

Newsletter Income tax return 2021

Dear client,

The 2021 Income Tax return may be submitted from 1st March.

If you supply your information for 2021, we will be pleased to look after preparation of your tax return. Since we receive much information for the 2021 tax return during this period, the processing time is 4 to 16 weeks. We therefore automatically request an extension for submitting the tax return for our existing clients. We process the tax returns in the order in which they are received as much as possible.

If you have already sent us your data for the 2021 return, we will certainly take care of this in due course. If you have a specific reason why the tax return must be filed quicker (for example, to apply for the financing of a home), we ask you to let us know. We will take this into account when scheduling the tax return. If you expect to have to pay a large amount of tax over 2021, please also notify us. We can then request a provisional assessment before 1 April 2022, so that the due interest can be limited.

Please do not forget to include information about possible deductible expenses and other relevant changes in your situation. This helps us to optimize your tax return as much as possible. We await your reply with interest.

Below you will find some information about the 2021 tax return and other current tax topics that might be relevant to you.

Yours sincerely,

J.C. Suurmond & zn. Tax consultants

Untaxing taxes!

PS As you may remember from our last December newsletter, we will be moving this spring. The moving date and our new address will be sent to you well in advance in a separate e-mail, to make sure we don't miss each other!

Please forward: activation code continuous authorisation

From now on we will request a continuous authorisation from the Tax Office for our clients instead of the annual authorizations. This may of course be canceled at any time again. If you receive a letter with a code for this authorisation, please forward it to us so that we can activate this in the system if you are happy with this. This authorisation is required, among other things, to receive copies of tax assessments from the Tax Office in our software program.

Tax deductions 2021

The following deductions are available in the 2021 Income Tax return to reduce your taxable income:

- mortgage interest of your first residence (owner-occupied home)
- life annuity premiums (if deposited before 1st July 2022)
- non-reimbursed health care expenses (including medical assistance, prescribed medication and travel expenses for hospital visits)
- financial obligations to ex-spouse i.e. in the form of alimony
- gifts or donations to recognized charities (refer to the ANBI list)
- study costs and other educational expenses (last year)
- travel expenses for regular commuting by public transport
- weekend expenses for taking care of disabled relatives

The deduction for study costs has expired in 2022; amounts still paid in 2021 are deductible if the conditions are met.

Please note that for some of the tax deductions a threshold or other conditions may apply. The expenses may therefore not be fully deductible. If you incurred expenses that may qualify, please do not hesitate to contact us.

Secure file transfer

We use Secudoc to guarantee the safe transfer of larger files and documents. If you want to send your files via Secudoc, please send us a request by email. You will then receive an email with a link that leads to the Secudoc upload page. After you upload your files, we can download your uploaded files only by using two-step verification. This provision is especially practical with a large number or larger attachments that cannot be sent in one e-mail.

Legal interest on tax amounts

With the new tax interest rules, from July 1st 2022 the Tax Office will charge interest on potential tax debts for the 2021 tax return. This interest amounts to 4% for Income Tax and 8% for Corporate

Income Tax. If you expect a high assessment and you want to avoid paying a high interest, please contact us to request a provisional assessment.

Crypto currencies

If applicable please also provide us with information about your crypto currencies for the tax return 2021. Crypto currencies are part of the assets and it is mandatory to declare this in Box 3. We need the value per 1-1-2021 and 31-12-2021. Even if you have not specified your crypto currency in previous years, it is wise to correct this on your own initiative. We can assist you in this too. Later this year, the tax authorities will be authorized themselves to check what cryptocurrencies a tax payer has. This is stated in a new EU directive on data exchange.

Supreme Court judgment on box 3 levy

As you may have heard in the press, the Supreme Court ruled on 24 December 2021 that the box 3 tax based on a fictitious return on investment in 2017 and 2018 is disproportionately high and is therefore in violation of the European Convention for the Protection of Human Rights (ECHR). The Supreme Court ruled that a relatively heavy financial burden is attached to the choice not to go into risky investment of assets. Furthermore, the fixed asset mix introduced in 2017 has a discriminatory effect on those who have had bad luck with their investments and nevertheless are taxed relatively heavily. That is why the Supreme Court offers legal redress in the sense that for the years 2017 and 2018 the tax should be based only on the actual return on investment. After the negative court decisions for earlier years, this finally means a positive outcome for the tax payer with saving accounts and hardly any interest.

At the beginning of February, the Tax Office published the collective decision in the mass appeal procedures against the box-3 tax for 2017 to 2020. All 200,000 appeals have been allowed. This does not yet mean that the participants in the mass appeal procedures now know how much they will get back and when. Neither is anything known about possible compensation for other taxpayers who did not appeal against the box-3 levy. The cabinet has promised to provide a substantive response no later than 1 May 2022 on how restoration of rights can be offered over the past few years. For most situations involving a substantial box 3 tax, we have already raised appeals over the past few years. Further action is only meaningful after we know more about the promised response from the Tax Authorities.

New box 3 levy

According to the cabinet, a box 3 levy based on the actual return on investment cannot come into effect until 2025. However, emergency legislation to adjust the box 3 levy is currently being worked on, which should provide a solution for the intervening years. This could include, for example, fictitious interest rates that are more in line with the actual returns and based on the actual composition of the assets. The cabinet is planning on sending a memorandum of direction for the recovery operation to the parliament before 1 April 2022.

Moreover, it is clear that a new system will certainly not lead to advantages for all taxpayers. Taxing actual returns can also mean taxing capital gains from securities and real estate, which have not been taxed as such until now. Besides, a number of parties state that the coverage for the measures should come from the same category of taxpayers.

Future assessments and tax returns

The ruling of the Supreme Court has consequences for 2021 and later years too. No final assessments are currently sent to taxpayers with box-3 capital. An exception will only be made if prescription is imminent or if there is an interest in the taxpayer. As soon as it is clear what the recovery will look like, these assessments will be issued. Taxpayers will be informed about this.

The Tax Office asks taxpayers to pay the provisional tax assessment 2022. They are also asked to simply submit the 2021 tax return, stating the box-3 capital as before. Possible compensation will be worked out later. Taxpayers with box-3 assets will probably receive their assessment for 2021 after 1 July 2022, even if they have submitted their 2021 tax return before 1 April.