



i-payee



**Guide to Contracting in
the Netherlands**



COUNTRY HIGHLIGHTS (2017)

NETHERLANDS – Individual

Currency	Euro (€)
Tax Year	Starts 1 January Ends 31 December
Taxation Rates	First €19,922 at 8.40% Next €13,793 at 12.25% Next €32,706 at 40.40% Balance at 52%
Dutch Social Security	Employees NI rate 28.15% on first €33,715 Employees National Insurance is collected with Taxation. Health Insurance is also payable by workers subject to Dutch Social Security, although this is paid by the Employer at 6.75%. Other contributions are payable by an employee and employer to cover other Social Costs.
Reliefs	Employment Tax Credit €3,103.00 Personal Tax Credit €2,242.00

Tax Residency

An individual becomes Tax Resident in Netherlands if they have a personal bond of a personal nature to the Netherlands. An individuals who is in the Netherlands for less than 60 days in a 12 month period may have their income disregarded for Dutch Tax purposes, if their employer is based outside the Netherlands. This is the so-called 60 day rule, but exemption must be given by the Dutch Tax Authorities.

An individual who is Tax Resident is taxable on Worldwide Income except if exempt under a double taxation treaty.

An individual who is not Tax Resident is taxable in the Netherlands on Income earned or generated in the Netherlands.

Social Security

Social Security is payable in the Netherlands unless the individual is paying Social Security in the country in which their employer is based and they are habitually resident. A certificate of continuing liability to Social Security is required to exempt the individual from Dutch Social Security.

Right to Work

EU and EEA Nationals have an unfettered right to work in the Netherlands without the need to hold a VISA or Work Permit. However, all EU and EEA Nationals must register in the population register if they intend or have been in the Netherlands for more than four months.

Other Nationals, generally, need to have the relevant approval to work prior to their arrival in the Netherlands.

I-PAYE Service

I-PAYE is registered as an employer in the Netherlands and all individuals are engaged on contracts of employment.

All income is reported to the Dutch Authorities, with deduction for expenses allowed under Dutch Law. Any expenses that are reimbursed that are not allowed or are above published rates will be subject to Dutch Taxation and Social Security at the appropriate rates.

I-PAYE will provide UK and other European Nationals that habitually reside in the UK or outside of the Netherlands. I-PAYE will not normally seek to employ Dutch Nationals.

You have a legal obligation to register as working in the Netherlands for I-PAYE, once done we will be able to run your payroll and report your income as required under Dutch Law.

Frequently Asked Questions

Q. I currently work on a project in the United Kingdom through a PSC and have an assignment in the Netherlands, is it true that I can operate the same model in the Netherlands?

A. Under Dutch Domestic Law a UK PSC may be considered as having a Permanent Establishment in the

Netherlands, which means that all income derived by the business will be subject to Dutch Taxation. No matter the taxation position of the company any employment income paid in respect of duties performed in Holland will be subject to Dutch Taxation and Social Security from day 1.

In addition any dividends payable to shareholders will be subject to Dutch Dividend Taxation either at resident or non-resident rates.

Q. What happens if I choose to ignore the rules?

A. There is Chain of Liability Liability Law in the Netherlands, which means that liabilities can pass up the contractual chain, the Dutch also use the Mutual Assistance Recovery Directive (MARD) to request the UK and other Tax Authorities to collect any unpaid moneys due.

From 1 October 2017 new legislation has been enacted in the United Kingdom that means that any entity engaging in or with business that evades taxation in a Foreign Country will be subject to an unlimited fine. Failing to report income to the Dutch Authorities is Tax Evasion, not avoidance, and under Dutch Law would generally lead to a criminal conviction.

Q. I want to do it correctly where should I seek advice?

A. Information is available in English and other languages on the Dutch Tax Authorities website, but it is important that you seek advice on your unique circumstances.

More information is available from I-PAYE on 0151 449 3500



e info@i-paye.com

t +44 (0) 0151 449 3500

w www.i-paye.com

f +44 (0) 0151 203 3130

