



Task and Organisation

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Preface

This brochure provides information on the Ministry of Finance. You can read about the Ministry's history, its policy areas and its structure. At the back of this brochure is a fold-out organisation chart, which can be consulted when reading the sections about the ministry's structure.

If, after reading this brochure, you would like more information, please visit our website, www.minfin.nl. In addition to general information about the Ministry of Finance, this provides news and information on fiscal policy, the national budget and other matters related to the Ministry of Finance.

1 History

At the end of the eighteenth century the supporters of what was known as the Patriot movement abolished the Republic of the Seven United Provinces, the first Dutch republic. In 1798 Louis Napoleon Bonaparte, a brother of Napoleon, the future emperor of France, became the leading figure of the Batavian Republic. As part of the government reorganisation which he ordered, the debts and assets of the former republic were aggregated. Financial policy was also put on a national footing. In this way Louis Napoleon wanted to guarantee the prosperity and wellbeing of the Dutch people.

To underline the new national basis of financial policy, Louis Napoleon also brought about the unification of the currency system. The new coins included a portrait of the new ruler – and Dutch words were used on the coins for the first time; until then only Latin had been used. Now Latin only appeared along the edge of the new coins: Sit Nomen Domini Benedictem (Praised be the name of the Lord). The new coinage had a symbolic purpose; it was supposed to help the Dutch people to identify more closely with their homeland.

In 1806 the Batavian Republic was recast as the Kingdom of Holland, and Louis Napoleon became king. Isaac Jan Alexander Gogel was appointed finance minister of the new Kingdom. Already a year earlier Gogel had succeeded in securing the approval of the Legislative Assembly for a general system of national taxation. This system was in force from 1 January 1806 until 1 January 1812. Before Gogel's appointment, taxes had been collected in a fragmented way. The national tax system, replacing the seven provincial systems, was thus an important reform introduced by Gogel.

Gogel's system was replaced on 1 January 1812 by the French tax system, after the Kingdom of Holland had been annexed to the French Empire. After Napoleon lost his final battle at Waterloo on 18 June 1815, the new Kingdom of the Netherlands was established. In 1815 its first official finance minister was also appointed.

The Ministry of Finance's website, www.minfin.nl, gives a list of the ministers who have held the finance portfolio since then.

2 Government body

The position of the finance minister is unique within the government. This is because the Ministry of Finance is involved with matters which lie principally in the other ministries' fields of authority. The finance minister has overriding responsibility for financial and economic policy; he (or she) oversees the income and expenditure of all ministries, from Agriculture, Nature Management & Fisheries to Transport, and Public Works & Water Management.

Every ministry needs funds to carry out its tasks and policies. Most government policies have financial consequences, e.g. plans to construct new roads or to protect nature reserves. The Ministry of Finance ensures not only those sufficient revenues are collected, but also that other government institutions do not spend too much.

An important component of the Ministry of Finance is the Tax & Customs Administration. The Tax & Customs Administration is charged with levying and collecting taxes, enforcing tax legislation and uncovering tax fraud. The revenues collected by the Tax & Customs Administration are used to implement the policies of the various ministries. The actual expenditure of the incoming funds depends on the terms of the coalition agreement. Signed by the parties forming the governments at the start of its term of office, the coalition agreement sets out the government's policy priorities. Specifically, it sets out the areas which will be given the greatest attention (and which will therefore be allocated the most resources).

The State Property Agency (*Domeinen*), which is also part of the ministry of Finance, manages state-owned property and moveable assets. In all transactions, the Property Service acts as the representative of the State.

The management and financing of the public debt is also within the Ministry of Finance's remit. This is the responsibility of the Treasury Agency (*Agentschap*), which is based in Amsterdam. Public borrowing is financed through the issue of state loans and tradable money market paper (used to cover any temporary shortfalls in the government's finances).

The Ministry of Finance is also responsible for preparing general fiscal policy and tax legislation. The best-known example of this is the annual tax plan. In addition, the Ministry's remit includes consultation on international fiscal arrangements and the preparation and implementation of tax treaties.

3 Three policy areas

The Ministry of Finance formulates policy. Policy has to do with a way of working, making recommendations and preparing plans for the future. The ministry is involved in three types of policy: budgetary policy, financial economic policy and fiscal policy.

Budgetary policy

Budgetary policy concerns the drafting of the national budget. The national budget is the aggregate of the different ministerial budgets. It is presented to Parliament every year on the third Tuesday in September (*Prinsjesdag*). The national budget sets out the government's projected income and expenditure over a number of years. The Budget Memorandum (*Miljoenennota*) provides the background to and an explanation of the national budget. After the draft budget has been approved by Parliament, it is up to the Ministry of Finance to ensure that spending remains within the budget limits.

Financial economic policy

Financial economic policy is concerned primarily with the economy. It deals with all matters relating to money and capital and the way in which budget spending is financed. Thus government expenditure can be financed with the revenue from sales of natural gas, for instance. The Ministry of Finance is also involved in international consultations, such as those within the framework of European Economic & Monetary Union (EMU).

Fiscal policy

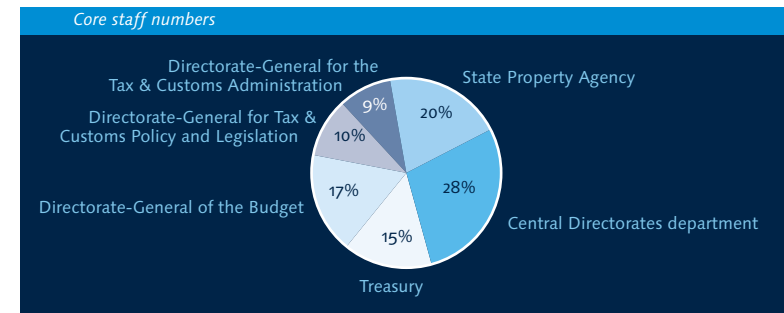
It is fiscal policy that regulates the levying of taxes. Levying and collecting taxes is important, since taxes are used to pay for the government's spending. The Ministry of Finance is responsible for the drafting and implementation of fiscal legislation. The collection of tax revenues is one of the tasks of the Tax & Customs Administration. The Customs Service as such also has a number of fiscal tasks, principal among which, of course, is the collection of customs and excise duties.

4 Staff

The Ministry of Finance head office is at Korte Voorhout 7 in The Hague. The building was designed to blend in with its surroundings. For instance, one of the specifications of the design was that it should not be taller than the nearby us embassy. The Ministry's staff moved into the new building on 22 October 1975.

The Ministry of Finance employs around 1,700 people, of whom around 1,300 work in The Hague. The other four hundred staff are spread around the country. They include the staff at the Treasury Agency in Amsterdam, the payroll office in Zwolle and the State Property Agency regional offices in Apeldoorn and elsewhere. In addition, the Tax & Customs Administration employs around 30,000 people, most of them in the various regional tax offices across the Netherlands.

More than half the civil servants at the Ministry of Finance hold posts at graduate level. At the end of 2002 women accounted for around thirty-six percent of staff. This percentage is rising, even in policy jobs. The overwhelming majority of the staff work for one of the four directorates-general. The distribution of staff across the different organisational units is shown in the diagram below.



5 Political and administrative leadership

The structure of the Ministry of Finance is shown in a fold-out organisation chart included at the back of this brochure. The political leadership is composed of the Minister and the State Secretary (the title of a junior or deputy minister in the Dutch government). Below that is the top tier of officials, composed of the secretary-general and the deputy secretary-general. These political and administrative leaders resolve the most difficult and politically complex issues. They are supported, advised and briefed by more than a thousand policy staff.

A minister provides political direction to a ministry. A minister and state secretary are in principle appointed every four years, when a new government is formed following a general election. The finance minister is the specialist minister for his or her own ministry. This is called the 'finance task'. In this work the Minister is assisted by the State Secretary.

The Minister and State Secretary divide the various specific tasks between them. The Minister is responsible for general financial policy. The State Secretary's responsibilities include fiscal policy, the Tax & Customs Administration, the State Property Agency and the allocation of funds to local authorities. The Minister and the State Secretary together constitute the ministry's political leadership.

Directly below the political leadership is the 'administrative top'. This is composed of the Secretary-General and the deputy Secretary-General. The Secretary-General is responsible for the day-to-day running of the ministry. He or she advises the Minister and the State Secretary. The deputy Secretary-General has ultimate responsibility for the operation of the central support departments and deputises for the Secretary-General as required.

6 Structure

The Ministry of Finance is divided into five main units. Each of these covers part of the ministry's principal activities and carries out part of its policy work. The divisions are the four directorates-general and the cluster of central support departments. This structure is shown in the fold-out organisation chart at the back of this brochure.

The four directorates-general are responsible for the implementation of policy in the ministry's three policy areas. Budgetary policy is handled by the Directorate-General of the Budget, financial economic policy by the Treasury, and fiscal policy by the Directorate-General for Tax & Customs Policy and Legislation and the Directorate-General for the Tax & Customs Administration. The fifth pillar is made up of the Central Directorates department which provide a range of support services. Thus the Information Directorate looks after communication for and about the ministry, and the Internal Affairs Directorate takes care of tasks in the spheres of data processing, internal services and administration.

All directorates-general except the directorate-general for the Tax & Customs Administration are divided into departments. The various departments carry out the tasks which fall within the specific directorate-general. Each directorate-general and the Central Directorates Department has an operations office. The operations offices advise and support the directorate-general managements in their personnel and organisational policies and the financial management of equipment procurement. The directorate-general for the Tax & Customs Administration consists of autonomous teams. The specific tasks carried out by the various directorates-general and departments are outlined in the next section.

7 Divisions of the organisation

This section describes the policy areas of the Ministry of Finance's five organisational units. The tasks flowing from the three policy areas named in section 3 – budgetary policy, financial economic policy and fiscal policy – are distributed among four directorates-general. These are discussed first, followed by the tasks of the central directorates department.

7.1 Treasury

Introduction

The Treasury is responsible for general financial and economic policy and monetary policy, at both national and international level. The implementation of monetary policy is coordinated by the Netherlands Central Bank (DNB). The directorate-general is also charged with managing state loans, state participations in businesses and the execution of special forms of insurance for businesses.

Policy areas

The name 'Treasury' reflects this division's ultimate origins in the Middle Ages, when the treasurer looked after the contents of the ruler's treasure chest. Today, of course, the Treasury's tasks extend far beyond that of ensuring the safe keeping of the treasure chest. This directorate-general analyses national and international developments that affect the national budget. It also handles the financial and economic relations between the Netherlands and other countries. This includes such matters as the balance of payments, currency issues, exchange-rate policy and monetary cooperation within the European Union.

The Public-Private Partnership (PPP) Knowledge Centre is also part of the Treasury. Its task is to initiate and stimulate collaboration between the public and private sectors, i.e. between the government and industry.

The Treasury also oversees legislation regulating the workings of the financial sector in the Netherlands, with the aim of securing the highest possible confidence in that sector. The Treasury also deals with and coordinates aspects concerning the management and privatisation of state-owned assets. It also explores ways in which the government and the business community can cooperate to execute projects. And finally, it deals with the payment risks related to export credits and the non-commercial risks attached to Dutch investments in developing countries.

7.1.1 Treasury Agency

The Treasury Agency (*Agentschap*), which also comes under the Treasury, is responsible for managing the government's borrowing requirements and the public debt. This financing is done through the issue of state loans or government bonds and tradable money market paper (used to cover any temporary shortfalls in the government's finances). Managing the public debt entails paying interest on loans and securing them at the lowest possible rates. The Agency also handles the government's account with the Netherlands Central Bank.

For further information about the Agency or the PPP Knowledge Centre, there are links on the Ministry of Finance's homepage, www.minfin.nl

7.2 Directorate-General of the Budget

Introduction

The Directorate-General of the Budget is charged with the coordination of the government's budgetary policy. This task covers two aspects: general financial policy and efficient management of public funds. The coordinating task is carried out by means of procedures surrounding the annual preparation of the budget. Under these procedures the Ministry of Finance sets frameworks within which the budget is drafted. This directorate-general also supervises the implementation of the budget.

Policy areas

The most recognisable activity of the Directorate-General of the Budget is the finance minister's presentation of the draft national budget to Parliament. The Ministry of Finance also publishes biannual papers on the state of the economy: the Spring Memorandum and the Autumn Memorandum. The question it constantly asks itself is how the government can spend its money effectively and efficiently. In that context the financial consequences of the policies formulated by the other ministries are important. These are examined by the Inspectorate of the Budget.

The Directorate-General of the Budget maintains the financial relations between central government and lower-tier government (in cooperation with the Ministry of the Interior & Kingdom Relations). It also audits the financial accounts of the various ministries and other government institutions at the municipal, provincial, national and European levels. In short, much of the work of the Directorate-General of the Budget is concerned with the coordination and oversight of the administration carried out by the ministries.

7.3 Directorate-General for Tax & Customs Policy and Legislation

Introduction

The most important tasks of the Directorate-General for Tax & Customs Policy and Legislation are the preparation of decisions on general fiscal policy and the preparation of tax legislation. The annual tax plan is the best known example of its work. In addition it is also involved in the negotiation of tax treaties and consultations on international tax arrangements.

Policy areas

The Directorate-General for Tax & Customs Policy and Legislation offers advice and support in the preparation of policy and the drafting of legislation. The advice and support relate to general fiscal policy and legislation within the framework of social and economic policy. This directorate-general also prepares tax treaties such as double taxation agreements aimed at preventing businesses and entrepreneurs, for instance, having to pay tax in two countries. Issues such as the exchange of information and international enforcement are also part of the division's brief.

The Netherlands has many different types of tax. They include direct taxes, such as income tax and inheritance tax. There are also indirect taxes such as value added tax, excise duties, vehicle tax ('road tax') and environmental taxes. Specialists within the Directorate-General for Tax & Customs Policy and Legislation set out policy for each type of tax. The division is also responsible for formulating policy and legislation with regard to customs. It is important to fight EU subsidy fraud and smuggling.

7.4 Directorate-General for the Tax & Customs Administration

Introduction

The Directorate-General for the Tax & Customs Administration is less concerned with the preparation of policy than the other Directorates-General, being responsible for directing the implementation of tax legislation. The actual implementation of tax law is the task of the Tax & Customs Administration itself.

Policy areas

The Directorate-General for the Tax & Customs Administration is responsible for general and legal advice in the Tax & Customs Administration's sphere of activities. Here too it has a general executive task. It is responsible for formulating annual plans and multiyear policy goals and administrative goals for the Tax & Customs Administration, and also lays down the main principles of its personnel policy. The Taxation Internal Audit department is responsible for oversight of, and advises on, the financial management of the Tax & Customs Administration.

The Directorate-General for the Tax & Customs Administration is the link between the political leadership and tax legislation on the one hand and its enforcement by the Tax & Customs Administration on the other. It advises the political and civil service leadership, ensures that all government departments take a consistent line, and examines proposed legislation and regulation to determine its feasibility and ensure that it can be efficiently implemented. Oversight of central data provision to other government bodies and the associated privacy legislation are likewise important focus of attention. The Directorate-General's brief also covers the handling of individual disputes and the conduct of legal procedures.

7.4.1 Tax & Customs Administration

The Tax & Customs Administration is responsible for the levying and collection of tax. These tasks are carried out by thirteen regional units. Customs-related tasks are the responsibility of four regional Customs units, and include, besides the levying and collection of e.g. excise duty, a number of non-fiscal tasks such as monitoring the influx of weapons, drugs, protected animal species, and fake branded products. The Fiscal Intelligence & Investigation Department (FIOD) and Economic Investigation Department (ECD) are tasked with investigations for the Tax & Customs Administration. The structure of the Tax & Customs Administration is shown in the organisation chart at the back of this brochure.

For further information, please visit the Tax & Customs Administration's website, www.belastingdienst.nl.

7.5 Central Directorates and departments

Introduction

The internal organisation of and support for the Ministry of Finance are provided by the central directorates, which support and advise the senior political and administrative officials in running the ministry. Their activities cover such areas as personnel policy, legal affairs, public information, internal information and documentation and other matters relating to the day-to-day functioning of government. Responsibility for the Ministry of Finance's own budget is also placed here. In all there are six central directorates and three project directorates: for government office accommodation, real property and the integrity.

The six Central Directorates cover a very wide range of activities.

The Information Directorate ensures that the Ministry consistently puts forward a clear position on all matters in which it is involved. This directorate is also responsible for providing personal spokespersons for the Minister and State Secretary. In addition, the directorate is responsible for the Ministry's library, internal and external communication and the Internet team.

The Internal Audit Directorate is the ministry's internal audit service. The chief auditor monitors financial management and the associated financial reporting. At the same time the directorate uses operational audits, customer satisfaction surveys and integrity surveys to investigate how the quality of operational management is controlled and can be improved.

The Personnel & Organisation Directorate supports and advises the senior administrative officers on personnel policy and organisational policy.

The Central Directorate for Financial & Economic Affairs (FEZ) is responsible for the ministry's own budget and for drafting the public debt budget (covered in sections IXA and IXB of the national budget). The Payroll Administration, which comes under this department, is responsible for salary payments to ministry staff (including the staff of the Tax & Customs Administration).

The Information Provision & General Affairs department provides support in the field of data processing, ICT, archiving, dispatch, publications, security, transport, telephony, office accommodation and so on.

The Legislation, Legal & Administrative Affairs department is in effect the Ministry of Finance's lawyers' office. It conducts legal proceedings and advises on legal matters.

7.5.1 State Property Agency

The State Property Agency (*Domeinen*) represents the state as the owner of buildings, lands and moveable property. It consists of a head office in The Hague and four regional property departments, plus one moveables department. The State Domain at Het Loo Palace near Apeldoorn is also wholly managed by the State Property Agency. The four regional property departments deal exclusively with the management and sale of property within their area, e.g. the leasing of agricultural land and the sale of disused barracks and other buildings. The moveables department, which operates across the whole country, consists of five regional units where surplus and confiscated moveable property is stored and sold as appropriate. Domeinen employs a workforce of about 350.

For more on the State Property Agency, please use the link on the Ministry of Finance home page, www.minfin.nl.

8 Glossary

Agentschap

Dutch shorthand for the Treasury Agency. Responsible for financing the State of the Netherlands and managing and servicing the national debt. Part of the Ministry of Finance.

Batavian Republic

Official name of the Netherlands from 1795 to 1806, after the abolition of the Republic of the Seven United Provinces.

Budget

Summation of projected income and expenditure.

Budgetary policy

The main policy area within the Ministry of Finance concerned with the drafting of the national budget.

Core department

In this context, one of the organisational units of the Ministry of Finance based at Korte Voorhout in The Hague.

DNB

Abbreviation for De Nederlandsche Bank, the Netherlands Central Bank. Among other activities, concludes agreements on monetary matters and oversees compliance with these.

Domeinen

Dutch shorthand for the State Property Agency. Represents the state as the owner of buildings, lands and moveable property. Part of the Ministry of Finance.

EMU

Economic & Monetary Union. Agreement among European Union member states on closer economic cooperation, negotiated in 1991.

EU

European Union.

Excise

Excise is a duty levied on certain consumer goods such as alcoholic liquor, tobacco, petrol and other mineral oils, eg. derv (diesel oil), domestic heating oil and LPG.

Financial economic policy

The main policy area within the Ministry of Finance concerned with the national economy

FIOD/ECD

Dutch abbreviations for Fiscal Intelligence & Investigation Department and Economic Investigation Department. Agencies which carry out intelligence, investigation and detection activities in the tax sphere. Part of the Tax & Customs Administration.

Fiscal

Related to tax issues.

Fiscal policy

The main policy area within the Ministry of Finance concerned with the levying of taxes.

IMF

International Monetary Fund. The IMF was established to promote international monetary collaboration, to control and regulate exchange rates, and to further economic growth and employment. The IMF also offers short-term assistance to countries in financial difficulties.

Miljoenennota

Dutch name for the memorandum setting out the background to and explanation of the national budget.

Monetary

Related to the currency system.

National budget

Annual budget of the national government which must be approved by parliament.

PPP

Public-private partnership. The PPP Knowledge Centre, part of the Ministry of Finance, has been set up to initiate and stimulate collaboration between the public and private sectors.

Republic of the Seven United Provinces, or Republic of the United Netherlands

Name of the Netherlands 1588-1795, when it was a confederation (i.e. a grouping of sovereign states which agreed to cooperate on certain matters). The states were Friesland, Gelderland, Groningen, Holland, Overijssel, Utrecht and Zeeland.

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Colophon

This brochure is published by the Ministry of Finance

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January 2003

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Design Studio Tint, Den Haag

Print Opmeer bv, Den Haag

ministry of Finance
organisation chart

Minister				
State Secretary				
Secretary-General				
Deputy Secretary-General				
Treasury	Directorate-General of the Budget	Central Directorates and Departments	Directorate-General for Tax & Customs Policy and Legislation	Directorate-General for the Tax & Customs Administration
Office of the Treasury	Office of the Directorate-General	Office of the Central Directorates	Office of the Directorate-General	Management Team
General Financial & Economic Policy Division	Budgetary Affairs Department	Central Legislation & Legal & Administrative Affairs Department	Directorate of General Fiscal Policy	The Teams: <ul style="list-style-type: none"> • Innovation and Development • Enforcement Policy • Private Persons and Formal Law • Companies • Customs and the Environment • Appeals • International Affairs • Office of the Directorate-General • Personnel • Legal Affairs • Support & Facilities Services • Management Team Support Department
Foreign Financial Relations Department	Government Finance Inspectorate	Central Information Directorate	Directorate of International Fiscal Affairs	
Financial Markets Department	Public Bodies Finance Department	Central Directorate for Financial & Economic Affairs	Directorate of Direct Taxation Legislation	
Financing and State Holdings Department	Government Audit Policy Directorate	Personnel & Organisation Directorate	Directorate of Indirect Taxation Legislation	
Agency	EDP Audit Pool Directorate	Information Provision & General Affairs Department	Directorate of Customs and Excise	
		Internal Audit Directorate		
		Modern Working Project Directorate		
		Property Project Directorate		
		Integrity of Financial Markets Project Directorate		
		State Property Agency		
		State Property Agency		
		<ul style="list-style-type: none"> • Regional Property Directorates <ul style="list-style-type: none"> - North-East Region Property Directorate - Western Region Property Directorate - IJsselmeer Polders Property Directorate - Southern Region Property Directorate • Moveable Property Directorate, Apeldoorn • Directorate of Het Loo Palace 		
				Tax & Customs Administration
				<ul style="list-style-type: none"> • 13 tax offices (North, East, Randmeren, Rivierenland, Utrecht-Gooi, Amsterdam, Holland North, Haaglanden, Holland Central, Rijnmond, South-West, East Brabant, Limburg) • 4 Customs offices (North, West, Rotterdam, South) • ICT Centre (CICT) • Central Administration (CA) • Fiscal Intelligence & Investigation Department and Economic Investigation Service (FIOD-ECD) • Centre for Process and Product Development (CPP) • Facilities Services Centre (CFD) • Knowledge & Communication Centre (CKC)



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January 2003