



Filing a tax return in the Netherlands

Like almost every country in the world the Netherlands have to collect tax to cover the expenses which are made. One of these taxes is the income tax. Income tax is paid by Dutch residents on their world wide income and by foreign residents on certain Dutch sourced income.

The tax year in the Netherlands is the calendar year. If the tax office has information that you will have to pay income tax or if you have claimed a refund in previous years or if you received a provisional refund the tax office will send you an invitation to file a tax return. If you don't get one and you expect a refund or know that you do have to pay income tax then you must request a form yourself.

There are different types of forms.

P form: tax return for private individuals

E form: same as a P form but with less questions

T form: tax refund form

C form: for foreign residents with income from the Netherlands

M form: for the year of migration

O form: tax return for business owners and freelancers

The tax office sends the invitations to file a tax return from January each year. In some situations the invitation is sent later. The normal deadline to file a tax return is 1 April. This deadline can be extended by filing a request. If you use a tax advisor, this advisor can put your tax return on his special time extension ruling he has with the tax office. This way the deadline is extended to 1 March of the following year. But whether you file before 1 April or not, it is important to take action.

If a time extension is granted the tax office may during the year decide to send you a provisional tax assessment based on income you earned in the previous year. This is only done when you had to pay tax in that year.

If the final tax assessment shows that you will receive a refund or will have to pay an additional amount the tax office will also calculate interest. The interest rates applying in 2007/2008 are:

1st quarter 2007: 4.7%

2nd quarter 2007: 5.0%

3rd quarter 2007: 5.25%

4th quarter 2007: 5.4%

1st quarter 2008: 5.3%

Saving money with the tax office can therefore be beneficial, where else will you get such a high interest? On the other hand you can borrow money from the tax office against a relatively low interest but don't forget you will have to pay it all in one amount. If you want to minimize the amount of interest you can request the tax office to issue a provisional tax assessment, which can already be done during the year.

If you expect a refund because you own a house in the Netherlands for example which is your principle residence and mortgage interest is paid, then you can also request the tax office to pay you a provisional refund which is divided in monthly amounts during the year. This way you don't have to wait too long for your refund.

All the tax forms have to be filed electronically except the M form.

In January you should also receive all the relevant information which is necessary to file the tax return. From your employer you will receive a year end statement (if you don't get one you can also use the last pay slip you received for the tax year), the bank will also send you year end statements including the mortgage statement if you own a property, the WOZ value of the property you own can be found on a separate statement provided by the municipality or on the local property tax bill, etc. It is important that you keep all the original statements.

If the tax return is filed before 1 April you should receive a tax assessment before 1 July, that's why it may be important to file before the deadline. If an M form or a C form is filed it may however take much longer than that. But a request for a provisional refund can be filed if the M or C form is filed before 1 April. To be able to receive the refund the tax office must always have information about your current bank account. If they have no information they will send you a form on which you can provide all the details, otherwise they will automatically use the bank account they have used the last time.

If you don't agree with the tax assessment you can object against it within 6 weeks after the date of the assessment. The tax office can also ask additional questions before they send you a tax assessment. Normally the tax office sends you a provisional tax assessment first. This assessment should be according to the filed tax return. This is done so you can receive your refund earlier. The final tax assessment will take some more time. This means that the tax office can still change their mind and adjust the calculations made in the provisional tax assessment. Keep that in mind when you receive a refund.

If you leave the Netherlands and haven't heard anything from the tax office yet be sure that the tax office always has your current address. You need to deregister with the municipality and give them your foreign address. The tax office will be informed automatically. If your foreign address however changes later you will have to contact the tax office directly. It is preferred that you keep your Dutch bank account till you have received the last tax refund. The tax office can pay a refund to a foreign account but our experience is that this leads to extra time delays and possible problems.

The sooner the tax return is filed the better it is.

Expatax can assist you with everything related to the tax return. You can find more information about our procedure on www.expatax.nl/taxreturn.