THE NETHERLANDS – TAX CONSIDERATIONS ON SHORT-TERM LETTINGS

The following information can help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation in the Netherlands.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in the Netherlands, you should ensure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Income taxes
- Value added tax (VAT)

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we don’t update this information in real time, so you should confirm that the laws or procedures have not changed recently.

We draw your attention to the fact that Airbnb may have an obligation to report income earned by users of the platform. Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, the tax authorities may ask you questions.

INCOME TAX

If you earn income in the Netherlands, it is likely that you will be required to pay a percentage of this income to the Dutch tax authorities in the form of taxation. The below is a brief outline of the tax that may arise on income earned from short-term lettings in the Netherlands and some information on how this tax can be paid to the Dutch tax authorities.

The Netherlands tax year runs from 1 January to 31 December.
Obligation to pay Dutch income tax.

You are required to pay income tax in the Netherlands if you are:
- Resident in the Netherlands;
- Work in the Netherlands;
- Have assets in the Netherlands;
- Have a company in the Netherlands, or are a statutory director; or
- Have income from other sources in the Netherlands.

You do not have to file an income tax return or pay income tax if the tax due on the amount of income does not exceed €49 (unless a tax return form is issued to you, in that case you still have the obligation to file the tax return). The tax must be calculated to ensure that the amount due does not exceed €49.

Depending on your individual circumstances, you may qualify for tax credits. The general tax credit for income up to €21,318 is €2,888 for Dutch tax residents who are fully covered by Dutch social security. This drops to nil for income above €69,398 (2022 figures).

Additionally, there are a wide range of tax credits available in the Netherlands, all with their own conditions and ranges.

Reporting tax in the Netherlands.

If you are a resident of the Netherlands, you can use the income tax return application, the online software or the paper income tax return form when filing your income tax return.

If you are non-resident during the entire tax year, you can generally use the online software when filing your income tax return. When you cannot use the online software (i.e. you do not have the required login details) you need to file a C- form. The C- form can be requested by reaching out to the Dutch tax authorities, please see below for the contact details.

Reporting tax - filing deadline.

The income tax return filing deadline for a Dutch resident individual is included in the tax return letter you will receive from the Dutch tax authorities. If you have not received a letter, the deadline is 1 May of the upcoming year. If you are not a Dutch resident, the date for filing your income tax return is 1 July.

Therefore, an income tax return for 2022 has to be filed before 1 May 2023 (if no tax return letter has been received) or 1 July 2023, depending on your tax resident status.

A Dutch resident can request postponement of the filing before the deadline stated in the tax return letter, or before 1 May if no letter is received. A non-resident individual can request the
same before 1 July. The postponement will be granted until 1 September for a resident individual and 1 November for a non-resident individual (exceptions apply in specific cases e.g. for tax returns filed by a professional advisor, further filing extension can be requested).

**Reporting tax - payment deadline.**

Once your tax return has been filed, the Dutch tax authorities will review the return and issue an assessment to you, in principle, within three years at most. This assessment will contain the ultimate payment date (in principle, 6 weeks after the date of the assessment).

**Dutch Tax Authority contact details.**

The contact details for the Dutch tax authorities are as follows:

- 0800-0543 if you are calling from the Netherlands, and;
- +31 555 385 385 if you are calling from abroad. Details can also be found on the Dutch tax authority website.

**Dutch income tax rates.**

The income tax rates for individuals born after 1 January 1946 are as follows (rates applicable to income generated in 2022):

- Up to €69,399 is taxable at 37.07%
- Income above €69,399 is taxable at 49.50%

The above-mentioned rates exclude Dutch social security contributions. The standard Dutch social security contribution rate is 27.65% up to an income of €35,472 (general insurances).

For individuals who reached the Dutch pensionable age (on 1 January 2022: 66 years and 7 months of age), the contribution rate is reduced to 9.75% (2022 amounts).

The above overview is different for individuals born before 1 January 1946 or individuals reaching the pensionable age in 2022.

**Dutch rules applicable to income earned in relation to short-term lettings.**

If you temporarily rent out your primary residence, the rent will in principle be taxable in box 1. You are required to include the ‘net’ rent (i.e. after deductible costs) received in your income tax return. The Dutch tax authorities will take into account 70% of this ‘net’ rent, this is your deemed income from the temporary rent of your primary residence.
Rental income earned on other real estate (e.g. a second home) is in principle treated as a return on investment and is not additionally taxable (i.e. the rental income itself is then not taxed). Tax on this asset (e.g. a second home) is included in your tax return as a deemed income from savings and investments (box 3), which will be discussed in more detail below.

If the activities become so extensive that they exceed normal asset management, the income could be considered taxable in box 1 as business profits or income from other activities. This is the case when you, for example, offer more services than only the temporary renting of your house. Taking care of breakfast/dinner, maintaining contact with tourist offices etc., are examples of services that will be seen as business profit/income from other activities. Whether this is the case depends on the amount of work involved and whether a higher income can be expected because of this work.

**Typical expenses that can be deducted from an individual's income in relation to short-term lettings.**

You are able to deduct expenses that are directly connected with renting out the property. This can include, but is not limited to:

- gas, water, electricity usage (insofar connected to usage by the tenants);
- cleaning of the property or laundry (insofar connected to the stay of the tenants); and
- advertisements (including the Airbnb Service Fee).

**Dutch income tax obligation for non-resident individuals.**

If you are a non-Dutch resident, you may have an obligation to file an income tax return if one of the following points are satisfied:

- you work in the Netherlands;
- you have assets in the Netherlands;
- you have a company in the Netherlands or are a statutory director;
- you have income from other sources in the Netherlands.

Dutch real estate owners are, under circumstances, also obliged to file a Dutch income tax return (see above for exceptions regarding the filing obligation, e.g. the €49 threshold).

If you are non-Dutch resident and own real estate in the Netherlands, in principle only the value of the Dutch real estate (minus the connected debts) is subject to tax in box 3 (as described below).

**Dutch income tax obligations for a Dutch resident in receipt of foreign rental income.**
If you are a Dutch resident individual, you must report your worldwide income.

A foreign property of a Dutch resident is generally subject to tax (box 3, income from savings and investments, see below for more details on this regime). This is the case unless the income relates to, in short, business activities. In that case, the income should be taken into account in box 1. In general, a relief for double taxation can be requested with respect to the portion of the Dutch tax that is connected to the foreign property.

**General income tax treatment of resident properties**

**Primary Residence**

For income tax purposes, a deemed income is taken into account with respect to your own home (i.e. primary residence) based on the property tax value of that residence ("WOZ-waarde"). The WOZ-waarde is set by local government. The percentage to be added to your taxable amount depends on the value of the residence. Qualifying mortgage costs can be deducted from the taxable amount.

These rules remain to apply if the primary residence is rented out temporarily. In that situation, 70% of the net rental income is added (in addition to the deemed income for the primary residence as described above).

**Other real estate: income from savings and investments (box 3)**

Other real estate (e.g., second home) is taken into account in box 3 as income from savings and investments. Within box 3, a division is made between your income from savings, your income from investments and your debt. Other real estate would fall within the investment category. A deemed return of 5.53% will be taken into account and taxed at 31%, resulting in an effective tax rate of around 1.71%, i.e. after deduction of liabilities (2022). The total assets of a person (including property, with an exemption for your primary residence) will be determined on 1 January of each year. For each taxpayer, there is also an exemption in box 3. This exemption means that you will only pay tax if your assets in box 3 exceed this amount (€50,650 in 2022). The tax rate is 31%. We would like to note that currently the box 3 regime is subject to change since it was deemed unjust by the Dutch Supreme Court. We recommend you seek advice on how these developments may impact your personal tax situation.

<table>
<thead>
<tr>
<th>Sample Tax Computation - primary residence</th>
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<tbody>
<tr>
<td>Lieke owns a 2 bedroom flat, which is her primary residence. She rents out the spare room at the weekends.</td>
</tr>
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</table>
Lieke received total gross rent in 2022 of €6,000.

Lieke incurred the following expenses in relation to this house in 2022: house insurance €500, local property tax €350, online advertisement payments €240, and electricity/gas/water €600 (of which €60 relating to usage by the tenants).

<table>
<thead>
<tr>
<th>Description</th>
<th>€</th>
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</thead>
<tbody>
<tr>
<td>Gross rental income</td>
<td>6,000</td>
</tr>
<tr>
<td>Less allowable expenses:</td>
<td></td>
</tr>
<tr>
<td>Online Advertisement (e.g., Airbnb service fee)</td>
<td>240</td>
</tr>
<tr>
<td>Electricity/gas/water</td>
<td>60</td>
</tr>
<tr>
<td>Net rental income</td>
<td>5,700</td>
</tr>
<tr>
<td>Taxable rental income (70% of the net rental income)</td>
<td>3,990</td>
</tr>
</tbody>
</table>
**VALUE ADDED TAX**

Value added taxes can be complicated and you should take time to understand the rules as they apply to you and your particular situation.

Broadly speaking, Value-Added Tax (VAT) in the Netherlands is a tax on consumption. Most goods and services supplied in the Netherlands are subject to VAT.

A person who supplies goods and/or services in the Netherlands may have to charge and collect VAT and pay this VAT to the Dutch tax authorities. As with all taxes, we encourage you to consult with a tax advisor regarding your potential VAT obligations in the Netherlands.

If you are currently renting a room to guests, you may be required to apply VAT to your rental charge and to pay this VAT amount to the Dutch tax authorities. As Airbnb is not supplying the rental itself, it is the responsibility of the host to consider local VAT obligations of the rental charge.

**Do I need to collect any VAT from guests if I am letting short-term accommodation in the Netherlands?**

In general, individuals who are considered to be in business in the Netherlands need to charge VAT on their supplies once they meet the criteria for VAT registration. Whether a person will be considered to be in business for VAT purposes depends on the circumstances of each case. As a general rule, an individual providing short-term lettings on a continuous basis will be considered to be in business.

Currently, you are required to register for VAT in the Netherlands if you supply goods and/or services that are considered to be subject to VAT in the Netherlands. There is no registration threshold. As such, once you begin supplying short term accommodation located in the Netherlands, you should register for VAT. This applies to Dutch Hosts and to foreign Hosts. In that case, you may also be allowed to deduct input VAT incurred.

Please note that there is an optional scheme available for small businesses in the Netherlands. You may be able to apply for this scheme in case you are a Dutch resident and your annual turnover does not exceed EUR 20,000. If you make use of this scheme, your services are not subject to Dutch VAT. In such cases, however, it is not possible to deduct input VAT incurred on relevant expenses.

We encourage you to consult a tax advisor if you need assistance in determining whether you need to register for and charge Dutch VAT and whether you are allowed to deduct input VAT incurred.

For further guidance on registering for VAT, please see the Dutch tax authorities’ [website](#).
VAT applies to me. How do I determine how much tax I need to collect from my guests?

VAT rates differ per country and change periodically. We recommend you to check on a regular basis with the local tax authority to get the most up to date VAT rates for the country where you are required to pay VAT.

For example, at the date of issuance of this document, the Dutch VAT rate applicable to supplies of holiday accommodation (i.e. short-term letting) is 9%.

However, under certain circumstances another VAT rate or even an exemption may apply. Therefore, we recommend that you confirm with a local tax advisor the VAT rate applicable to your supplies.

**VAT applies to me. How do I collect VAT from guests?**

If you determine that you need to charge VAT on the supplies that you make to guests, please keep in mind that you have to collect this VAT from your guests and report and remit this VAT on a periodic VAT return (exceptions may occur for business guests that may need to self-assess VAT in certain situations). In the Netherlands, the VAT return typically covers a quarterly period (e.g. January - March).

If you are a Dutch resident, then the VAT return is required to be filed by the last day of the month following that quarterly period (e.g. the January - March VAT return is due to be filed by the 30th of April). The VAT payment has to be made on the same day that the VAT return is required to be filed.

If you are not a Dutch resident, then the VAT return is required to be filed by the last day of the second month following that quarterly period (e.g. the January - March VAT return is due to be filed by the 31st of May). The VAT payment has to be made on the same day that the VAT return is required to be filed.

Your pricing towards B2C guests should be VAT inclusive. Therefore, if you are supplying holiday accommodation, which is subject to VAT at 9%, then the amount of Dutch VAT due should be calculated by dividing the agreed accommodation price by 109 and by multiplying by 9. For example, a total price for accommodation of €300 is agreed. The Dutch VAT arising on this supply should be calculated as follows; 300/109 = 2.75*9 = €24.77 Dutch VAT.

Some formalities, such as issuing a receipt or an invoice to your guests, may be required. Please find more information on this [here](#). For further guidance on filing returns, please see the Dutch tax authorities’ [website](#). We recommend that you check your VAT related obligations and the applicable invoice requirements with a local tax advisor.