

Payroll Services



www.expatax.nl

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Expatax: the expat tax specialist

For more information: www.expatax.nl/payrolling.

1. Payroll in the Netherlands

Foreign companies which are sending people to work on assignment in the Netherlands are deemed to have 'fictitious residence' in the Netherlands for tax purposes. This means that all employees on assignment in the Netherlands are subject to Dutch income tax liability from day one of such an assignment. The foreign company is obligated to set up a payroll administration and must make sure that every month the right amount of wage tax and national insurance contributions are withheld and paid. This is also applicable to individual contractors. They may be able to work under their own foreign Limited company but that is something which must be approved by the tax office. The Ltd will then have to be registered as the withholding agent. It is also possible for a contractor to work through an umbrella or payroll company which will act as the formal employer.

If a foreign company doesn't follow the Dutch rules the client for whom the employees are working in the Netherlands can be held liable for the wage tax debt, premiums social security and possible fines. You can imagine what the consequences can be.

Competent tax office

If you have no other ties with the Netherlands than making staff available, the competent office will be the Department of International Issues of the tax authorities in Heerlen. If you do have other ties with the Netherlands, for instance if you have a branch, office or workshop in the Netherlands, your local tax office will be competent.

Wage tax number

After your registration, you will receive a package containing forms and tables, which you will need to fulfil your administrative obligations for payroll tax purposes. In addition, you will be assigned a wage tax number. You should always state this number in your correspondence with the tax authorities. You will also need this wage tax number when opening a so called blocked account (G-account).

During the waiting period a company can already run a payroll administration and pay the employees. Wage tax will be calculated too but can only be paid when the wage tax number has been provided. So this means that everything is legal.

During the waiting period the tax authorities will not provide 30% ruling declarations. These will be delayed till the moment the wage tax number is available.

Calculating the payroll tax

You should calculate payroll taxes on all forms of remuneration the employee receives on the basis of his employment. The main form of wages is 'wages in money': salary, holiday pay, overtime pay, commission, 13th month's salary and anything else you pay to the employee in money as a remuneration for his work. Other forms of wages are remuneration 'in kind' and the so-called (tax-free) allowances and provisions.

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% ruling 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 regulations from the European Union. 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.

2. Services provided by Expatax

Expatax can assist both companies and individual contractors with the whole procedure and take care of your payroll.

Companies:

- registration with the tax authorities;
- creation of employment contracts;
- application for the 30% ruling (if applicable);
- calculation of monthly salary and creation of payslips;
- advice about the available tax free allowances;
- submission of wage tax returns and forms for the national insurance;
- correspondence with involved parties;
- annual accounts, administration and year end statements;
- creation of payment schedules for wage tax, national insurance and net wages.
- Register as an employer/withholding agent with the Tax and Customs Administration

Contractors:

- creation of employment contract with our contracting agency;
- application for the 30% ruling (if applicable);
- calculation of monthly salary and creation of payslips.

3. Information required

If you would like to use our services we need the following information to set up the Dutch payroll:

Company information:

- copy of the registration in the (foreign) Chamber of Commerce;
- copy of the passport of our contact person;
- application for a wage tax number (A) with a copy of the deed of incorporation or a completed employer information form (D) if you already have a Dutch wage tax number;
- authorization form (B);
- statement on the tax status of the company (if not based or registered within the EU) (C);
- a dated and signed client agreement (provided with our fee schedule).

Employee information:

- copy of the passport/identification card;
- a completed employee form (E);
- copy of the (Dutch) labour contract;
- a dated and signed wage tax declaration (F).

If you would like us to file the request for the 30% ruling we can send you our brochure about the 30% ruling.

We assume that your employees already have work permits or are permitted to work on the Dutch labour market by the Dutch government. If not we can apply for a work permit for the employee. This procedure will however take some time.

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 form of the business : _____

Address details of the business

2a Business address : _____
(fill in only if different to 1a)
 Postal code : _____
 Place : _____
 Country : _____
 Telephone number : _____
 Fax number : _____

2b Is there an office with your own office personnel? : Yes / No
 If yes: _____
 Office address : _____
(fill in only if this address is different to the business address)
 Address wages administration in home country : _____

2c *(fill in only if this address is different to the business address)* : _____
 Correspondence address in home country : _____
(fill in only if this address is different to the business address) : _____

Details tax consultant

- 3 Name of the tax consultant or accountant of the business in home country : _____
- Address : _____
- Postal code : _____
- Place : _____
- Telephone number : _____
- Fax number : _____

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 _____
- Tax identification number : _____
- 6 Are you registered with the Dutch Chamber of Commerce? : Yes/No _____
- 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

Employee(s)

8a How many employees are permanently employed by the business? :

What is the date on which the first

8b employee came to work in the Netherlands? :

8c How many employees do you employ in the Netherlands at the moment? :

Were these employees already employed

8d by your business before the start of their activities in the Netherlands? : Yes/No

If not, were they employed in the

Netherlands at an earlier date? : Yes/No

8e Are any of the employees living in the Netherlands? : Yes/No

If yes, how many?

Do these employees have to be registered? : Yes/No

Client(s)

9 For which client(s) in the Netherlands (name and address) have you worked in the past 3 years? :

(For several businesses, please state names and addresses as well as periods on a list)

Please also include the actual location(s) where the employees perform(ed) the activities.

Permanent arrangement

10a Do you have an office or other type of facility in the Netherlands from which business is conducted? : Yes/No

Date of establishment :

Address :

Postal code :

Place :

Telephone number :

Fax number :

10b Under what numbers can the business be reached?

Telephone number :

Fax number :

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

Name :

Address :

Postal code :

Place :

Telephone number :

Fax number :

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

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 :

B. Authorization form

We hereby authorise Expatax B.V. to act on our behalf until further notice in all matters pertaining to Dutch tax and national insurance and in particular:

to receive, submit and sign regular tax returns and/or applications for rebates

to receive tax assessments

to lodge appeals to the inspector and/or the courts

Signature

.....
(place)

.....
(date)

.....
(name)

.....
(position)

.....
(signature)

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:

.....
(number)

.....
(place)

.....
(date)

.....
(name)

.....
(position)

.....
(signature)

D. Employer registration form (if the company has a Dutch wage tax number)

- Company name : _____
- Address : _____
- Postal code + City : _____
- Country : _____
- Contact person : _____
- Telephone business : _____
- Telephone mobile : _____
- Email address work : _____
- Wage tax number (if applicable) : _____

- Activities of the company : _____

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

Be lastingsdienst

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

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4. Sofinumber / BSN

The municipality assigns each taxpayer an individual registration number upon registration after arrival in the Netherlands. This number is called BSN, which (in English) stands for Citizen Service Number and is used for all contacts with government organizations. The BSN replaced the old sofinumber. The word 'sofinumber' is an abbreviation of 'social and fiscal number' and was only used for tax and social issues.

Persons who do not live in the Netherlands and therefore haven't registered with a Dutch municipality but are taxable in the Netherlands, for instance because they perform work in the Netherlands, have to apply for a sofinumber. They can do so by first making an appointment, +31 555 385 385, at one of the following tax offices: Alkmaar, Almelo, Amsterdam, Breda, Doetinchem, Eindhoven, Goes, Groningen, Heerlen, Leiden, Leeuwarden, Nijmegen, Rotterdam, The Hague, Utrecht or Zwolle or by sending a written request to the tax authorities in Heerlen containing a copy of the registration in your home country and a valid identity card. The following documents are regarded as valid proof of identity:

- a passport;
- a European identity card;
- a national identity card from a country within the European Union.

Persons who do not come from a country within the European Union or the EEA (Norway, Switzerland, Iceland or Liechtenstein) should have a valid residence permit containing a statement to the effect that they are allowed to work. In addition, they should have a work permit. They have to submit these documents when applying for a BSN or sofinumber.

5. Payroll tax credit

In the wage tax statement, the employee also indicates whether he wants the payroll tax credit to be offset. (This is done on the front of the statement, where the employee's personal details are filled in as well.) The payroll tax credit is the amount by which the payroll taxes are reduced. Based on the wage tax statement, the employer determine whether the payroll tax credit should be applied.

When the employee has submitted the wage tax statement, the employer should check and record the following matters:

- In the wage tax statement, the employer fill in the space reserved for the employer/benefits office.
- The employer check whether the employee filled in the correct details.
- The employer decide at what moment the payroll tax credit will take effect.
- The employer copies the details into the payroll.

The employee is obliged to complete the sections 'Your personal details' and 'Signature' in the wage tax statement. If the employee fails to submit or sign the wage tax statement, or does not fill in his/her BSN/sofinumber, name and address, you will have to withhold 52% wage tax without taking the payroll tax credit into account. In addition, the social security contributions to be withheld will be considerably higher. You will also have to do this if you know (and can be held accountable afterwards if you should have known) that the BSN/sofinumber, name or address filled in by the employee is incorrect.

6. About Expatax

Expatax was set up in 2001 and has grown to a fully licensed tax and accountancy firm employing several qualified advisors. These advisors come from Big 4 firms, have a solid background and are interested in the client. Permanent education is part of our policy, which means that our advisors stay up to date.

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.

Due to our client base all our outgoing correspondence like tax reports, annual accounts, etc. are prepared in English. Specifications are provided so that you can see exactly what we have done and what the result will be.

Services

Besides assistance with the preparation of a tax return we provide the following services:

- application of the 30% ruling (www.expatax.nl/30ruling)
- 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 (www.expatax.nl/financial_advice)

Cooperation's

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

- activpayroll Ltd: worldwide payroll solutions
- VeDeVe legal: international labour law, pension rights and social security
- Berkenhout Finance: financial planning
- Rothwell International BV, contracting agency

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