

Contents

1. Payroll in the Netherlands
2. Services provided by Expatax
3. Information required
 - A. application for a wage tax number
 - B. authorization form
 - C. statement on the tax status of the company
 - D. employer information form
 - E. employee information form
 - F. wage tax statement
4. Informal translation Dutch pay slip
5. Sofinumber / BSN
6. Payroll tax credit
7. About Expatax

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Tax-free expense allowances and provisions in relation to non-resident employees

Practice has shown that the costs incurred by non-resident employees for the purpose of exercising their employment in the Netherlands can roughly be divided into two categories:

- Extra territorial costs: extra costs of a temporary stay outside the country of origin (these include double housing costs and costs of travelling between the country of residence and the Netherlands). Employees fulfilling certain conditions may be eligible for the 30% facility in respect of these extraterritorial costs;
- other costs: these include the costs of commuting, industrial clothing and professional literature.

Cost allowances are part of the wages insofar as they are not exempt under Dutch tax law. These costs are listed in the wage tax law.

As the employer, you can pay a tax-free reimbursement for the costs actually incurred by the employee in connection with his work. One condition in this respect is that you should demonstrate that the costs for which the reimbursement is paid were actually incurred. The (original) invoices and bills showing these costs should be retained with your accounts. You should also bear in mind that (intended) expense allowances can only be paid on the basis of Dutch tax law. Whether different rules and amounts are applicable to your staff in the country where you are established, is irrelevant. After all, the staff members supplied are working in the Netherlands, which means that only Dutch tax law will be applicable.

National insurance contributions

Like wage tax, national insurance contributions are levied on the employee's wages. If you pay wages, you will have to withhold national insurance contributions from the employee's wages and pay these contributions to the Tax and Customs Administration.

The contributions are made to cover the following three insurance schemes:

- statutory pension insurance scheme (AOW);
- surviving dependants' insurance scheme (ANW);
- exceptional medical expenses insurance scheme (AWBZ).

Liability for wage tax or national insurance contributions may not apply

The fact that a foreign employee works in the Netherlands does not mean that the Netherlands is always entitled to levy taxes or social security contributions. Perhaps only wage tax is owed, or only national insurance contributions. This is because various regulations apply.

In principle, Dutch tax law provides that wage tax is owed in the Netherlands. However, if the Netherlands has concluded a tax treaty with the employee's country of residence, this tax treaty will provide whether the right to impose tax belongs to the Netherlands or to the employee's country of residence. A tax treaty is an agreement between two countries, the main purpose of which is to prevent certain revenue from being taxed twice. A tax treaty contains the rules by which the national tax laws of the respective contracting states are harmonised.

The social security system under which an employee is insured is determined either by a social security treaty or by EC Regulation 1408/71. A social security treaty is an agreement between two or more parties setting forth the method of deciding under which social security system a person is insured.

A. Application wage tax number

Identification details

1a	Name of the business	:	_____
	Address of the business	:	_____
	Postal code	:	_____
	Place	:	_____
	Country	:	_____
	Telephone number	:	_____
	Fax number	:	_____
	Email address	:	_____
1b	Legal name of the business	:	_____
1c	Legal form of the business	:	_____
1d	Trade name of the business	:	_____

Address details of the business

2a	Business address <i>(fill in only if this address is different to 1a)</i>	:	_____
	Postal code	:	_____
	Place	:	_____
	Country	:	_____
	Telephone number	:	_____
	Fax number	:	_____
2b	Is there an office with your own office personnel?	:	Yes / No
	If yes:		_____
	Office address <i>(fill in only if this address is different to the business address)</i>	:	_____
2c	Address wages administration in home country <i>(fill in only if this address is different to the business address)</i>	:	_____
2d	Correspondence address in home country <i>(fill in only if this address is different to the business address)</i>	:	_____

Registration in home country

- 4a What is the VAT number in the EU member state in which the business is established? : _____
If the business is not established in the EU, please fill in the number under which you are registered at your own tax department. In addition, you must enclose an original tax statement, issued by the competent tax office. _____
- 4b What is the date of incorporation of the business? : _____
Please enclose a copy of the deed of incorporation, as well as name and address details of the directors and management. _____
- 4c Under which number are you registered as a business at the Chamber of Commerce : _____
Please enclose the documents of your registration at the Chamber of Commerce in your home country _____

Registration in the Netherlands

- 5 Were you already (or have you been) registered at the Tax Department? : Yes/No _____
If yes: _____
Name of the unit : _____
Tax identification number : _____
- 6 Are you registered with the Dutch Chamber of Commerce? : Yes/No _____
If yes: _____
Name of Chamber of Commerce : _____
Registration number : _____
Enclose a copy of the registration _____

Activities

- 7a In what industry does the business operate? : _____
- 7b What are your activities in your home country? : _____
Please enclose documents of proof _____
- 7c What are your activities in the Netherlands? : _____
Please describe elaborately _____

Acquisition of assignments(s)

11a In what manner do you acquire assignments in the Netherlands? :

11b Are there one or more agents or agencies? : Yes/No

If yes:

Name :

Address :

Postal code :

Place :

Telephone number :

Fax number :

11c Is there an authorised representative? *Enclose a copy of the agreement* : Yes/No

If yes:

Name :

Address :

Postal code :

Place :

Telephone number :

Fax number :

11d Who signs the contracts with the Dutch clients on behalf of the business? :

What is his/her position? :

General

12a Who is responsible for the payment of the wages and any advances of the employees working in the Netherlands? :

12b In addition to wages, are expense allowances also paid? : Yes/No

12c In what manner and where does payment take place? :

13 Who takes care of the following in the Netherlands

- the reception, transport to place of work and the accommodation of your employees :

C. Statement on the tax status of the tax payer (for companies based outside EU)

.....
(Name and address of competent authority)

- hereby states that

.....
(name of business)

.....
(nature of business)

.....
(address of business)

- is registered for VAT (sales tax) under number:

.....

.....
(place)

.....
(date)

.....
(name)

.....
(position)

.....
(signature)

E. Employee registration form

- First name and surname : _____
- Address : _____
- Postal code + City : _____
- Country : _____
- Telephone home : _____
- Telephone mobile : _____
- Email address home : _____
- Email address work : _____
- Sofinumber/BSN : _____
- Date of birth : _____
- Gender : _____
- Nationality : _____
- Bank account : _____
- Do you have the 30% ruling? : Yes / No

If you have the 30% ruling please send us a copy of the statement.

- Monthly gross salary : € _____

• Other benefits (if applicable) : _____

F. Wage tax statement *Belastingdienst*

for 2007 and following years

Why this form?

Your employer must withdraw taxes and social security premiums from your salary payments and transfer to the tax authorities. Therefore your employer is required to register your personal details. With this form you give your employer this information as

Only **one** employer or Social Security Administration Board at a time is allowed to apply the wage tax credits. With this form you indicate whether the employer/Social Security Administration Board from which you received this form should apply the wage tax

Submit this Wage Tax Statement after signing it to your employer or Social Security Administration Board. You must do this at the latest the day before your first working day. Or on your first working day before you start to work. Also submit a copy of yo

1 Your personal data

A tax credit is a credit on your tax and contributions. You can be entitled to several tax credits, depending on your personal situation. When withholding tax and contributions your employer/Social Security Administration Board is allowed to take into acc

Have your data already been stated? If so, check them and, if necessary, correct the data

Name and initials

Address

Postcode and city

Date of birth

- -

BSN/Sofi-nummer
(Dutch tax registration number)

2 Wage tax credits or not with this employer

Do you want that your employer or Social Security Administration Board apply the wage tax credits?

Yes, as from

- -

No, as from

- -

3 Signing

Please submit this form to your employer/Social Security Administration Board after signing

Date

- -

Signature

If you do not fill in this statement

If you do not fill in this statement, then it is compulsory for your employer or Social Security Administration Board to withhold 52% wage tax/social security contributions. This is the highest tax rate. The same appli

Space reserve for your employer

To be completed by your employer

Employer

Wage Tax number

L

4. Informal translation Dutch payslip

If you are granted the 30% ruling you see the amount of allowance specified on your Dutch payslip.

Basisgegevens

Loonnummer
Loonstrook
Periodedatum
Periode
Aantal loondagen
Aantal ziektedagen
Geboortedatum
Fiscaal / sofi nummer
Datum in dienst
Loonheffingskorting
Basis salaris
Minimum salaris
Aansluitnummer:

- General information

- Number of our administration
- Salary slip
- Last day of the period
- Period of the payroll
- Days worked or average days worked
- Days of sickness, mostly put on 0
- Date of birth
- Your sofi-number (tax and social security number)
- Start of employment
- Levy rebate used (yes/no)
- Base salary (0)
- Minimum wage based on Dutch law (not applicable)
- Wage tax number / UWV number

Cumulatieven

SVW-loon
LH-loon
Loonheffing
Loondagen
ZVW
WE

- Cumulative amounts until this period

- Wages for calculation Dutch social security
- Wages for calculation Dutch wage tax
- Wage tax withhold
- Total days worked (or average days worked)
- Premiums health insurance withheld and paid
- Premiums unemployment benefit withheld and paid

Salaris deze periode

Salaris
Loon sociale verzekeringen
Loon Zvw/Zorgverzekering
Zorgverzekering/Zvw vergoeding
WE wn/ wg

Loon voor de loonbelasting
Loonheffing tabel - LB/PH

30%-regeling
Nettoloon
Arbeidskorting

WAO/WIA/WGA

- Payslip information this period

- Gross salary for this period
- Wage for calculation of premiums social security
- Wage for calculation of premium health insurance
- Premiums health insurance withheld (employer part)
- Premiums unemployment benefit withheld and paid;
wn = employee, wg = employer
- Wage for calculation of wage tax
- Wage tax and premiums social security withheld and paid
- 30% allowance used in the payroll
- Net amount payable in Euro
- Labour credit, credit to cover employee expenses which are not reimbursed
- Disability insurance

7. About Expatax

Expatax was set up in 2001 and consists of a team of advisors, several with an international background. We are specialized in assisting expatriates and foreign businesses who want to work and do business in the Netherlands.

Our approach is very personal and direct. Lines are short and we do all we can to find a solution around the client's needs. By focussing on the international tax advice we can keep our knowledge high, the procedures clear and the fees reasonable.

Our advisors come from Big 4 firms, have a solid background and are interested in the client.

We have an office in Utrecht and satellite offices in Amsterdam and Belgium.

Services

Besides assistance with the 30% ruling application we provide the following services:

- completion of all Dutch tax returns (www.expatax.nl/taxreturn)
- setting up a company in the Netherlands (www.expatax.nl/startingbusiness)
- accounting (www.expatax.nl/bookkeeping)
- providing payroll solutions (www.expatax.nl/payrolling)
- financial advice together with external advisors

Cooperation's

Cooperation's have been set up with other specialized advisors:

- The Global Tax Network: network of expat tax advisors around the world
- activpayroll Ltd: worldwide payroll solutions, Expatax runs activpayroll The Netherlands BV
- VeDeVe legal: international labour law, pension rights and social security
- Tjoys: expat service, process analysis, employment advice, payroll service, calculation tools
- Rothwell International BV: international recruitment, Expatax deals with the Dutch administration
- Van Riet en Associees: law firm