



## Turnover Tax in the Netherlands

For entrepreneurs not based in the Netherlands

**If you buy or sell goods in the Netherlands or provide services, you will have to deal with the Dutch rules on VAT. In this brochure the rules are explained for entrepreneurs who are not based in the Netherlands. The rules for fiscal representatives will also be explained. Practical examples will show you which rules apply in your case.**

*Belastingdienst*

# Content

<b>1</b>	<b>General</b>	3
1	General	3
1.1	What is a permanent establishment?	3
<b>2</b>	<b>Goods transactions</b>	4
2.1	Supply of goods	4
2.1.1	What does supply of goods mean?	4
2.1.2	Supply of goods to a buyer in the Netherlands	4
2.1.3	Intra-Community supply of goods	5
2.1.4	Export of goods	7
2.2	Purchasing goods	8
2.2.1	Purchase of goods in the Netherlands	8
2.2.2	Intra-Community acquisition of goods	8
2.2.3	Import of goods	10
2.3	Distance sales	10
<b>3</b>	<b>Services</b>	11
3.1	What are services?	11
3.2	Services in the Netherlands	11
3.3	The buyer has to pay VAT	12
<b>4</b>	<b>Immovable property</b>	13
4.1	Letting immovable property	13
4.2	Transfer of immovable property	14
4.3	Letting holiday homes	14
<b>5</b>	<b>Calculating VAT: rates and exemptions</b>	15
5.1	Exempt or reverse charge	15
5.1.1	Supplying or providing services exempt from VAT	15
5.1.2	Reverse charge VAT	15
5.2	The VAT rate is 19%, 6% or 0%	16
5.2.1	The VAT rate is 19%	16
5.2.2	The VAT rate is 6%	16
5.2.3	The VAT rate is 0%	17
5.3	What should you calculate VAT on?	17

<b>6</b>	<b>Deduction and refund VAT</b>	17
6.1	Which VAT can you reclaim or deduct as input tax	18
6.1.1	VAT on an invoice	18
6.1.2	VAT paid upon import	19
6.1.3	VAT owed on intra-Community acquisitions	19
6.2	Which conditions apply to the deduction or refund of VAT?	20
<b>7</b>	<b>Representation</b>	22
7.1	Using an authorised agent	22
7.2	Using a fiscal representative	22
<b>8</b>	<b>Declaration and request for a VAT refund</b>	23
8.1	Which office of the Tax and Customs Administration?	23
8.2	Registration	23
8.3	VAT returns	24
8.3.1	Obligation to lodge a VAT return	24
8.3.2	Paying the amount of tax owed	24
8.3.3	Tax refund following a lodged return	24
8.3.4	Administrative obligations	24
8.3.5	Declaring of intra-Community supplies	25
8.3.6	Reporting to Statistics Netherlands (CBS)	25
8.4	Application for a VAT refund	26
8.4.1	Application for a VAT refund	26
8.4.2	Declaration of entrepreneurship	26
8.4.3	Invoices	26
8.4.4	Decision on the application	27
8.4.5	Imposing an additional assessment	27
8.5	Objections and appeals	27
<b>9</b>	<b>Further information</b>	27

# 1 General

This brochure is intended for non-resident entrepreneurs who are not based in the Netherlands. If you buy or sell goods or perform services in the Netherlands, you will have to deal with the Dutch rules on VAT. This brochure explains these rules. If you have a permanent establishment in the Netherlands, the same rules apply to you as to resident entrepreneurs. Then this brochure is not intended for you.

In the Netherlands and in other countries of the European Union (EU) turnover tax is levied according to the VAT system. As in common parlance the term VAT is used in this brochure instead of turnover tax.

This brochure covers the following subjects.

In chapter 2 and 3 you read about goods and services transactions by entrepreneurs not based in the Netherlands. Chapter 4 explains the rules on immovable property. Chapter 5 covers the calculation of VAT, the rates and exemptions. Chapter 6 provides information on deduction and refund of VAT. How you can arrange to be represented, you will read in chapter 7. Everything relating to the turnover tax return and the VAT refund you will find in chapter 8. Finally chapter 9 shows you where to find more information.

## 1.1 What is a permanent establishment?

A permanent establishment is a business premises in the Netherlands that is equipped with sufficient facilities to operate as an independent business. The business premises are used for supplying goods or services to third parties. Examples of a permanent establishment are:

- a shop or another fixed retail outlet
- a workshop or a production plant with an adjoining office

Storage space, a goods depot or an establishment that is used only for supporting activities (such as performing research, advertising or distributing information) is not regarded as constituting a permanent establishment. A rented holiday home is not considered to be a permanent establishment either.

### Example 1

A German department store sells goods from a shop in the Netherlands.

This shop is a permanent establishment because it operates as an independent business. The permanent establishment is a domestic company.

### **Example 2**

A Belgian manufacturer has a warehouse for raw materials in the Netherlands. This warehouse is not a permanent establishment because it does not operate as an independent business. The manufacturer is deemed to be a non-resident entrepreneur for the turnover tax.

## **2. Goods transactions**

Both with the purchase and sale of goods there are various situations to be distinguished, each with their own consequences for levying VAT. Paragraph 2.1 explains the various situations you may encounter while selling goods. Then paragraph 2.2. will explain the different ways to purchase goods. Paragraph 2.3 describes the so-called distance sales.

### **2.1 Supply of goods**

#### **2.1.1 What does supply of goods mean?**

Supply of goods is the delivery or transfer of the power to dispose of the good as owner. In general, the supply of goods follows the sale of goods to a third party.

You may:

- supply goods to a buyer in the Netherlands (2.1.2)
- supply goods intra-Community (2.1.3)
- export goods (2.1.4)

#### **2.1.2 Supply of goods to a buyer in the Netherlands**

If you supply goods (already present in the Netherlands) to a Dutch buyer, you carry out a domestic supply. In general, you do not have to deal with VAT in this situation. In most cases, you transfer the VAT to the buyer of the goods. In other words: not you as a supplier but the buyer of the goods has to pay VAT.

This is the case if the buyer of the goods:

- is based in the Netherlands or has a permanent establishment in the Netherlands
- is a legal entity established in the Netherlands

If you supply goods to a private individual or to an entrepreneur not based in the Netherlands, you do have to pay Dutch VAT.

**Please note!**

*If you transfer the VAT levy to the buyer you are not allowed to put VAT on your invoice! Please see chapter 6.1.1 for the requirements an invoice has to comply with.*

If you perform supplies in the Netherlands, you have to file a VAT return in the Netherlands. You then have to report to the Belastingdienst/Limburg/kantoor Buitenland (Tax and Customs Administration/Limburg/Foreign Office) in Heerlen. Please see chapter 8 for the consequences.

Below examples are given of the supply of goods.

**Example 1**

In the Netherlands you have storage space not being a permanent establishment. You supply goods from that storage space to a Dutch entrepreneur. For this supply of goods you have to present an invoice but you are not allowed to put VAT on the invoice. For the VAT due will be transferred to the Dutch buyer. Therefore you do not have to pay VAT but you do have to file a return.

**Example 2**

You take part in a computer fair in the Netherlands. For this purpose you transported goods to the Netherlands. This is an act subject to VAT (2.1.3.). If you then sell to private individuals, you have to charge Dutch VAT. You report to the Belastingdienst/Limburg/kantoor Buitenland in Heerlen and you file a return in the Netherlands.

**Example 3**

In the Netherlands you have storage space not being a permanent establishment. You supply goods from that storage space to a non-resident entrepreneur. This entrepreneur also only has storage space in the Netherlands. For this supply you charge Dutch VAT. You register with the Belastingdienst/Limburg/kantoor Buitenland in Heerlen and you file a return in the Netherlands.

**2.1.3 Intra-Community supply of goods**

An intra-Community supply of goods is the supply of goods to a buyer in another EU country. You need to meet the following 2 conditions:

- you transport the goods or you have the goods transported to another EU country.
- the buyer has to pay VAT on the intra-Community acquisition of the goods.

The transport to the other EU country has to be related to the supply of the goods. If these conditions have been met, this supply is taxed with 0% VAT (the 0% rate).

Even if you transfer your own goods from the Netherlands to another EU country you perform an intra-Community supply in the Netherlands. This supply is taxed in the Netherlands with 0% VAT. In the country of destination you pay the VAT. The Dutch VAT you paid when you bought the goods can be deducted in the Netherlands.

If you perform an intra-Community supply from the Netherlands, you have to register with the Belastingdienst/Limburg/kantoor Buitenland in Heerlen. The intra-Community supply you declare on your own VAT return. You also have to make a declaration of intra-Community supplies (8.3.5).

In the event of an intra-Community supply of goods to another EU country the 0% rate applies if the buyer makes a taxed intra-Community acquisition.

Then you do not have to pay VAT on the goods you supply. The goods will leave the Netherlands free of tax. You have to keep accounts of the goods you send to or deliver in countries within the EU in a clear and well-organised manner.

You may only apply the 0% rate if you can demonstrate that you actually supplied the goods to an entrepreneur in another EU country. In order to demonstrate this, you may use invoices in the name of the foreign buyers or receipts. In general, you may assume that your buyer is an entrepreneur if he gives you his VAT identification number.

You also have to demonstrate that the goods actually did leave the Netherlands and that the goods have been transported to another EU

country. The transport has to be related to the supply of the goods. To demonstrate this, you for instance use:

- policies of a transport insurance or
- (copies of) waybills

**Please note!**

*In the event of ex-works transactions in the EU it is strongly advisable to ask your buyer for a transport statement. For you have to be able to demonstrate that the goods actually left the Netherlands.*

**Example 1**

You stored engine parts in a warehouse in the Netherlands. From the warehouse you supply parts to a Belgian company. The supply of the parts is an intra-Community supply the 0% rate applies to if you can demonstrate the transport of the goods. You do not have to pay VAT on this supply. The supply you declare in your Dutch VAT return. You also have to submit a declaration of intra-Community supplies (8.3.5).

**Example 2**

You have goods in a storage space in the Netherlands. You transfer the goods to your own company in France. Transferring the goods is deemed to be an intra-Community supply. You declare the intra-Community supply in the Netherlands. You do not have to pay VAT on this supply.

In addition, you submit a declaration of intra-Community supplies over the quarter in which you transfer the goods to your own company. In this declaration you state the VAT identification number of your company in France.

You can employ a fiscal representative for the filing of a VAT return and submitting a declaration of intra-Community supplies (please see chapter 7).

**2.1.4 Export of goods**

If the goods are brought to a destination outside the EU, this is export. This supply is taxed with 0% VAT. It does not matter whether you supply the goods to a private individual or to an entrepreneur. You may only apply the 0% rate if you can demonstrate by means of your accounts that the goods have actually been exported.

If you export from the Netherlands, you have to register with the Belastingdienst/Limburg/kantoor Buitenland in Heerlen. You state the export in your VAT return.

### **Export declaration**

If you export goods, you lodge an export declaration with Customs. You can do this yourself but you can also have a customs agent do this for you. You may also lodge an export declaration with a customs office on the external border of the EU.

## **2.2 Purchasing goods**

When purchasing goods three situations may arise:

- purchase of goods in the Netherlands (2.2.1)
- intra-Community acquisition in the Netherlands (2.2.2)
- import of goods in the Netherlands (2.2.3)

### **2.2.1 Purchase of goods in the Netherlands**

If you purchase goods in the Netherlands and the goods remain in the Netherlands, the supplier of the goods will charge you VAT. You may deduct this VAT as input tax on your return. If you use the goods for purposes for which there is no entitlement to deduction, you may not deduct the VAT.

The goods you purchased in the Netherlands may:

- remain in the Netherlands (2.1.2)
- be transported to another EU country (2.1.3)
- leave the EU (2.1.4)

### **2.2.2 Intra-Community acquisition of goods**

If you purchase goods from an entrepreneur in another EU country, you may perform an intra-Community acquisition in the Netherlands.

This is the case, if you:

- acquire the goods based on a supply
- purchase the goods from an entrepreneur
- transport the goods or have them transported from the other EU country to the Netherlands

You have to report to the Belastingdienst/Limburg/kantoor Buitenland in Heerlen.

You will be given a Dutch VAT identification number and you have to file a VAT return. You have to give your VAT identification number to your supplier. Then he will not charge you foreign VAT. You do have to pay VAT on the intra-Community acquisition. You state this in your VAT return. As a rule, you deduct this VAT on the same return as the input tax (please see chapter 6).

**Example**

You buy a consignment of shoes in France from a manufacturer and you have these transported to a storage space in the Netherlands. You have not found a buyer for the shoes yet. You perform an intra-Community acquisition in the Netherlands. You have to pay Dutch VAT on the purchase price of the shoes.

**Please note!**

*If you pay in cash for the goods and you take them with you, it is often difficult for the supplier to prove that it is indeed an intra-Community supply. In this situation, if he charges you VAT you may claim back this VAT in the EU country concerned. You perform an intra-Community supply yourself by transferring your own goods to the other EU country (2.1.3).*

**Transferring your own goods**

You also perform an intra-Community acquisition if you transfer goods you have not yet found a buyer for of your own company from another EU country to the Netherlands. In that case too, you register in the Netherlands and file a return in the Netherlands.

**Example**

You own a machine factory in Italy. In a Dutch warehouse you have spare parts in stock. If you transfer the parts from Italy to the Netherlands, there is an:

- intra-Community supply of your own goods from Italy to the Netherlands and
- acquisition of these goods in the Netherlands

The intra-Community supply you perform in Italy at the 0% rate. The intra-Community acquisition of the goods you declare in the Netherlands.

Other rules apply if you already have a purchaser for the goods and transport the goods to the Netherlands to supply them to the purchaser. If the buyer purchases the goods for his company, the buyer performs an intra-Community acquisition in the Netherlands and he has to pay VAT. You perform an intra-Community supply in the member state where the goods come from. Chapter 2.1.3. contains the conditions for an intra-Community supply.

### **2.2.3 Import of goods**

Goods entering the Netherlands from outside the EU have to be reported to Customs. You then have to submit a customs declaration for free circulation in the EU. The import of the goods is taxed with VAT and you have to pay this VAT upon import. If you file a VAT return you deduct this VAT as input tax. If you do not file a VAT return you may claim VAT back from the Belastingdienst/Limburg/kantoor Buitenland in Heerlen.

You may also employ a fiscal representative. Please see chapter 7 for more information on the fiscal representative.

#### **Example**

You buy goods in Morocco and you have these transported to the Netherlands. Here you declare the goods for import in your own name. Because of the import you have to pay Dutch VAT on the customs value of the goods. You declare this to Customs. Then you sell the goods to Dutch entrepreneurs. You do not have to pay Dutch VAT on the resale because this VAT is transferred from you to your buyers (2.1.2). You state the transfer in your VAT return. In the same return you can claim back the VAT paid on import.

### **2.3. Distance sales**

You are based in another EU country and you sell goods to private individuals and to entrepreneurs without VAT identification number in the Netherlands. You ensure that the goods are delivered to your buyer. If the total amount of these supplies does not exceed € 100,000 you will pay the VAT in your own EU country. Above the threshold amount you have to pay VAT in the Netherlands. The limit of € 100,000 does not apply to excisable goods. If you have to pay VAT in the Netherlands you register with the Belastingdienst/Limburg/kantoor Buitenland in Heerlen.

You may also choose to pay Dutch VAT on all your distance sales in the Netherlands, even if you do not exceed the threshold amount (€ 100,000). You can make a request to this effect in your own EU country.

The distance sales regulation also applies in the reverse situation in which an entrepreneur sells goods from the Netherlands to private individuals in other member states of the EU. There will seldom be distance sales from the Netherlands with non-resident entrepreneurs who do not have a permanent establishment in the Netherlands. That is why this brochure does not cover this subject.

**Please note!**

*If in a certain year you exceed the threshold of € 100,000, the following year there will be no threshold amount. The next year you will have to pay VAT in the Netherlands on all your distance sales.*

## **3 Services**

### **3.1 What are services?**

Services refer to all activities, other than the supply of goods, conducted in the course of trade. A few examples of services are:

- transport of goods and passenger transport
- musical and theatrical performances
- the granting of licence rights
- the activities performed by consultancy agencies, lawyers and accountants
- activities relating to movable or immovable property

If you perform services, you only have to pay VAT if you meet the following two conditions:

- the service is performed in the Netherlands (3.2)
- the VAT due is not levied on the buyer (3.3)

### **3.2 Services in the Netherlands**

Services are only taxed with Dutch VAT if they are performed in the Netherlands. Special rules apply to determine where the location of the service is. The rules are the same in all EU countries.

The basic rule is that services are performed at the place where the supplier is either resident or established. The main exceptions are:

- for services relating to immovable property: where the property is located
- for services in the field of culture, art, sports, science, education, entertainment or similar areas: where the activities are actually performed
- for consultancy services, advertising and employment services: where the buyer is based assuming that the latter is an entrepreneur
- for intra-Community freight transport: where the journey commences. If the buyer has a VAT identification number issued by an EU country other than the Netherlands, the service is considered to take place in the other EU country.
- for repair and processing of movable property: where the activities are actually performed. If you perform these activities for a buyer with a VAT identification number and the goods leave the Netherlands after repair or processing: where the buyer is based.

### **3.3 The buyer has to pay VAT**

If you perform services in the Netherlands as a non-resident entrepreneur, you have to report to the Dutch Tax and Customs Administration. Often you do have to reverse charge the VAT levy to the buyer of the service. In other words: not you as a service provider but the buyer of the service has to pay the VAT.

You have to reverse charge the VAT if you performed the service in the Netherlands and the buyer of the service:

- is an entrepreneur based in the Netherlands or has a permanent establishment in the Netherlands
- is a legal entity established in the Netherlands

#### **Please note!**

*If you have to reverse charge the VAT to the buyer, you are not allowed to state VAT on your invoice. Please see chapter 6.1.1 for the requirements with which an invoice must comply.*

#### **Example 1**

A lawyer based in Germany performs services for an entrepreneur in the Netherlands. The German lawyer performs his services in the Netherlands. He does not have to pay VAT because the VAT is reverse charged to the Dutch buyer. The

German lawyer is not allowed to state VAT on his invoice. The Dutch entrepreneur declares the reverse charged VAT on his own return.

#### **Example 2**

A painting business based in Belgium performs painting activities to a house of a private individual located in the Netherlands. The location of the service is the Netherlands. Because the buyer is a private individual, the VAT levy is not reverse charged to him. The Belgian painting business has to pay the VAT. The painting business has to register with the Dutch Tax and Customs Administration and declare the VAT due on the return.

## **4 Immovable property**

### **4.1 Letting immovable property**

The letting of immovable property is exempt from VAT. This exemption does not apply to the letting:

- of accommodation in hotels, guesthouses, holiday camps and other leisure accommodation
- of parking spaces for vehicles and the letting of moorings and storage facilities for vessels
- of permanently installed equipment and machinery
- of safes
- of immovable property if the landlord and the tenant agree not to make use of the exemption

In this case the landlord and tenant may choose so-called opting for taxed rent. This is only possible if the tenant may deduct the VAT on the rent for at least 90%.

You may choose for taxed rent by reporting this in the written tenancy agreement, or by asking permission from the Tax and Customs Administration.

If as a non-resident entrepreneur you lease an immovable property to an entrepreneur based in the Netherlands, the VAT is levied on the rent of this Dutch entrepreneur (3.3).

## **4.2 Transfer of immovable property**

The transfer of immovable property is also exempt from VAT.

However, the transfer is not exempt if you:

- transfer a (part of a) building and land within two years after its first occupation.
- transfer a building site

In the event of transfer of title to immovable property in The Netherlands to a Netherlands-based entrepreneur, you have to reverse charge the VAT owed to the buyer. The buyer has to pay the VAT (2.1.2).

The transfer of an immovable property is also taxed if the vendor and the buyer jointly ask for the so-called opting for taxed transfer of title. This is only possible if the buyer can deduct at least 90% of the VAT charged.

In that case, the VAT owed is always levied from the buyer, regardless of the country where the latter is based.

Opting for taxed transfer of title is possible by stating this in the deed of transfer of title with the civil-law notary or by submitting a request of opting for taxed transfer of title with the Tax and Customs Administration.

## **4.3 Letting holiday homes**

Letting a holiday home can be a professional activity.

Do you use the holiday home both for your company and for private activities? Then you have to choose which assets you want to include the holiday home. You have the following options:

- total private assets
- in part private assets and in part company assets
- total company assets

This choice will affect the right to deduct VAT. Please see chapter 6.2 for more information about the manner in which to take private use of the holiday home into account. This chapter provides more information on the right to deduct VAT on the holiday home.

The VAT rate for the letting of holiday accommodation is 6%. A holiday home exploited in the Netherlands is not a permanent establishment. You will remain a non-resident entrepreneur. If the tenant is a private individual, you will have to pay VAT. However, if you let the holiday home to another entrepreneur, for example the operator of a holiday park, this entrepreneur will have to pay the VAT owed (3.3).

## **5 Calculating VAT: rates and exemptions**

If you supply goods or perform services in the Netherlands, you are not always required to charge VAT if an exemption or reverse-charge mechanism applies (5.1). If you do charge VAT, one of three different VAT rates will apply. In 5.2 you will find which rate you have to apply.

### **5.1 Exempt or reverse charge**

#### **5.1.1 Supplying or providing services exempt from VAT**

A number of supplies and services are exempt from VAT. You will not have to pay VAT on these supplies or services but you will not be entitled to a deduction of input tax or a refund.

The following are some of the goods and services which are exempt from VAT:

- educational services
- certain services in the medical sector performed by recognised medical, professions and institutions
- certain socio-cultural services
- financial services
- services rendered by composers, writers and journalists

#### **5.1.2 Reverse charge VAT**

If the reverse-charge mechanism is applicable to supplies and services to Dutch entrepreneurs, you do not charge VAT.

This reverse-charge mechanism will apply if the buyer of the goods or services:

- is an entrepreneur based in the Netherlands or has a permanent establishment
- is a legal entity established in the Netherlands

You have to declare the reverse-charged VAT on your VAT return. You may also reclaim the VAT of the costs of these goods or services on your return.

In 2.1.2 and 3.3 you will read more about the reverse-charge mechanism.

## **5.2 VAT rate is 19%, 6% or 0%**

If a supply or service is not exempt and not subject to the reverse-charge mechanism, you have to apply a VAT rate. We will explain below which rates apply in which cases.

### **5.2.1 The VAT rate is 19%**

In principle, you will have to calculate VAT according to the general rate of 19%.

### **5.2.2 The VAT rate is 6%**

The reduced VAT rate is the 6% rate. This rate applies, for example, to the supply, import or intra-Community acquisition of:

- food and drink (with the exception of alcoholic beverages) and their ingredients
- cattle, sheep, goats, pigs and horses
- medicines
- books, newspapers and magazines
- agricultural and horticultural seeds
- ornamental plants

Furthermore, the following are examples of the services which are taxed at 6%:

- passenger transport
- paintwork on houses that are over 15 years old
- the letting of holiday homes
- performances by performing artists
- providing the opportunity to practise sports in a sports centre
- granting admission to for instance:
  - circuses
  - travelling fairground attractions
  - musical and theatrical performances
  - sports events

### **5.2.3 The VAT rate is 0%**

The 0% rate is applicable when you conduct business with foreign countries from the Netherlands. This usually concerns the supply of goods to foreign countries. In 2.1.3 and 2.1.4 you will be able to find out in which cases you may apply the 0% rate. You will not have to pay any VAT when applying the 0% rate but you will be entitled to a deduction.

### **5.3 What should you calculate VAT on?**

You should calculate VAT on the payment. The payment for a supply or a service often consists of different components.

With a taxed supply or service you calculate the VAT on the total amount which you charge your buyer. This will therefore also include shipping costs, travelling and telephone costs, packaging costs (with the exception of returnable deposits) and the like.

In case of an acquisition in the Netherlands from another EU country, you calculate the VAT on the amount the supplier will charge you. If this amount is not in euros, you will have to convert it into euros.

You then use the exchange rate which was applicable the moment you became liable for the tax.

## **6 Deduction and refund of VAT**

If you buy goods or incur other costs in the Netherlands on behalf of your company, your suppliers will charge you VAT. Even when you import goods into the Netherlands from countries outside the EU or if you acquire goods in the Netherlands from another EU country, you will have to pay VAT. You may deduct this VAT on purchases and costs, also referred to as input tax, from the VAT you owe in the Netherlands.

If you are not obliged to lodge a VAT return in the Netherlands and you are not able to offset the input tax against any tax owed, you may submit a request for a refund to the Tax and Customs Administration/ Limburg/kantoor Buitenland in Heerlen.

**Example**

You have a transport company in Germany. You handle the transport of goods for a German buyer from Amsterdam to Cologne. You have the VAT identification number of your buyer. Consequently, this service will not be taxed in the Netherlands. In the Netherlands you incur costs for the transportation. You may reclaim the input tax on these expenses in Heerlen. You can download the form for a Request for a refund of turnover tax (by an entrepreneur not based in the Netherlands) from [www.belastingdienst.nl](http://www.belastingdienst.nl).

**6.1 Which VAT can you reclaim or deduct as input tax?****6.1.1 VAT on an invoice**

If you purchase goods or services in the Netherlands, the supplier will usually charge you VAT. You may reclaim or deduct this VAT provided that you have a proper invoice. A proper invoice should contain the following information:

- Your supplier’s name and address
- your supplier’s VAT identification number
- your name and the address
- an invoice number
- the invoice date
- the date of the supply or service
- the quantity and type of goods supplied and the rate or exemption you apply
- the size and type of services rendered and the rate or exemption you apply
- the unit price excluding VAT
- any discounts which have not been included in the unit price
- the payment
- in case of advance payment: the date of payment if this date is different from the invoice date
- The VAT amount

In some cases, the invoice should also specify the buyer’s VAT identification number. This will be the case if goods are supplied to entrepreneurs in another EU country and in respect of certain related services (including transport services). If a reverse-charge mechanism applies (please see 2.1.2 and 3.3), the invoice should also specify the

buyer's VAT identification number. The invoice should show whether a special VAT rule applies, for instance:

- application of a reverse-charge mechanism (2.1.2 and 3.3)
- application of a VAT exemption (5.1.1)
- the rule on intra-Community supply of goods (2.1.3)
- trade in used goods. More information you can find in the brochure VAT on trade in used goods.

If this information is not provided on the invoice, you should ask for an improved invoice. If you do not have a proper invoice, you may not be able to deduct or reclaim the VAT on this invoice as input tax.

**Please note!**

*If you work in the agricultural sector, a special VAT exemption, referred to as the 'agricultural scheme', will apply. If you use this scheme you will not be allowed to specify any VAT on your invoices. If you buy products from an entrepreneur who applies the agricultural scheme, you will still be allowed to deduct 5.1% of the invoice amount as input tax. However, the supplier then has to state on the invoice that he applies the agricultural scheme.*

### **6.1.2 VAT paid upon import**

In order to be able to deduct or reclaim the VAT paid upon import, you will need to have the original import documents specifying the amount of VAT. If a customs agent is handling the import, you will not receive the original import document yourself. In that case, the invoice issued by the customs agent will state the VAT amount you paid upon import. You may deduct or reclaim this amount.

### **6.1.3 VAT owed on intra-Community acquisitions**

You will have to specify the VAT you will have to pay on account of the intra-Community acquisitions of goods in the Netherlands (2.2.2) on your return. You may deduct this VAT on the same return as input tax.

## **6.2 What conditions apply to the deduction or refund of VAT?**

You will only be allowed to deduct or reclaim VAT you paid on the purchase of goods or services if you used the goods and services for taxed activities. You will therefore not be allowed to deduct any VAT as input tax if you use the goods and services for tax-exempt activities (5.1).

**Please note!**

*Supplies and services for which the levy of VAT will be reverse charged to the buyer or to which the 0% rate will be applicable, are also regarded as taxed. You will therefore also be allowed to deduct any VAT you have paid on costs for these supplies and services.*

You may never deduct the VAT on food and drink in catering establishments as input tax. However, you will be allowed to deduct VAT on costs of accommodation and suchlike if you incur these costs for taxable activities.

**Mixed use**

If you use certain goods or services not just for taxable activities, but also for exempt activities, you will need to divide the input tax into two components: a deductible component and a non-deductible component.

**Example**

You own a commercial property in the Netherlands. You let out half the property with VAT to a shopkeeper and the other half without VAT to an insurance agent. When you have the building painted, you will only be allowed to deduct half the VAT, since only half the property is used for taxed services.

**Private use**

If you use goods or services in a private capacity only, you are not allowed to deduct the input tax.

A special arrangement applies to capital goods. In case a capital good is purchased to be used in both a private and business capacity, you may choose which assets will include the good. You have the following options:

- total private assets: no deduction of input tax
- in part private assets and in part company assets:
  - only deduction of input tax for the business component
- total company assets: deduction of all input tax

If you have chosen total company assets? You will have to declare the VAT for the private use on your last VAT return of the calendar year.

This VAT you calculate on the incurred costs. This expenditure can be divided into the following categories:

- purchasing costs
- the costs of the maintenance, restoration, improvement and alteration of the property

You should only select those costs for which you have deducted input tax in full or in part. With regard to the purchasing costs of capital goods you will have to pay VAT on the private use over a five-year period when the goods are movable and over a ten-year period when they are immovable. Each year over one fifth and one tenth part respectively.

#### **Example 1**

On 1 April 2008 you purchase a new holiday home, which you count wholly as your company assets.

In 2007 you deducted the following expenses and input tax for this home:

Purchase	200,000
Inventory	50,000
Maintenance	500

In 2007 you used the house for private purposes for 20%. The VAT on the private use in 2007 you calculate as follows:

purchasing costs house:	$1/10 * 200.000 * 20/100 = € 4.000$
purchasing costs inventory:	$1/5 * 50.000 * 20/100 = € 2.000$
maintenance costs:	$500 * 20/100 = € 100$
Total	$€ 6.100 * 19 \% = € 1.159$

You declare the amount of € 1,159 as payable on account of private use on your last return of 2008.

#### **Example 2**

In 2013 you still have the holiday home from example 1. In that year, you used the holiday home in a private capacity 25% of the time. The maintenance costs amounted to € 2,000. Furthermore, you purchased a new lounge suite for € 4,000 in 2012.

The VAT on the private use in 2013 you calculate as follows:

purchasing costs house:	$1/10 * 200.000 * 25/100 = € 5.000$
purchasing costs inventory 2008:	€ 0
purchasing costs inventory 2012:	$1/5 * 4.000 * 25/100 = € 200$
maintenance costs 2013:	$2.000 * 25/100 = € 500$
Total	$€ 5.700 * 19 \% = € 1.083$

## 7 Representation

### 7.1 Using an authorised agent

If you are required to file a VAT return in the Netherlands or wish to claim a VAT refund in the Netherlands, you do not have to do this yourself. You are free to authorise a third party to represent you vis-à-vis the Dutch Tax and Customs Administration. This authorised agent can submit a request for a refund on your behalf, lodge a return and carry out any other formalities. You yourself decide whom to authorise, and in which matters this authorised agent will represent you.

### 7.2 Using a fiscal representative

A person with special power of attorney who acts on behalf of non-resident entrepreneurs is what is referred to as a 'fiscal representative'. If you wish to apply the reverse-charge mechanism upon import, you will have to engage the services of a fiscal representative in any case.

#### Example

You are planning to import goods from the United States into the Netherlands in order to distribute them within the EU from there. You will have to pay VAT when declaring the import of the goods. You will be allowed to deduct this VAT as input tax on the VAT returns which you will have to lodge periodically. You will have to submit a declaration of intra-Community supplies for the supplies to entrepreneurs in other EU countries (8.3.5).

If you engage the services of a fiscal representative, he will take care of the VAT return as well as the declaration of intra-Community supplies on your behalf. In addition, he will be able to apply the reverse-charge mechanism upon import on your behalf provided a permit has been requested for that purpose. Moreover, when you engage the services of a fiscal representative

you will not have to register as a person liable for VAT if you are not developing any other VAT activities in the Netherlands.

**Please note!**

- *If you engage the services of an authorised agent or fiscal representative, you will remain responsible for the fulfilment of your tax obligations.*
- *Even when you engage the services of an authorised agent or fiscal representative, you will remain a non-resident entrepreneur. In the event that you supply goods to, or provide services for, an entrepreneur or legal entity based in the Netherlands, the VAT will be levied on your buyer.*

## **8 Declaration and request for a VAT refund**

### **8.1 Which office of the Tax and Customs Administration?**

The Belastingdienst/Limburg/kantoor Buitenland in Heerlen handles Dutch tax matters of all non-resident entrepreneurs. This office is therefore authorised to levy or refund the VAT of non-resident entrepreneurs.

However, if you choose to be represented by a fiscal representative (chapter 7), the office of your fiscal representative will be authorised to handle your VAT matters.

Non-resident entrepreneurs are entrepreneurs who lodge a VAT return (8.3) and those who submit a request for a VAT refund (8.4). You will have to register before the Tax and Customs Administration issues return forms or processes a request for a refund. (8.2).

### **8.2 Registration**

As a non-resident entrepreneur you will have to register with the Tax and Customs Administration/Limburg/Kantoor Buitenland in Heerlen. If you are obliged to lodge VAT returns in the Netherlands, you will have to download the 'Request for a VAT identification number' form from [www.belastingdienst.nl](http://www.belastingdienst.nl) and sent it in. In order to be able to submit a request for a refund, you will first have to download the 'Request for a Registration Number Foreign Business' form and answer the questions. Then you send this form to the Tax and Customs Administration in Heerlen.

## **8.3 VAT returns**

### **8.3.1 The obligation to lodge a return**

If you are obliged to lodge a VAT return in the Netherlands, you will be sent return forms. You have to complete and sign the return form and return it within two months of the end of the period concerned. This also applies when you do not owe any tax or will receive a tax refund. A summarised explanation will be enclosed with the return form. You can download a detailed explanation in Dutch, English and German from [www.belastingdienst.nl](http://www.belastingdienst.nl).

### **8.3.2 Paying the amount of tax owed**

If you owe any VAT following the deduction of input tax, you will have to pay that amount within two months of the end of the period concerned. The date the amount is credited to the account of the Tax and Customs Administration will count as the date of payment. You will find more information on the manner in which you have to pay the tax owed with the return form.

#### **Please note!**

*The Tax and Customs Administration can impose an additional assessment, possibly with a fine, if you do not send back the return (or fail to do so on time) or if you do not pay the amount of VAT owed (or fail to do so on time).*

### **8.3.3 Tax refund following a lodged return**

It may come about that, in a particular period, you have paid more VAT on costs than you owe VAT on your Dutch turnover. You enter the information on your return form and lodge what is referred to as a 'negative return'. The Tax and Customs Administration will assess this return and you will receive written notice hereof within a few months.

### **8.3.4 Administrative obligations**

The first time you file a VAT return, you should enclose all original invoices and receipts you have received, as well as copies of sales invoices you have sent. On every subsequent occasion you file a VAT return, you should enclose a specification of the invoices pertaining to the amounts specified in the return. In order to check the accuracy

of the information in your VAT return, the Tax and Customs Administration may ask for copies of the invoices you have issued. The Tax and Customs Administration may also ask for the original invoices of purchases and costs or other parts of your records.

The Tax and Customs Administration may correct the returns by imposing an additional assessment up to five years after the year concerned.

### **8.3.5 Declaration of intra-Community supplies**

If you carry out intra-Community supplies from the Netherlands, you will have to send in a declaration of intra-Community supplies after every quarter. In this declaration you state the VAT identification numbers of your buyers and specify, for each buyer, the total amount of the intra-community supplies from the Netherlands in that quarter.

Explanatory notes have been provided in Dutch, English and German with the ‘declaration of intra-Community supplies’ form. You can download the explanatory notes from [www.belastingdienst.nl](http://www.belastingdienst.nl).

A fine may be imposed if you fail to submit the Declaration of intra-community supplies form on time, or fail to submit it correctly or completely.

#### **Please note!**

*If you supply intra-Community goods from the Netherlands for the first time, you will first have to register with the Tax and Customs Administration/Limburg/kantoor Buitenland in Heerlen.*

### **8.3.6 Reporting to Statistics Netherlands (CBS)**

If the value of your intra-community supplies exceeds € 900,000 annually, or if the value of your intra-Community acquisitions amounts to more than € 900,000 annually, you will have to supply the figures to Statistics Netherlands (CBS) on a monthly basis.

You may submit this information for instance by using the free IRIS software package. For information, please contact:

CBS

Antwoordnummer 5050

6400 WC Heerlen

Telephone: +31 45 570 64 00

E-mail: [contactcenter@cbs.nl](mailto:contactcenter@cbs.nl)

## **8.4 Application for a VAT refund**

### **8.4.1 Application for a VAT refund**

If you are not obliged to make an application for a VAT refund in the Netherlands, you can make an application for a VAT refund in Heerlen. You can use the form Application for a refund of turnover tax (by an entrepreneur not based in the Netherlands). This form is identical throughout the EU. You can download the form from [www.belastingdienst.nl](http://www.belastingdienst.nl).

You will have to make the application within six months of the end of the calendar year in which the right to a refund arose. An application for a VAT refund amounting to less than € 25 will not be processed. You may also make an application for a period of at least three months. In that case, the amount of the refund should amount to no less than € 200.

### **8.4.2 Declaration of entrepreneurship**

You will have to enclose a declaration with you application for a refund certifying that you are liable for VAT in your own country. You should request this declaration from your Tax and Customs Administration in your own EU country. This declaration is valid for one year. If you are based outside the EU, you will also be allowed to prove in another way that you are an entrepreneur.

### **8.4.3 Invoices**

You have to enclose the original invoices with the application. These documents will be returned to you after processing.

#### **8.4.4 Decision on the application**

In general, the Tax and Customs Administration will take a decision on your application for a refund within a period of six months. You will be notified of this in writing.

#### **8.4.5 Imposing an additional assessment**

If it subsequently appears that you have wrongfully received a VAT refund, the Tax and Customs Administration may impose an additional assessment for the amount, possibly with a fine.

### **8.5 Objections and appeals**

If you do not agree with the decision of the Tax and Customs Administration, you may object in some cases. The decision which has been taken will state whether or not you will be able to lodge an objection and, if so, how you may do so. You will have to submit an objection in writing to the Tax and Customs Administration/Limburg/kantoor Buitenland in Heerlen within six weeks.

You will receive a written judgment on your objection. You will usually be able to appeal to a court. You will receive information on the manner in which you can appeal against the judgment together with the decision on your objection.

## **9 Further information**

You will find more information on VAT and other taxes on [www.belastingdienst.nl](http://www.belastingdienst.nl) You will also find various downloadable brochures and folders on this site.

Belastingdienst/Limburg/kantoor Buitenland

Post office box 2865

6401 DJ Heerlen

Telephone: +31 55 538 53 85

Visiting address:

Kloosterweg 22

Heerlen

This is a publication of:  
Tax and Customs Administration/Centre for process  
and product development  
April 2009

# *Belastingdienst*

Leuker kunnen we 't niet maken. Wel makkelijker.