



BUDGET DAY SPECIAL – 2021 TAX PLAN

September 2020

This Budget Day Special outlines important proposals in the 2021 Tax Plan and additional legislative proposals. This special is divided into the following topics:

- measures for COVID-19;
- measures for businesses;
- measures for employers;
- measures for international situations;
- measures for immovable property;
- measures for cars & mobility;
- measures for (wealthy) individuals;
- other measures.

The proposed measures will enter into force on 1 January 2021, unless stated otherwise.

Although this newsletter was prepared with the utmost care, RMS accepts no liability for any incomplete or incorrect information stated herein. This publication is exclusively intended to communicate news. We advise you to contact your RSM consultant to obtain information about the most current status of the legislation.

MEASURES COVID-19

Corona reserve

In order to offset an expected loss in relation to the consequences of the corona crisis for 2020 at an earlier date (thereby improving the liquidity position), it has already been agreed under certain conditions that taxpayers who are subject to corporation tax can create a tax reserve (corona reserve) for the 2019 financial year (or the broken financial year ultimately ending March 31, 2020). Taxpayers who are subject to corporation tax can create this corona reserve for the corona-related loss expected to occur in the 2020 financial year. The corona reserve reduces profits over 2019 and therefore, in the short term, the tax paid or some of the tax paid over 2019 can be (partially) recovered or no longer needs to be paid. This proposal allows the already existing approval of the Dutch Ministry of Finance to be transposed into legislation.

Take note!

The corona reserve must not exceed the profit of 2019 and neither may it exceed the total expected loss in 2020. In the year following formation, the corona reserve should be added to the taxable profit.

The formation of the corona reserve can also have consequences for other rules within the Dutch corporate income tax act, (e.g. the earning stripping rule).

Exemption for fixed charges compensation

In mid-2020, the government replaced the Compensation for Entrepreneurs in Affected Sectors COVID-19 (TOGS) with the Financial compensation of fixed costs scheme for SMEs COVID-19 (also known as Reimbursement Fixed Costs [tegemoetkoming vaste lasten, TVL]). The 2021 Tax Plan provides that this benefit is exempt from income tax and corporation tax. The provision retroactively enters into force on 1 January 2020.

Tip: show any compensation in the Reimbursement Fixed Costs Scheme in the section 'Other extraordinary income' in the income tax return. Use the section 'Other exempt profit components' for the corporation tax return.

Take note!

The Reimbursement Fixed Costs scheme (TVL) will continue after 1 October 2020. The Tax Plan does not mention an exemption of this extension.

Exemption for Compensation for Entrepreneurs in Affected Sectors COVID-19 (TOGS)

Entrepreneurs who suffered direct losses due to the corona measures could benefit from the 'Compensation for Entrepreneurs in Affected Sectors COVID-19' (TOGS) scheme in part of 2020. This benefit related to a one-off compensation of €4,000 to pay fixed costs. This benefit is not taxed according to the 2021 Tax Plan.

Take note!

Any reimbursements of TOGS compensations are therefore not deductible either.

Untaxed bonus for healthcare professionals

Various healthcare professionals have directly and indirectly experienced the consequences of the corona crisis in their work. The government wants these healthcare professionals to receive a bonus of €1,000 without having to pay any income tax on it. Employers may also, under certain conditions, pay this bonus untaxed to external employees. These include the contracted self-employed workers and externally hired cleaning staff. The institutions can register healthcare professionals not employed by them, with the Secretary of Healthcare in case these healthcare professionals are eligible for the bonus. The Secretary of Healthcare will pay the bonus and incurred wage tax to the institutions and the institutions will pay the bonus to the healthcare professionals. The institution is obliged to inform the healthcare professional that the taxation on the bonus is already paid. There are no further formalities to this informing obligation.

Take note!

In principle, the "employer" must apply a 75% final tax levy on the bonus to external employees.

TOFA contribution tax qualification

Flexible workers affected by the corona crisis were able to receive a temporary contribution from the Employee Insurance Agency (UWV) for the months of March, April and/or May 2020. This arises from the Temporary Bridging Scheme for Flexible Workers (referred to as TOFA contribution). The 2021 Tax Plan stipulates that the TOFA contribution counts as wages from previous employment. The Employee Insurance Agency (UWV) is the withholding agent and, in principle, routinely applies the payroll tax reduction.

Take note!

The standard income tax and social insurance contributions credit is applied to the TOFA contribution, even without it being requested. So too if the tax credit is already applied by another withholding agent.

MEASURES FOR BUSINESSES

Study on the introduction of an allowance for corporate equity

In order to make the tax treatment of equity and loan capital more balanced, a study will be carried out into a budget-neutral introduction of an allowance for corporate equity. An earnings-stripping rule already exists. This rule limits the deduction of interest to prevent companies from being excessively financed with loan capital. The further limitation of the interest relief for loan capital in companies will also be taken into account in the study into an allowance for corporate equity.

Settlement of withholding taxes with corporation tax

The intention is to limit the settlement of withholding taxes, such as the dividend tax and gaming tax, with the corporation tax due in one year as of 1 January 2022. Withholding taxes not settled, may be deferred to a later year.

Adaptation of interest deduction restriction

Based on a new interest deduction restriction, interest (including costs and foreign exchange results) in respect of debts to an affiliated body or affiliated natural person, will be excluded from tax relief under certain circumstances. The aim is to prevent tax-base erosion by tackling interest relief within the group of companies. This refers to the situation that negative interest and foreign exchange gains exceed the amount of positive interest, costs and foreign exchange losses, which, on balance, would result in an exemption. For each qualifying debt, the specific interest deduction restriction, on balance, can no longer lead to a lower profit.

High corporation tax rate not being reduced

The lower corporation tax bracket will be increased in two increments from next year to €245,000 in 2021 and €395,000 in 2022. However, the previously announced reduction in corporation tax on profits in the second tax bracket, from 25% to 21.7%, is not going to happen. For small businesses (with a profit of up to €245,000 in 2021), this tax has been reduced from 16.5% to 15%.

Tip:

Companies in a tax unit may consider discontinuing the tax unit so that the reduced tax bracket can be used for each company.

Innovation box is less profitable

In case businesses (BVs, NVs, etc.) make a profit with innovative activities, they pay less corporation tax on this part of the profit. The so-called innovation box applies to these innovative profits. As of 1 January 2021, the effective rate of the innovation box will increase from 7% to 9%.

Adjustment of minimum capital rule and bank tax

As a result of a judgment by the Supreme Court, the minimum capital rule for banks and insurance companies has been adjusted. The minimum capital rule is intended to limit the tax incentive for loan capital financing to banks and insurance companies. The current scheme limits the tax deduction of interest due, to the extent that the own funds are less than 8% of the balance sheet total. As of 1 January 2021, this percentage increases to 9%. In addition, the bank tax rate will be temporarily increased to 0.066% respectively 0.033% in 2021.

Accelerated scale down of self-employed deduction

The previously planned scale down of the self-employed deduction has been accelerated. In 2021, the self-employed deduction reduces from €7,030 to €6,670. Until 2028, the annual reduction amounts to €360, in 2028 this is €390



and thereafter €110 annually until 2036. As a background to the accelerated scale down, reference is made to the findings of the Commission 'Borstlap'. The Commission noted that the difference between employees and self-employed individuals needs to be diminished. Other findings in the report of the Commission can not be found back in the legislative proposals.

Take note!

Ultimately, the self-employed deduction will only amount to €3,240 in 2036.

Reduced energy tax rate for shore-based power installation

For an electricity supply to a shore-based power installation that meets the conditions for the energy tax, a reduced rate of €0.0005 per kWh applies, and for the Storage of Sustainable Energy no (tax) rate will be applied. Shore-based power is electricity from the onshore distribution grid that is supplied to ships (not private pleasure boats) which are moored. This means that these ships no longer need to use (polluting) petroleum oils.

Tip:

Take stock of the possibilities for using a shore-based power installation for moored ships. In this context, a reduced rate of energy tax applies.

Clear calculation method for KIA

The calculation method of the Small Projects Investment Credit [Kleinschaligheidsinvesteringsaftrek, KIA] is clarified for taxpayers with several companies and taxpayers forming part of a partnership (e.g. VOF [general partnership]). This due to recent case law of the Dutch Supreme Court. An entrepreneur is entitled to the Small Projects Investment Credit in proportion to his/her investment in relation to the total investments of the partnership and the entrepreneur's non-partnership investments. This is also applicable, in case the maximum amount of the KIA-table applies. The amount of the KIA will in future be determined on the basis of the investment amount for each of the taxpayer's companies.

Take note!

There are no longer any exceptions.

Job-related investment discount

In the memorandum of amendment to the 2021 Tax Plan, the government will propose a Job-related Investment Discount [Baangerichte Investeringskorting, BIK] as of 1 January 2021. The Job-related Investment Discount

will allow entrepreneurs to deduct a percentage of the investments made from the wage tax and social security contributions. The government wants to introduce this discount on a temporary basis as a crisis measure as of 2021. When the Job-related Investment Discount lapses, this room for budgetary manoeuvre will be used for a measure with the same scope (reducing employers' costs).

Restriction of loss setoff

In the memorandum of amendment to the 2021 Tax Plan, the government will propose a forward loss setoff that is unlimited in time as of 1 January 2022 (whereas that is currently six years forward). Hence the losses (both forwards and retroactively) can only be setoff in full up to an amount of €1 million in taxable profits. For higher profits, losses can only be setoff up to 50% of such higher taxable profit in one year. This measure follows from one of the recommendations by the Advisory Committee on the taxation of multinationals.

MEASURES FOR EMPLOYERS

An increased 2020 discretionary margin; however a decrease in 2021

For 2020, the discretionary margin for the Work-related Expenses Scheme [Werkkostenregeling, WKR] will be extended retroactively from 1.7% to 3% for the first €400,000 taxable wage sum. This allows employers to additionally help their employees, for example by issuing a gift card. Some of the above was already approved in an emergency decree published due to the corona crisis.

Take note!

As from 1 January 2021, the discretionary margin on the wage sum above €400,000 will be reduced from 1.2% to 1.18%.

Clarification of tax rebate

Subject to certain conditions, private companies have a right to a tax rebate for research and development work. The intention is that this rebate only applies to private companies. To make this clear, the concept of a public knowledge institute has been amended in the law. The words 'not-for-profit' in the legal definition of the concept of knowledge institute have been removed.

Take note!

The tax rebate for R&D work only applies to private companies.

Ex-employee training costs are also exempt

As from 1 January 2021, an employer may, in principle, reimburse the training costs of an ex-employee without that employee having to pay income tax on it. It is then no longer relevant whether there is any current or prior employment. The training or study must be followed for a future occupation and may not apply to maintaining and improving knowledge and skills to fulfil the employment, nor for personal reasons such as a hobby. For this purpose, an additional exemption is included.

Take note!

This training or study cost allowance may not be more than 30% higher than the training allowance granted by the employer in similar cases.

Pension adjustments

In 2021, the statutory retirement age (AOW) will remain at 66 years and 4 months. Thereafter, the statutory retirement age increases annually up to 67 years in 2024.

In the context of the elaboration of the Pension Agreement, the government will present legislative proposals in 2021 to clarify:

- what premium people will pay for their pension;
- what they accrue in capital;
- how much their pension will be later.

It is also the intention that pensions keep up with the fast pace of the economy. In other words, it rises when things are going well with the economy and reduces when the economy worsens. Ultimately, the Netherlands should transition to the new pension scheme by 2026.

Take note!

The aim is to have the new pension scheme enter into force at the latest by 2026. The amendments still need to be laid down in legislative proposals.

INTERNATIONAL MEASURES

Restriction of liquidation and discontinuation loss regime

There is a tightening up of the liquidation loss regime. This regime is an exception to the Dutch participation exemption: losses related to the liquidation of participation shareholdings can thus be deducted from the Dutch tax base. A similar exception applies to the object exemption for losses attributable to foreign permanent establishments, i.e., the discontinuation loss regime.

There will be three new conditions for becoming eligible for taking a liquidation loss or discontinuation loss:

1. Temporal condition: the liquidation loss or discontinuation loss is taken into account if the liquidation of the participation shareholding or discontinuation loss of the permanent establishment is completed within three years after it started, or within three years after the decision to liquidate has been made.
2. Territorial condition: only deduction of losses in the Netherlands, the EU, the EEA and third countries with whom the EU has concluded a qualifying association treaty.
3. Quantitative condition: only deduction of liquidation loss if the Dutch taxpayer holds a qualifying interest in the subsidiary.

To make the regime enforceable, it has been proposed that the restriction described above, in principle, should only be applied to the extent that the loss exceeds €5 million.

Tip: transitional law has been proposed for situations in which the companies of participation shareholdings interests have been liquidated or discontinued before 1 January 2021. In case the cessation is completed before the end of 2023, the new conditions will not apply.

Concurrence of Anti-Tax Avoidance Directive 2 (ATAD2) and Earnings Stripping Rule

With the implementation of ATAD 2, the Dutch corporate income tax act has been expanded with new complex rules on January 1, 2020 that are intended to counteract hybrid mismatches. Based on these new rules, a deduction of a payment can be denied or an income should be included into the tax base. Further newly proposed rules have been proposed which are briefly described below.

Hybrid mismatches can result in a deduction and non-inclusion situation of interest and royalty payments. This should in principle result in the denial of the deduction of the interest and royalty payment (e.g. 100) under the ATAD 2 rules (primary rule). The same hybrid mismatch could also result in a dual-inclusion of other income (e.g. 75) in the same year or a next year. Under the current rules, the interest and royalty payments that are initially denied deduction, are considered deductible for an amount of 75, in the year of dual-inclusion of other income, in order to neutralize the dual-inclusion.

Under the newly proposed rule a formula is applied to determine which part of the deducted amount of 75 relates to interest. Subsequently, this identified amount will fall within the interest definition of the earnings stripping rule and the minimum capital rule and could be subject to further deduction limitations.

The same above principle applies to the inclusion rule under ATAD 2 (secondary rule). In addition, any interest income included in the tax base due to the secondary rule could have resulted in a more favourable earning stripping position in the year of application of the secondary rule (lower balance of interest). Under the newly proposed rule, this more favourable earning stripping position will be neutralized in a future year.

Take note!

It is important to identify hybrid mismatch situations and ensure that the interest deduction limitation position is properly mapped out, taking into account the above-mentioned complex rules.

Adjustment to the 'at arm's length principle'

The at arm's length principle means that individual companies trading with each other within a group of companies, also pay prices based on market conditions. This is particularly relevant in international situations. In the spring of 2021, the government will introduce a separate legislative proposal to limit a downward adjustment of Dutch taxable profits according to the 'at arm's length principle', if the remuneration of an affiliated party in another country is not included, or is included for a lower amount as revenue in the tax base. This measure aims to tackle tax avoidance.

MEASURES IMMOVABLE PROPERTY

Transfer tax exemption for starters

Those who are starting out in the housing market are exempt of transfer tax under certain conditions. To be eligible for this, they must be 18 up to and including 34 years old, have a right to obtain a house and use the house as a main residence, other than as a temporary accommodation. The benefit of the tax exemption may not have been applied before. Compliance with the conditions is assessed at the time of purchase (execution of the deed). If the house is purchased jointly, then the exemption must be applied per person. It is possible that the share of the one buyer may be exempt and the share of the other buyer is not.

Take note!

In the current proposal, young non-first time buyers can also make use of the transfer tax exemption for starters. In case they meet the conditions, they may apply the exemption to a subsequent purchase.

Restriction reduces rate

The reduced transfer tax rate of 2% applies only to natural persons who will use a house as a main residence other than as a temporary accommodation. Immediately prior to the purchase, the purchaser must declare in writing that this is the intention. The Tax and Customs Administration will retrospectively check whether the purchaser actually uses the house as his/her main residence for a long time. The tax authorities could reverse applying the reduced rate (imposing tax interest and a fine). The Tax and Customs Administration will have to take unforeseen circumstances into account, such as a divorce or death.

Fictitious property and economic ownership

Two matters are excluded from the scope of the exemption for those home owners starting out and the reduced transfer tax rate. Firstly, the acquisition of only the economic ownership of a house without the legal ownership being transferred too, is excluded. In addition, the acquisition of shares in a legal entity which mainly owns property, is excluded.

Take note!

The acquisition of a specific right of membership of an association or cooperative, including the right to use at least 90% of a house, may fall under the exemption or the reduced rate.

Transfer tax increased to 8%

The general rate of transfer tax has been increased from 6% to 8%. This rate applies to all non-residential property and to housing that is not used by the purchaser as a main residence or is only used temporarily as such. For example, holiday homes, houses that parents buy for their child, business premises, and housing purchases by non-natural persons such as legal entities (e.g. a private limited company or housing corporation).

Tip: keep account of an increase in the general rate of the transfer tax to 8% as from 2021. If possible, ensure the transfer is done by 2020; this saves transfer tax.

Tax return in case of exemption from transfer tax

The law states that if an exemption is applied for the transfer tax, a transfer tax return must be filed for such acquisition. If the acquisition does not take place through the civil-law notary, the purchaser must first request an invitation to file a return. This must be done within one month after acquisition. The tax inspector then determines when the return must be received. This term is at least one month. If a notarial deed is drawn up, the civil-law notary will file the return.

Tip: ensure that a return is filed in the event of an exemption from transfer tax. If a notarial deed is drawn up, the civil-law notary will take care of that return.



Rates of appurtenances

Appurtenances are property items belonging to a house, such as a shed, garage, etc. The exemption or the reduced rate (2%) for the transfer tax can only be applied as from 1 January 2021 if these appurtenances are acquired at the same time as the house. Of course, the exemption or reduced rate must also apply to the house. Appurtenances acquired subsequently are always subject to the general 8% rate.

Tip: as from 2021, ensure that appurtenances are acquired at the same time as the house.

MEASURE FOR CARS & MOBILITY

Taxable event brought forward for private motor vehicle and motorcycle tax (BPM)

The most important taxable event in the Private Motor Vehicle and Motorcycle Tax Act (Wet BPM) is currently the registration of a motor vehicle in the vehicle registration system. This registration includes both registration and transferred ownership details of a vehicle in the vehicle registration system. This could lead to undesirable situations as it sometimes takes a while between the time of vehicle registration and the time of the transferred ownership details being recorded. It is therefore proposed that for the private motor vehicle and motorcycle tax, the taxable event be brought forward from the transferred ownership details being recorded in the vehicle registration system to vehicle registration in the vehicle registration system.

Take note!

The depreciation rate of a used motor vehicle is determined by this amendment of law at the time of RDW's (National Vehicle and Driving Licence Registration Authority's) investigation, instead of at the time of the transferred ownership detail being recorded.

Increase in private motor vehicle and motorcycle tax (BPM) rates

The CO₂ bracket limits of taxes on passenger vehicles and motorcycles (BPM) have been reduced by 4.2%. In addition, an indexation of the rates will take place, followed by an increase of 4.38%. This has been done to ensure that the tax base is in line with the (expected) technological developments.

Take note!

Driving with a polluting diesel vehicle will also be more expensive due to a tightening of the CO₂ limit and a rate increase for the diesel surcharge.

Lower additional tax liability for solar-powered vehicles

For new emission-free vehicles such as electric vehicles, the additional tax liability in 2020 is 8% of the catalogue value up to an amount of €45,000 and 22% for the catalogue value in excess of € 45,000. In 2021, the additional tax liability is 12% of the catalogue value up to an amount of €40,000 and 22% for the catalogue value in excess of € 40,000. Unlike for



electric vehicles, a hydrogen-powered vehicle does not have a maximum catalogue price on which the lower additional tax liability applies, the lower additional tax liability applies on the full catalogue value.

The government is now proposing to introduce the same regulation for solar-powered vehicles as for hydrogen-powered vehicles. An additional tax liability of 12% must be calculated over the full catalogue value in 2021. A solar-powered vehicle is an electric vehicle with integrated solar panels.

Tip: for vehicles with a hydrogen-powered engine, a reduced additional tax liability for private use already applies on the full catalogue value. For solar-powered vehicles, this will apply from 2021.

Energy tax at public charging stations

In 2020, energy taxes will have a reduced rate for electricity supplied at public charging stations. No rate has been determined for the Surcharge for Sustainable Energy (ODE) for electricity supplied to public charging stations. The government wants to extend these measures until 2022. It is estimated that the European Commission and the Council of the European Union will agree to this.

MEASURES FOR (WEALTHY) INDIVIDUALS

Changes for box 3, savings and investments

To reduce the tax burden on smaller assets, it is proposed to increase the tax-free space in box 3 from €30,846 to €50,000 (for partners jointly from €61,692 to €100,000). The income tax brackets have also been re-established, in which the 2nd tax bracket starts at assets worth €100,000 and the 3rd tax bracket at €1,000,000. To partially cover this, the income tax rate in box 3 is increased from 30% to 31%.

As the taxable income in box 3 declines for everyone, due to the increased tax-free space, this has a downward effect on the contribution base. To prevent this resulting in more claims being made for a (higher) allowance (or other income dependent provisions), it is proposed to base the assets test in future on the capital yield tax base in box 3. This is the base in box 3 prior to reduction of the tax-free space of box 3.

The tax inspector should going forward confirm the amount of the tax base (in case more than € 31.340) in a decision that is eligible for objection. This will then be taken into account in the tax assessment for the personal income tax return, also in cases where no tax is indebted.

An objection against the decision in which the tax base is confirmed counts as an objection against the tax assessment and vice versa, unless the letter of objection mentions otherwise.

2021 Income Tax rates

Taxpayers who have not reached the statutory retirement age (AOW) at the beginning of 2021, are expected to have the following rates applied in 2021.

Box 1 rate 2021	Tax inc.	2021 rate
Low rate bracket	≤ € 68,507	37.10%
High rate bracket	> € 68,507	49.50%

These percentages include national social insurance contributions. A different rate structure applies for those who qualify for other national insurance contributions.

Changed tax credits

This only includes the changes in tax credits as mentioned in the Explanatory Memorandum of the 2021 Tax Plan. These relate to taxpayers who are under the statutory retirement age (AOW). A lower maximum applies to persons entitled to an old-age pension (AOW).

Tax credits	2020	2021
General tax credit max.	€ 2,711	€ 2,837
Employed person's tax credit max.	€ 3,819	€ 4,205
Incomedependent combination tax credit max.	€ 2,881	€ 2,815
Young disabled person's credit	€ 749	€ 761

Changed elderly person's tax credit

Elderly person's tax credit for (AOW) pensioners will be increased further. The single elderly person's tax credit will only have an inflation correction applied.

Tax credits	2020	2021
Max. elderly person's tax credit	€ 1,622	€ 1,703
Single elderly person's tax credit	€ 436	€ 443

Country estates

As of 1 January 2021, other conditions will apply for eligibility for real estate such as a country estate (NSW country estate). This is already subject to transitional law on the basis of which the current conditions still apply to this real estate for a maximum of 10 years. The proposed amendment relates to the recovery or non-recovery of tax claims relating to inheritance and gift tax and transfer tax for real estate that is designated as NSW country estate as at 31 December 2020.

Life-course, obligation to withhold

The transitional law for life-course savings schemes ends as of 1 January 2022. If a claim to a life-course entitlement still exists at the end of 2021, the value of that claim will be taxed. This applies to those participants who have not had the value of the life-course entitlement paid out before

1 January 2022 and for which no levy has taken place either. To ensure that transitional law of the life-course savings scheme is properly settled, the institution (bank, insurance company, etc.) will be obliged to withhold wage tax and social security contributions. This is for the notional moment when paid, on the value of the life-course entitlement. The institution can recover the wage tax and social security contributions directly from the (ex)employee. By virtue of the levy in box 3, the notional moment when paid has been brought forward to 1 November 2021. The institution does not take into account the life-course tax discount; the (ex)employee should invoke this in their personal income tax return. The institution does not take into account the contributions for employee's insurances and is also not indebted a contribution for the Health Insurance Act for the value of the life-course entitlement on the moment of notional levy.

Principle of proportionality of childcare allowance

If the costs of childcare have only been partially paid by the parent, entitlement to an allowance will be established in future in proportion to the amount of costs paid in good time. The full amount of allowance is therefore no longer recovered. This is a legal fixation of the rulings by the Council of State since October 2019. The Tax and Customs Administration/ Allowances is also authorised to reduce the recovery amount of childcare allowance in exceptional circumstances. Furthermore, there will be more scope for interested parties to express their views when adopting a final ruling. There will be more customisation.

Organisational effectiveness of allowances

Recovery of allowances or advance payments previously granted will be limited. A matching up is made with the organisational effectiveness for income tax purposes. Amounts recovered by the Tax and Customs Administration/ Allowances up to € 47 (amount 2020) are no longer collected.

Take note!

The organisational effectiveness does not apply to arrears payments to persons entitled to allowances.

Obligation to provide information for allowances

Interested parties must provide all information that is required for granting allowances. This was already the case and is only emphasized. It is stipulated that an interested party will be given at least two weeks to respond to a request (or a reminder of a request for information). In such a request, the Tax and Customs Administration must at least indicate the possible consequences of failure to comply with the obligation to provide information. Moreover, the Tax and Customs Administration should already have made reasonable efforts to obtain the information prior to the reminder.

Remission of allowance debts

At a time still to be determined, the government intends to introduce an arrangement for the remission of allowance debts. These are cases in which there are extraordinary objections to compliance with the full or partial reclamation. An extraordinary objection comes about if there are no means and neither is it expected, to be able to settle a debt in the foreseeable future. Other circumstances are also conceivable, but strict conditions will apply. The amounts for partial or full remission include collection charges, interest on overdue tax and fines.

Allowance partnership

Problems often arise because citizens are deemed to be allowance partners and allowances are therefore reclaimed. For married partners, of which one of the partners is admitted to a nursing home, it will be possible to terminate the partnership in respect of the allowances. There will also be an exception for two people who both have a commercial lease agreement with a third party. An exception will probably follow at a later stage for detainees. Moreover, the partnership will no longer act retrospectively to the beginning of the calendar year. It only applies from the first day of the next month.

Uninsured allowance partner

To establish entitlement to a healthcare allowance for allowance partners, it is no longer considered whether the partner has mandatory insurance under the Health Insurance Act (Zvw). The claimant currently receives no healthcare allowance if their partner does not have health insurance. In future, allowance partners will receive 50% of the two-person allowance if one of them does not have health insurance. It therefore does not matter what the reason is for this.

Take Note!

Going forward, the capital allowance will be based on the capital yield tax base for Box 3. Reference is also made to section "[Changes for box 3, savings and investments](#)" in the chapter regarding measures for (wealthy) individuals.

OTHER MEASURES

Discontinued postal code rose scheme

The government proposes replacing the reduced rate in the energy tax, generally known as the Postal Code Rose Scheme (in Dutch 'postcoderoosregeling'), with a subsidy scheme. Due to a number of developments, the government has reconsidered the promotion of cooperatives using the Postal Code Rose Scheme. The Postal Code Rose Scheme under the Environmental Taxes Act (Wbm) will be discontinued on 1 January 2021.

Exception for attachment by electronic garnishment by the Tax and Customs Administration

If a third party, on whom a garnishment is to be attached, has provided an electronic address to the Royal Dutch Organisation of Bailiffs to which notice must be served, then as of 2021, the bailiff will be obliged to serve the garnishment electronically. An exception applies for the Tax and Customs Administration because the necessary facilities are not in place yet. As soon as the Tax and Customs Administration can implement the electronic attachment by garnishment, the exception will lapse. That will surely not be the case before 2023.

Increase in ODE rates to benefit SDE++

In connection with the Climate Agreement, an extension will take place of the subsidy scheme Stimulation of Sustainable Energy Production (SDE+) with a climate transition module (SDE++). The related cash expenditure of this scheme is covered by increased taxation of electricity and natural gas consumption by companies. This tax is called Surcharge for Sustainable Energy (ODE) and climate transition. The ODE is a surcharge on energy tax. For households, the ODE contribution will become more favourable with an additional increase of the tax deduction (€5.40) in 2021 (€1.00) and 2022.

Introducing a CO₂ levy

A CO₂ levy is being introduced for industry. This mainly relates to greenhouse gas emissions at and for industrial production and waste incineration. The levy will be applied primarily to installations covered by the European Emissions Trading Scheme (EU ETS). In addition, waste incineration plants and installations with substantial nitrous oxide emissions are subject to levies. Some of the emissions are exempted, but this exemption will undergo a linear phase-out.

Landlord levy rate reduction

The government wants to oblige housing corporations to reduce the rents of tenants with an income below the income threshold for rent allowance. They will receive compensation for this in the form of a reduction in the landlord levy. The rate will be reduced by 0,036 percentage points.

Take note!

Some very small housing corporations do not owe a landlord levy and will therefore not be compensated either.

For more detailed information and questions, please contact your advisor within one of the RSM-offices:

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