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CURRENT AFFAIRS

EXPAT/INDIVIDUAL

Once-only increased exemption from Gift Tax

The once-only increased exemption from Gift Tax of € 100.000,- is applicable until December 31st, 2014. A person can receive this gift from anyone with the condition that the amount should be used on the house (first residence) of the receiver. This can be an extension or purchase of a new home, or repayment of the mortgage. The transfer of the property, or the mortgage repayment should be done before January 1st, 2015, to qualify for the exemption. If it concerns a gift for an extension or other expenses on a current house, the costs will actually have to be paid before 31-12-2016. A gift tax return is mandatory to make use of the exemption. Also a house in another country can qualify for this exemption. Please contact our office if you are considering this gift. We would like to make sure that the exemption will actually apply in your case!



Other policy relating to the first residence

Two temporary rulings relating to the first residence have been made permanent in view of further recovery of the housing market. The maximum period of mortgage interest deduction for a house that is for sale is increased to 3 years instead of 2. Also, mortgage interest deduction is possible, after a first residence has temporarily been rented out. Mortgage interest on a rest debt – mortgage balance remaining after the house has been sold for less than the mortgage value – is deductible for 15 years. The low BTW-rate of 6% (instead of 21%) on maintenance and repair of houses and gardens is extended to July 1st, 2015.



Dear Client,

As 2014 rapidly comes to an end we are pleased to send our annual newsletter. In this newsletter you will find articles about the tax plans for 2015 and the related tax saving opportunities. Please note however, that these articles are only general and may not be applicable in your situation. Please contact us for tailored advice or a further explanation.

This year the 3rd Tuesday of September on which traditionally the budget for the next year is presented, as well as changes in the tax law, does not include a total tax revision. However, there are always ways to save tax!

In 2015 we will continue to support several expat organisations such as Access, British School in the Netherlands and Arnhem International School. We will also sponsor and advertise on several expat oriented websites to make more expats aware of our services.

The best way of informing persons of our services is still by word of mouth. So, if you have been happy with our services, we would be grateful if you could spread the news!

*Please also visit our new website!
www.suurmond-taxconsultants.com*

J.C. Suurmond & zn. Tax consultants

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Untaxing taxes!**

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Amnesty ruling

The amnesty ruling ('inkeerregeling') continues to be in the news. This ruling gives persons with undeclared assets the opportunity to put this right with the tax authorities. From July 1st, 2014 onward there is a fine of 30% on declaring these assets. From July 1st, 2015 this will be increased to 60%. We therefore strongly recommend to contact our office if you are unsure as to whether a Dutch or foreign asset, bank account, real estate, shares are included in your Dutch tax return. If the tax authorities or the FIOD-ECD notice that you have undeclared foreign bank accounts you cannot make use of the amnesty ruling anymore and a fine of up to 300% will apply. Assets do not have to be declared when you are a non-domestic tax payer (C-form) or if the 30%-ruling applies.

NB. Please note that from termination of the 30%-ruling onwards you are usually classified as a domestic tax payer that has to declare worldwide income and wealth.



Do you have any further questions? Do you wish to make an appointment? Please do not hesitate to contact us.
taxadvice@jcsuurmond.nl

Further important changes and action points:

- Make use of the regular **gift tax free** amounts of € 5.229,-- for children and € 2.092,-- for grandchildren and others;
- **Move substantial payments** planned in January 2015 to December 2014 to save on box 3-levy; this also includes tax payments;
- If you are living together with a partner you can qualify for the **large inheritance tax exemption** for partners if you register your partnership;
- If you are a non-domestic tax payer, it is only possible to opt for domestic taxation in the tax return if, amongst others, your Dutch income exceeds 90% of your total income.

BUSINESS / CORPORATE



The VAR will become a BGL

You often need a VAR (Verklaring arbeidsrelatie) if you are self-employed. This document, with the right decision on it, confirms that your 'employer' does not need to withhold Wages Tax and premiums. In 2015 this will be changed to a BGL (Beschikking geen loonheffingen). Under the new law the employer will need to prove certain points, for example, who runs the risk when you get sick. The responsibility will move towards the employer. It is not yet clear when the BGL will be introduced. Until then you can use the VAR you received for 2014.

Customary wage of a director or owner

If you are a director-owner of a BV company, you will need to pay yourself a 'customary' wage according to the tax authorities. This wage has been set at € 44.000,-- for 2015. This wage may be decreased or increased according to circumstances. You will need to prove you cannot afford to pay this wage if you want to decrease it. On the other hand, if your profit leaves room for a higher wage the tax authorities require it to be set at a level in conformity with the market. This is determined to be equal to the wage of the highest earning employee within the company, or, if this should be higher 70% of the salary of an employee in similar circumstances. If you are the only employee, the tax authorities would normally state that 70% of the total profit should be paid out. From 2015 this percentage will be increased to 75%.

Further points:

- Until December 31st, 2014 the **box 2-rate is 22%**. Dividends will therefore be taxed at a lower rate. From January 1st onward the rate will go back up to 25%;
- contrary to previous plans, the **self-employment deduction** will not be decreased;
- the new system in the Wages Tax law (Werkkostenregeling) will become final on January 1st, 2015; the way your employer can cover costs you have in relation to your employment will change. A number of specific costs which an employee makes on behalf of his employer may be reimbursed or provided tax free, such as travel to work, accommodation on business trips, studies and seminars and various facilities used at the office. Apart from that an additional 1,2% of the salary can be covered by the employer. For more information regarding the detailed regulations please contact our office.