

EXPATAX

TAX | PAYROLL | ADMINISTRATION

Payroll Services

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The material contained in this brochure is not intended to be advice in any particular matter. No reader should act on the basis of any matter contained in this brochure without considering appropriate professional advice.

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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 foreign Ltd but that is something which must be approved by the tax office. The Ltd will then have to be registered as the withholding agent.

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.

You will find information about the requirements around a payroll administration in this brochure. More can be found on our website: <https://expatax.nl/employers/payroll/>.

Competent tax office

If you have no other ties with the Netherlands than making staff available, the competent office will be the Tax and Customs Administration/Limburg/Department of International Issues 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 several letters with information 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.

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. To be able to use the 30% ruling a request must be filed with the tax authorities. Once granted the employer can pay up to 30% of the salary as a tax free allowance (the salary is then formally split in a part of 70% which is taxable and a part of 30% which is tax free for a period up to 5 years);
- 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 authorities.

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 883/2004. 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.

Employee insurances

Besides the national insurance there are also mandatory insurances for employees. These insurances provide a benefit in case of involuntary unemployment and incapacity for work. The insurances are regulated by law and are generally compulsory for employees, which means that employees are insured by law, even if they do not want to be.

Examples are:

- WW - unemployment benefit
- WIA - income provision in case of long-term disability
- ZW – income provision in case of sickness -> the scope of the ZW has been significantly reduced by the employer's sick pay obligation during the first 2 years

Employee insurances are financed by premiums which are payable by the employer.

Collective Labour Agreement (CAO)

It is important to check if a collective labour agreement (CAO) is applicable. A CAO contains agreements between employers (organisations) and employees (organisations) about, for example, wages, working hours, notice period or pension.

You must comply with a CAO in these situations:

- if you yourself have concluded a collective bargaining agreement with the labour unions.
- if you are a member of an employers' organization that has signed a collective labour agreement for your sector.
- if you are not a member of an employers' organization, but the Ministry of Social Affairs and Employment has declared a collective labour agreement (CAO) generally binding for your sector.
- if you are not a member of an employers' organization and you are not covered by a CAO that has been declared generally binding, but you do follow a CAO yourself.

You may not deviate from a standard CAO. Many trade organizations list the collective labour agreement for their sector on their own website.

You must state in the individual employment contract whether a CAO applies. If the CAO and an employment contract do not say the same, the CAO prevails. The tax authorities will determine under which sector the company will be registered. This sector will be an indication whether a CAO is applicable.

If a CAO is applicable it is important to check whether a (mandatory) pension scheme is applicable and what the requirements are.

Check our blog on <https://expatax.nl/employers/payroll/> for more information about the costs of employment, requirements etc.

2. Services provided by Expatax

Expatax can assist you with the whole procedure and take care of your payroll:

- registration as an employer/withholding agent with the tax authorities;
- check whether a central labour agreement is applicable;
- 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.
- processing payments to employees and tax authorities.

A payroll consultant will be appointed to you who will be your direct contact for all your questions and who will take care of your payroll administration.

3. Information required

If you would like to use our services we need the following information to set up the Dutch payroll. Please arrange a translation if a document which you need to provide is not written in Dutch, English or German.

Company information

- employer registration form with a copy of the registration with the (foreign) Chamber of Commerce and – if the company doesn't have a presence in the Netherlands – a copy of the deed of incorporation;
- authorisation form;
- statement on the tax status of the company if it is not based or registered within the EU;
- a dated and signed client agreement (provided with our fee schedule).

Employee information (for each employee who will work in the Netherlands)

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

Depending on the number of employees you will have in the Netherlands the employee information can also be provided in digital format (for example Excel).

If you would like us to file the request for the 30% ruling please go to <https://expatax.nl/30-percent-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 this is not arranged yet an immigration lawyer may have to be involved.

4. BSN

A citizen service number (BSN) is the unique personal number someone is registered under in the Basic Registration of Persons (BRP). The BRP is maintained by the municipalities and is a register of people who live or have lived in the Netherlands. It contains personal data such as the name, gender, date of birth, place of birth and address. A BSN is comprised of 8 or 9 digits and is required for communication with the Dutch government. And as such it is also required by the employer in the payroll administration so that the tax authorities know exactly for which employees wage tax and premiums are withheld and paid. The BSN is valid for life.

How to obtain a BSN

The employee has a BSN if he is registered in the Basic Registration for Persons (BRP) or the Registration of Non-residents (RNI). If the employee is not yet registered then he must make an appointment with the municipality where he is going to live. If he is already living in the Netherlands an appointment must be made immediately. Check on the website of the municipality how an appointment can be made. Making an appointment may take some time due to busy times at the municipality. After registration a BSN will be provided. This may be done immediately or it may also be done by letter at a later date.

Since the whole procedure may take some time it is important to urge the employee to take care of the registration. Without BSN withholding of tax will be much higher since the employee will be treated as an anonymous employee and it is not possible to apply for the 30% ruling.

5. Payroll tax credit

In the wage tax statement, the employee indicates whether he wants the payroll tax credit to be offset. The payroll tax credit is the amount by which the payroll taxes are reduced. Based on the wage tax statement, the employer determines whether the payroll tax credit should be applied.

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 the BSN, name and address, the employer 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, name or address filled in by the employee is incorrect.

6. 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 Houten.

Services

Besides payroll services (<https://expatax.nl/employers/payroll/>) we provide the following services:

- assistance with the 30% ruling application (<https://expatax.nl/30-percent-ruling/>)
- filing Dutch tax returns (<https://expatax.nl/individual-expats/tax-in-the-netherlands/>)
- setting up a company in the Netherlands (<https://expatax.nl/company-formation/>)
- financial administration (<https://expatax.nl/business-administration/>)

Employer registration form

1. Identification details (home country)

Name of the business : _____

Address of the business : _____

Postal code : _____

Place : _____

Country : _____

Telephone number : _____

Email address : _____

Legal name of the business : _____

Legal form of the business : _____

Trade name of the business : _____

2. Establishment in the Netherlands

Do you have an office or other type of facility in the Netherlands from which business is conducted? : Yes -> continue with 2
 No -> go to 3

Date of establishment : _____

Address : _____

Postal code : _____

Place : _____

Telephone number : _____

Were you already (or have you been) registered with the Dutch tax authorities (either for wage tax, VAT or corporate tax)? : Yes
 No

If yes, Dutch tax identification number : _____

Please enclose a copy of a document showing the tax identification number

Are you registered with the Dutch Chamber of Commerce? : Yes
 No

If yes, registration number : _____

Please enclose a copy of the registration

Go to 4

3. Registration in home country (only required if you don't have a presence in the Netherlands)

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

What is the date of incorporation of the business? :

Please enclose a copy of the deed of incorporation

Under which number are you registered as a business with the Chamber of Commerce? :

Please enclose the documents of your registration at the Chamber of Commerce in your home country

Have you been registered with the Dutch tax authorities previously? Yes No

If yes, Dutch tax identification number :

Please enclose a copy of a document showing the tax identification number

4. Employee(s)

What is the date on which the first employee starts working in the Netherlands? :

How many employees do you expect to employ in the Netherlands within 3 months from now? :

Will you have employees in the Netherlands who are exempted from paying social security here based on a A1 declaration or a certificate of coverage of your home country? Yes No

5. Activities

What are your activities in your home country? :

Please enclose proof

What are your activities in the Netherlands? :

Please describe elaborately



MACHTIGING / VOLLMACHT / AUTHORISATION

Instructie: Vul de velden 1 en 2 helemaal in, zet een kruisje bij veld 3 en laat de machtiging ondertekenen door de belastingplichtige/ ondernemer.

Anleitung: Füllen Sie die Felder 1 und 2 ganz aus, markieren Sie Feld 3 mit einem x und lassen Sie die Vollmacht durch den Steuerpflichtigen / Unternehmer unterschreiben.

Instruction: Fill in the fields 1 and 2, put an x at field 3 and let the taxpayer/ company sign the authorisation.

1

Naam en adres van de onderneming

2 MACHTIGT HIERBIJ

Naam en adres van de onderneming Expatax B.V., Postbus 9310, 3506 GH Utrecht

E-mailadres payroll@expatax.nl

3

tot het namens haar/hem vertegenwoordigen in zaken betreffende Nederlandse omzetbelastingen/of loonbelastingaangelegenheden met name het:

- ontvangen, indienen en ondertekenen van periodieke aangiften en/of verzoekschriften;
- indienen van bezwaar- en beroepschriften;
- in ontvangst nemen van alle correspondentie betreffende loonheffingen.
- correspondentie via elektronisch verkeer.

2 ERMÄCHTIGT HIERMIT

Name und Anschrift des Unternehmens Expatax B.V., Postbus 9310, 3506 GH Utrecht

E-mail Adresse payroll@expatax.nl

3

Ihn/Sie in Angelegenheiten in Sachen die Niederländische Lohnsteuer und/oder Umsatzsteuer:

- den Empfang, das Einreichen und Unterzeichnen von Steuererklärungen und/oder Anträgen;
- das Einlegen von Berufungen und Beschwerden;
- den Empfang von alle Korrespondenz in Sachen Lohnsteuer.
- Korrespondenz durch elektronischen Verkehr.

2 HEREBY AUTHORIZES

Name and address of the company	Expatax B.V., Postbus 9310, 3506 GH Utrecht
E-mail address	payroll@expatax.nl

3

to act on my behalf until further notice in all matters pertaining to Dutch Wage tax and/or VAT in particular:

- to receive, submit and sign regular wage tax returns.
- to lodge appeals to the inspector and/or the courts;
- to receive all correspondence for Dutch Wage Tax
- correspondence through electronic mail.

.....
(plaats/Ort/place + datum/date)
Naam/Name/Name)

.....
(handtekening/Unterschrift/signature+

(Belastingplichtige/Steuerpflichtige/taxpayer)

Let op!

Deze machtiging moet ondertekend worden door de belastingplichtige of ondernemer en **niet** door de adviseur.

Achtung!

Diese Vollmacht ist **nicht** vom Steuerberater, sondern vom Steuerpflichtigen oder dem Unternehmer zu unterzeichnen.

Please note!

This authorization must be signed by the taxpayer or the company and not by the consultant.

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)

Employee registration form

- First name and surname : _____
- Address : _____
- Postal code + City : _____
- Country : _____
- Telephone mobile : _____
- Email address work : _____
- BSN : _____
- Date of birth : _____
- Gender : _____
- Nationality : _____
- IBAN : _____
- Job description : _____
- Do you have the 30% ruling? : Yes – please provide a copy of the grant
: No – check <https://expatax.nl/30-percent-ruling> for more info

Mandatory items for payroll administration:

- Employment contract
- Model declaration of data for payroll taxes
- Copy of passport/identity card -> without a copy of the passport/identity card 52% income tax will be withheld from the gross salary and tax credits will not apply



Model Declaration of data for payroll taxes

Why this form?

Your employer or benefits agency must deduct payroll taxes from your wages or benefits. To do this, it needs your details. Fill these in on this form. Also indicate whether you want the wage tax credit. This discount means you pay less in wage tax and national insurance contributions.

If you do not - or incorrectly - provide your personal information, your employer or benefits agency must withhold 52% wage tax and national insurance contributions. Your health insurance contribution will also usually be higher. This high rate also applies if you do not identify yourself to your employer.

Completing and submitting

Submit this completed and signed form to your employer. Do so before your first day of work. Will you be working on the same day your employer hires you? Then you must hand in this form before you start working. If you receive a benefit, you must hand in this form before the first payment.

When you turn in this form, you must show a valid ID. Your employer or benefits agency must make a copy of it.

Please note!

If anything in your information changes after you turn in this form, you must tell your employer or benefits agency in writing. Then submit this form again to your employer or benefits agency.

More information

For more information, visit www.belastingdienst.nl and search for 'heffingskortingen' or go to www.expatax.nl and search for 'tax credit'.

1 Your information

Has your employer or benefits agency already filled out your information? If so, check them and correct them if they are wrong.

1a Surname and initial(s)

1b BSN

1c Street and house number

Please note! Do you have an address in the Netherlands and abroad? Then read the explanation at the bottom.

1d Postal code and city

1e Country and region

Complete only if you live abroad.

1f Date of birth (dd-mm-yyyy)



2 Apply wage tax credit

Do you want this employer or benefit agency to apply the wage tax credit? You can only have the wage tax credit applied by 1 employer or benefit agency at a time. See also the explanation at the bottom.

Yes, apply from
(dd-mm-yyyy)

 - -

No, don't apply
(anymore) from
(dd-mm-yyyy)

 - -

3 Signature

Sign the form and then turn it in to your employer or benefits agency.

Date (dd-mm-yyyy)

 - -

Signature

Write inside the box.

Notes on the questions

For question 1c

If you live in the Netherlands and abroad, fill in your Dutch address if you are a resident of the Netherlands. In the following situations you are a resident of the Netherlands and you should fill in your Dutch address:

- Your social and economic life takes place in the Netherlands. For example, you live here with your family.
- You do not have a family, you live in the Netherlands and you plan to live here for a longer period of time.

In the following situations you are not a resident of the Netherlands and you must fill in your foreign address:

- Your social and economic life takes place abroad. This is the case if, for example, your family lives there and your children go to school there.
- You do not have a family and you live in the Netherlands for work, but you do not intend to settle here.

For question 2

Every employee and benefit recipient is entitled to a tax deduction called the wage tax credit. Your employer or benefits agency automatically calculates the discount that applies to you. You will only receive this discount from one employer or benefits agency at a time. Indicate whether you want the wage tax credit to be applied by this employer or benefits agency.

Please note!

Are you receiving 2 or more benefits from the same benefit agency? Then ask your benefit agency on which benefit it is best to have the tax credit applied.

Wage tax credit and provisional assessment

Are you going to work and do you receive a monthly payment from us for the general tax credit in the form of a provisional assessment? And do you have the wage tax credit applied by your employer? If so, you must change or stop this provisional assessment immediately. Otherwise, you may have received too much tax credit because your employer already deducts (part of) the general tax credit from your pay. If you have received too much, you must repay the amount to us.

Wage tax credit and AOW benefit

Are you single and receiving an AOW benefit? If so, you may be entitled to the single-payer elderly tax credit. Only the Social Insurance Bank (SVB) can determine whether you are entitled to this single-person elder discount. Therefore, it is best to have the SVB apply the wage tax credit.

Wage tax credit and social assistance benefit

Are you going to work in addition to your social assistance benefit? If so, ask your employer to apply the tax credit. The municipality will then take into account the wage tax credit applied by your employer.

Please note!

If you are not taking advantage of the wage tax credit now, you can reclaim any overpayment of tax after the end of the calendar year through your income tax return.

For more information visit www.expatax.nl/taxreturn.

