000
200 or more employees	€ 1,000,000	€ 2,000,000

If these criteria are met, the bridging subsidy will be paid out. This is conditional on you having paid the social contributions in 4 of the 16 quarters prior to the quarter in which the support was applied for. If you are just starting as a sole trader (self-employed for 12 quarters or less), you must have paid social contributions for at least 2 quarters.

We will keep you up to date with any changes.

3. WALLOON SUBSIDIES FROM THE WALLOON COVID-19 FUND

Wallonia has also established subsidies in response to the coronavirus measures. The Walloon subsidies apply only to SMEs and sole traders with a place of business in Wallonia. There are two subsidies, each offering support to specific sectors:

Indemnité 4: for the events, tourism and culture sector

This measure was already in place and has been extended to the end of January 2021. Enterprises must demonstrate loss of revenue of at least 60% in the third quarter of 2020 (by comparison with the same period in 2019). The subsidy amount corresponds to 30% of revenue for Q3 in 2019, with a floor of € 3,000 and a ceiling dependent on the number of full-time equivalent staff (max. € 40,000 for >50 FTEs).

Indemnité 6: for retailers and sectors labelled 'non-essential'

This subsidy is brand new. It was first introduced on 16 December 2020 and, like Indemnité 4, runs until 31 January 2021. It is intended for shops, contact professions, and other commercial enterprises that were obliged to close after 2 November 2020. These include:

- Non-food retailers;
- Hairdressing salons;
- Beauty specialists;
- Tattoo and piercing studios;
- Garages;
- Carwashes.

The support comprises a lump sum payment of at least € 2,250, rising to a maximum of € 6,750 dependent on the number of full-time equivalent staff. In this case, there is no need to demonstrate a loss of revenue.

4. CORONAVIRUS SUBSIDIES IN THE BRUSSELS REGION

A new subsidy was recently announced for the Brussels region. This subsidy is intended to provide a financial boost for retail businesses labelled "non-essential" and sectors forced to close in November 2020.

The subsidy will vary as a function of fixed costs and the loss of revenue reported by the enterprise, with a maximum of 5,000 euros.

The ruling allows "contact professions" not yet permitted to open their doors to take priority in applying for an initial lump sum of 1,500 euros. The subsidy is to be announced in the second half of January and can only be applied for after that date. We will keep you up to date with any changes.

5. COMMERCIAL LEASES FOR FLEMISH ENTERPRISES

A new subsidy was recently announced for the Brussels region. This subsidy is intended to provide a financial boost for retail businesses labelled "non-essential" and sectors forced to close in November 2020.

The subsidy will vary as a function of fixed costs and the loss of revenue reported by the enterprise, with a maximum of 5,000 euros.

The ruling allows "contact professions" not yet permitted to open their doors to take priority in applying for an initial lump sum of 1,500 euros. The subsidy is to be announced in the second half of January and can only be applied for after that date. We will keep you up to date with any changes.

FEDERAL MEASURES

1. THE BRIDGING SUBSIDY: CHANGES FROM 1 JANUARY 2021

From January 2021, the bridging subsidy will look rather different. The new system – which applies until at least 31 March 2021 – has two pillars:

Pillar 1: Support for mandatory closure

Up to and including 28 February 2021: the existing rule continues to apply to sole traders whose business is subject to mandatory closure and sole traders who are at least 60% dependent on sectors subject to mandatory closure.

It is still possible to apply for the **double bridging subsidy** for the months of January and February 2021, in the following three situations:

1. You have been forced to suspend your self-employed activities (other than e.g. takeaway or click & collect) due to mandatory closures as listed in the ministerial decisions of 18 and 28 October and 1 November 2020.
2. You are dependent on a sector subject to mandatory closure and have suspended activity completely: in this case you also qualify for the double bridging subsidy.

You are dependent on a sector subject to mandatory closures, but are continuing to work yourself: in this case you do not qualify for the double bridging subsidy; for the months of October, November and December you will just receive the standard bridging subsidy.

Starting in January, you do not qualify for this payout at all. However, you may be able to anticipate a payout on the grounds that your revenue falls by at least 40% (see next pillar).

• **From 1 March 2021:** entrepreneurs forced to close will still qualify for the standard bridging subsidy. For the month of March 2021, the double bridging subsidy therefore ceases to exist (subject to change by the government).

Entrepreneurs will then have to fulfil two conditions:

1. Entrepreneurs who are still obliged to remain closed with all activity suspended may apply for the bridging subsidy. Entrepreneurs who are able to continue with some activities, for example offering takeaway food, sales via click & collect, gift vouchers, etc. do not qualify for this pillar. You will not receive any further payouts except in cases of significant loss of revenue (at least 40%: see pillar 2).
2. Sole traders who are at least 60% dependent on a sector subject to mandatory closure will only be able to apply for the bridging subsidy if they suffer severe loss of revenue (see pillar 2).

Pillar 2: Support in the case of a severe loss of revenue (at least 40%), although the business remains open

This second pillar is not coupled to mandatory closure or dependence on a sector that has been forced to close. It can be viewed as a replacement for the recovery bridging subsidy. An entrepreneur can apply for the crisis bridging subsidy if their revenue one month before the month in which they apply for the support was at least 40% lower than in the same month in 2019.

If the condition above is met, the bridging subsidy will be paid providing that the social contributions have been paid in 4 of the 16 quarters prior to the quarter in which the support was applied for.

You will only be able to apply for a payout from pillar 2 as long as you do not qualify for the bridging subsidy payout due to mandatory closure.

2. DOUBLE BRIDGING SUBSIDY DUE TO MANDATORY CLOSURE IN OCTOBER – NOVEMBER – DECEMBER

Sole traders who work in a sector subject to mandatory closure or who are at least 60% directly independent on such sectors and have therefore had to suspend their own activities may apply for the double bridging subsidy.

How much is the subsidy worth?

The subsidy is € 2,583.38 per month with no family expenses and € 3,228.20 per month with family expenses, for the months of October, November and December. You can apply if your enterprise was obliged to close for at least 1 day per month.

Sole traders who are at least 60% directly dependent on a sector subject to mandatory closure but have been able to continue activities to a limited extent can apply for a standard bridging subsidy. This is once again € 1,291.69 per month with no family expenses and € 1,614.10 with family expenses.

Application deadline?

The application must be submitted to the social security fund before the end of the second quarter following the quarter in which the sole trader stopped their activity.

3. RECOVERY BRIDGING SUBSIDY (RESTART BENEFIT) FOR JULY TO DECEMBER (INCLUSIVE)

The recovery benefit is intended to support sole traders during the period that they restart operations. It is oriented towards sole traders whose business was still obliged to remain closed on 3 May 2020 (or later) or whose activities were still prohibited at this time, and whose revenue or orders during the second quarter of 2020 were at least 10% below those in the second quarter of 2019.

The recovery bridging subsidy has been extended for October, November and December. To apply for this subsidy, your revenue (or orders) for the third quarter of 2020 must be at least 10% below those in the third quarter of 2019.

The recovery payment amount is equal to the crisis bridging subsidy, namely: € 1,291.69 per month with no family expenses or € 1,614.10 with family expenses. This is intended to top up your resumed self-employed activities. The payment cannot be combined with the bridging subsidy, temporary parental leave for sole traders or a payment issued by your health insurance (e.g. maternity payments, adoption and fostering payments, payments for incapacity to work or disability).

The application must be submitted to the social security fund before the end of the second quarter following the quarter in which the sole trader stopped their activity.

It is now only possible to apply for the recovery payment for July up to December.

The recovery payment is no longer available for 2021.

4. CLASSIC BRIDGING SUBSIDY FOR QUARANTINE IF SELF-EMPLOYED

From 1 September, sole traders obliged to quarantine can no longer fall back on the crisis bridging subsidy. As an alternative, the sole trader can apply for the classic bridging subsidy due to forced suspension, specifically, due to an event with an economic impact. This is only permitted if the sole trader's activity has been fully suspended for at least seven consecutive calendar days. If this is the case, the sole trader must prove the force majeure with a quarantine certificate issued by their GP. The certificate may be in the sole trader's own name or in the name of another person residing at the same address.

Careful!

If your sole trade can be continued from your house, you cannot apply for this payment. Furthermore, if you knowingly travelled to a country or region considered a "red zone" at the time of travel, for non-essential reasons, you cannot apply for the payment.

However, you can apply for the classic bridging subsidy in order to care for your child(ren) aged up to 12 if a school or class is closed (forced closure). For children older than 12, an additional reason must be submitted to justify the need for care. Some kind of evidence must be provided for the force majeure situation, e.g. a decision by the school board or childcare facility.

Value of the classic bridging subsidy:

DAYS IN QUARANTINE	NO FAMILY EXPENSES	WITH FAMILY EXPENSES
7–13 days	€ 322.92	€ 403.53
14–20 days	€ 645.84	€ 807.05
21–27 days	€ 968.77	€ 1,210.58
28+ days	€ 1,291.69	€ 1,614.10

 If a sole trader has to quarantine due to a positive coronavirus test, they cannot apply for the quarantine bridging subsidy. Instead, they must apply to their health insurance, which kicks in if the sole trader is ill for at least seven days.

5. INCREASED PAYMENTS FOR SOLE TRADERS IF UNFIT TO WORK

Sole traders who are not fit for work and cannot carry out their activities for at least seven days qualify for a sick payment starting on the first day that they are unfit to work.

The government has opted to temporarily increase the amount of this payment to match the crisis bridging subsidy for single people (1,291.69). This applies to all possible forms of unfitness to work from 1 March 2020 to 31 March 2021 inclusive.

6. EXTENSION OF TEMPORARY UNEMPLOYMENT DUE TO CORONAVIRUS AS FORCE MAJEURE

All enterprises with employees can once again make use of the simplified principle of temporary unemployment due to coronavirus as force majeure. This is (temporarily) permitted up to 31 March 2021. The employer simply has to notify their employees. Then all you have to do is submit an ASR-5 declaration to the social secretariat at the end of each month.

ANY QUESTIONS?

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