

Netherlands VAT

A tax professional's essential guide to calculating, reporting and paying VAT in the Netherlands

VAT in the Netherlands...

VAT was introduced in the Netherlands in 1968, making it one of Europe's oldest and most established indirect tax regimes.

By 1979, the Dutch tax authorities had harmonised the country's VAT system with that of the European Union (EU), a status that remains in place today.

As a member state of the EU, the Netherlands' VAT framework is largely based on the EU's VAT Directive. However, it retains the right to set its own headline rates, as well as various other quirks.

Businesses that are not resident in the Netherlands may still be required to register for VAT in the country. This will also involve submitting compliant, valid Dutch VAT returns, Intrastat and other declarations.

However, it's also worth noting that the reverse charge rule has been adopted by the Netherlands, making many transactions remarkably simple.

Time of supply rules are in place and determine that VAT is due to the relevant authorities 10 days after the VAT reporting period comes to an end.

We hope you enjoy our guide to VAT in the Netherlands - and if you have any questions or requirements relating to its regime, don't hesitate to get in touch!

What VAT rates apply?

The Netherlands has a standard rate of 21%, as well as a reduced rate and a zero rate that businesses can apply:

21% Standard
e.g. most taxable goods and services

9% Reduced
e.g. foodstuffs, water supplies, some pharmaceuticals

0% Zero
e.g. international passenger transport, gold coins

Do you need to register?

There are a number of scenarios that mean a foreign business must register for VAT in Switzerland. Do any of these look familiar? If so, your business is liable for the tax.



Import goods into the EU through the Netherlands



Buying/selling goods in the Netherlands if the customer is not Dutch VAT-registered



Hold live exhibitions, events or training



Hold goods in consignment in the Netherlands



Sell goods online to Dutch customers

How do you comply?

Prepare invoices with the correct details - as set out in Dutch VAT law - in place.

Complete records and accounts and maintain them for at least 7 years.

Complete electronic invoices with signature, authenticity and agreement inputted by the recipient.

Accurately invoice customers for goods and services in accordance with time of supply rules.

Exemptions

A number of goods and services are exempt from VAT in the Netherlands, including:

Childcare

Sports clubs

Financial services



Education



Healthcare

Compliance

As soon as a business successfully registers for Dutch VAT, it will be expected to meet several key regulations. These include:

1. Preparing invoices that include the required disclosure details.
2. Maintaining records that are held for a minimum of 7 years.
3. Invoicing customers while adhering to Dutch time of supply rules.
4. Using electronic invoices that feature proper signatures and authenticity.
5. Accurately processing credit notes and other corrections.

Intrastat

In addition to standard VAT returns, businesses trading in the Netherlands may also be required to submit extra statistical information to the country's tax authorities.

The Dutch Intrastat includes details of sales and purchases within the EU and must be filed once a month once a business exceeds the annual threshold.

This information is provided to the Centraal Bureau voor de Statistiek.

What's more, Dutch EC sales lists include details of customers and sales values and should be submitted on a quarterly basis.

VAT on digital services

Under the EU's One-Stop Shop (OSS) system, businesses are able to sell digital products and services to consumers in the Netherlands.

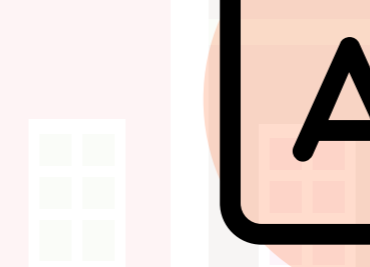
OSS allows organisations to compile all their EU VAT liabilities into one tax return, even if transactions were carried out in multiple EU countries.

Any business that wishes to make the Netherlands its domestic state of identification can register for OSS at the Dutch OSS portal. Once registered, you will charge and collect VAT at 21% on all domestic digital sales. If you are not registered in the Netherlands, you collect VAT only on B2C sales.

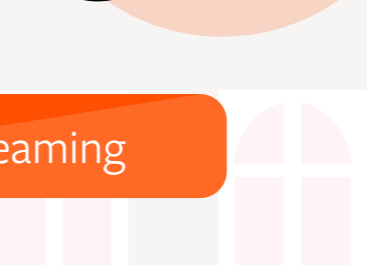
However, if your customer is also a company and is registered for OSS with a valid VAT number, you can leave the VAT to them and do nothing!

What counts as a digital service?

Movies and videos



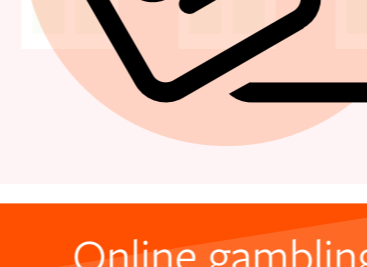
Cloud software



Music streaming



Online ads



Online gambling

Did you know...

A non-European business is able to register for VAT in the Netherlands. However, if they wish to apply the reverse charge mechanism on any imports they make, they will require the services of a local VAT representative.

The VAT representative acts as a contact for the Dutch tax authorities and assumes responsibilities for all of a company's VAT liabilities - including even though it is not aware of.

However, European organisations registering for VAT in the Netherlands do not have to appoint a tax representative. They may choose to appoint a proxyholder to carry out tax formalities on their behalf; but, unlike with non-European companies using VAT representatives, they are unlikely to be asked for a bank guarantee before doing so.

The expert's view...

It's a long time since VAT was introduced in the Netherlands; 53 years to be precise. Since that historic point in 1969, when the country's standard VAT rate was set at 12%, its regime has been updated and tweaked at regular intervals - although, interestingly, since the first time it was changed, its standard rate has never fallen below 17.5% or risen above 21%.

In more recent times, Dutch VAT has been aligned with the EU's VAT Directive, meaning the majority of its rules and regulations are taken directly from the EU's legislation.

Of course, as with all EU member states, the Netherlands retains the right to amend its VAT rates (providing its standard rate is at least 15%), as well as make other changes as it wishes.

That makes it essential to keep up to speed with all the nuances of the VAT regime, as well as any updates that are announced.

At Innovate Tax, we have an out-of-the-box solution for Oracle ERP, enabling us to quickly get users up and running with a fully automated solution that ensures maximum efficiency, guarantees compliance in every transaction and relieves your team of the manual burden of managing tax for the country.

We also have a vastly experienced team of tax technologists ready to configure other ERPs - such as SAP and Workday - to automate VAT transactions for the Netherlands in accordance with your precise requirements.

If you are about to start trading in the country or you know there are inefficiencies in your current processes, get in touch and find out how we could transform the way you determine, calculate and report on VAT in the Netherlands.

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