

The Netherlands – A debate in parliament and important changes to come

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Total Tax Rate:	39.3%
Number of hours:	164
Number of payments:	9

Paying Taxes 2009 was successfully launched in the Dutch Parliament in The Hague. The event included a discussion of the results by the Finance Committee and a resolution to aspire to improve the Dutch overall ranking by 10 places.

The Dutch government has often expressed its wish to reduce the administrative burden of the tax system, and this has resulted in a significant reduction of the time to comply indicator. Even though the number of hours has improved significantly, the ranking has improved by only one place in view of other countries making similar improvements. This shows that there is further work to be done here. The number of tax payments has remained unchanged from last year, while the TTR shows a slight increase.

A number of plans aimed at reducing the administrative burden of business are in the pipeline, which will hopefully have a measurable effect in the future.

In his speech at the launch of the 2009 Paying Taxes report in The Hague, State Secretary of Finance, Jan Kees de Jager, expressed his intention to look into the best practices of some of the higher ranked countries, such as Ireland, Denmark and Norway, in order to examine whether these practices could also be adopted in the Netherlands. Furthermore, immediately after the launch of the 2009 Paying Taxes report, three members of the Dutch Parliament proposed a motion, which was carried by a majority of the Parliament, to harmonise the definition of wages for the various labour and social contributions. These major simplifications are intended to be implemented in 2010. These actions, in response to the Paying Taxes 2009 results, demonstrate that the Dutch government is willing to make a further effort to reduce the administrative burden for business.

Other measures that have been introduced in 2009, with regard to the reduction of the administrative burden, consist of a simplification of the newly introduced packaging tax, a relaxation of the administrative requirements for employers with regard to newly hired employees, and the possibility to file electronic requests for postponement and electronic estimates for corporate and personal income tax purposes.

As in other countries, the Dutch government has also responded to the world-wide credit crunch, introducing a number of fiscal measures to stimulate the economy. These measures are, among other things, aimed at stimulating entrepreneurial investments and improving the cash flow position of businesses that are affected by the economic downturn. The measures include an accelerated depreciation programme for certain new investments, a temporary extra reduction of the average corporate income tax rate through a broadening of the first tax bracket of 20%, and relaxed provisions for provisionally carrying back tax losses.

The Dutch government is also planning a significant amendment to the Corporate Income Tax Act to improve the participation exemption regime, and amendments should come into effect from January 2010.

Given the plans in the pipeline for simplification of the Dutch wage taxes and improvement of the Dutch corporate income tax, it can be concluded that we are currently experiencing the calm before the storm, and that the most important tax changes are still to come.

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