This guide has been prepared by an independent third-party accounting firm

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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 make sure 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.

INCOME TAX

If you earn income in the Netherlands, it is likely that you will be required to pay a percentage of the tax on this income to the Dutch tax authorities. 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 over to the Dutch tax authorities.

The Netherland's tax year runs from 1 January to 31 December.

Coming within the charge to income tax in the Netherlands.

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 €46 (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 €46.

Depending on your individual circumstances, you may qualify for tax credits. The general tax credit for income up to €20,142 is €2,265 for Dutch tax residents who are fully covered by Dutch social security. This drops to nil for income above €68,507 (2018 figures).

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 a P-Form when completing your income tax return. If you are non-resident during the entire tax year, the form that you file is called a C-form.

When completing an income tax return, you can use the income tax return application, the online software and the paper income tax return form.

Reporting tax - filing deadline.

The income tax return filing deadline for a Dutch resident individual 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 2018 has to be filed before 1 May 2019 or 1 July 2019, depending on your tax resident status.

A Dutch resident can request postponement of the filing before 1 May and 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. 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 (2018 rates):

- Up to €20,142 is taxable at 8.90%
- The next €13,852 is taxable at 13.20%
- The next €34,513 is taxable at 40.85%
- Income above €68,507 is taxable at 51.95%

The income tax rates for individuals born before 1 January 1946 are slightly lower.

The above-mentioned rates exclude Dutch social security contributions. The standard Dutch social security contribution rate is 27.65% up to an income of €33,994 (general insurances).

For individuals who reached the Dutch pensionable age (on 1 January 2018: 66 years of age), the contribution rate is reduced to 9.75% (2018 amounts).

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. You are required to include 70% of the 'net' rent (i.e. after deductible costs) received on your income tax return.

Rental income earned on other real estate (e.g. a second home) is taxed 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 on your tax return under income from savings and investments (box 3), which will be discussed in more detail below.

If you offer more services than only the temporary renting of your house, the total rental and connected income could be considered taxable. For example, taking care of breakfast/dinner, maintaining contact with tourist offices etc., will be seen as profit from the business/income form other activities. Whether that 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, (insofar connected to the stay of the tenants); and
- advertisements.

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 €46 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 box 3 taxation (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 the Dutch box 3 taxation on capital (see below for more details on this regime). This unless it is part of, in short, business activities. In general, a relief for double taxation can be requested with respect to the portion of the Dutch box 3 tax that is connected to the foreign property (exemption method, for the value of the property minus the connected debts). This irrespective of the actual foreign tax paid.

General income tax treatment of resident properties

Primary Residence

For income tax purposes, a deemed income is taken into account with respect to an 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 rental income is added (in addition to the deemed income for the primary residence as described above).

Other Residences: income from savings and investments (box 3 taxation on capital)

Other real estate properties (i.e. second home) are taxable as investments (box 3) against an effective tax rate between 0.60%-1.61% of the value of the net assets, i.e. after deduction of liabilities (2018). The total assets of a person (including properties, with an exemption for your primary residence) will be determined on 1 January of each year. Based on the Dutch legislation a percentage of 2.01%-5.38%is assumed as return on investments (depending on the total value of the assets of the individual, progressive taxation). The tax rate is 30%. Therefore, the effective tax rate is 0.60%-1.61% of the value of the net assets/properties (2018).

Sample Tax Computation - primary residence
Lieke owns a 2 bedroom flat, which is her primary residence. She rents out the spare room at the weekends.

Lieke received total gross rent in 2018 of €6,000.		
Lieke incurred the following expenses in relation to this house in 2018: house insurance €500, local property tax €350, online commission payments €240, and electricity/gas/water €600 (of which €60 relating to usage by the tenants).		
		€
Gross rental income		6,000
Less allowable expenses:		
	Online Commission	(240)
	Electricity/gas/water	(60)
Net rental income		**5,700**
Taxable rental income	(70% of the net rental income)	**3,990**

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 VAT and pay this 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, 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.

Currently, in the Netherlands, you are required to register for VAT 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, you should register for VAT.

If you are an individual who is not resident in the Netherlands, but your accommodation is in the Netherlands, then you should also register for Dutch VAT as, no registration threshold applies to you.

There are some VAT simplification schemes that apply to certain small businesses in the Netherlands.

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

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

However, there are other VAT rates currently in force in the Netherlands, so we recommend that you confirm with a local tax advisor the VAT rate applicable to your supplies (0%, 9% and 21%).

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. 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 us due to be filed by the 30th of April). The VAT payment is required 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 is required to be made on the same day that the VAT return is required to be filed.

If you are supplying holiday accommodation, which is subject to VAT at 9%, then the amount of Dutch VAT due can 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 can be calculated as follows; 300/109 = 2.83*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.

There may also be requirements around whether you use VAT-inclusive or VAT-exclusive pricing. We recommend that you check your obligations in terms of pricing and the applicable invoice requirements with a local tax advisor.