

Guideline for accounting and tax procedures in NL

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1. Annual Financial Statement

1.1) What is annual financial statement?

The annual financial statements of a company will normally comprise three parts:

#	Financial Statement	Contents
1	Annual Report	<ul style="list-style-type: none"> • Director's report
2	Annual Accounts	<ul style="list-style-type: none"> • balance sheet, • profit and loss account, • cash-flow statement, • notes to the balance sheet and profit and loss account
3	Other Information	<ul style="list-style-type: none"> • Auditor's opinion • the proposed appropriation of the result for the year etc.

1.2) Which company is required to prepare and file the annual financial statement ?

All companies (B.V. and N.V.) are required to prepare and file the annual financial statement regardless of company's size. But a small sized company may file only ①balance sheet and ②notes to the balance sheet among the contents in the annual financial statement.

Companies are classified as small, medium and large where it :

- Satisfies at least two out of the three criteria for that size, and
- Satisfies those criteria for two consecutive years

Criteria	Small	Medium	Large
Net Turnover	≤8,800 K	8,800K < ≤35,000K	35,000K <
Total Assets	≤4,400 K	4,400K < ≤17,500K	17,500K <
Employees	< 50	50 ≤ < 250	250 ≤

1.3) Which company is required to have a audit of the annual account?

An audit of the annual account is required for large and medium sized companies, so small sized company is exempt from audit for the annual account.

1.4) When is the deadline for preparation and filing of the annual financial statement?

The timetable, together with possible extensions, is summarized below.

Step	Time Frame	Possible Extension
Preparation of financial statement	5 months after the year-end	11 months after the year-end
Adoption of accounts by shareholder's general meeting	Within 2 months after the preparation	
Filing of the accounts at the Chamber of Commerce	8 days after the adoption by the general meeting of shareholders	13 months after the year-end

The approval of the general meeting of shareholders on the extension of the deadline for preparation must be minuted in writing. However, the resolution does not need to be filed at the Chamber of Commerce.

1.5) How does the company file the annual financial statement?

The directors of the company are responsible for filing the annual financial statements by sending it to the chamber of commerce in the city in which the company has its statutory seat

1.6) What is the penalty for non-compliance?

The maximum penalty that may be imposed on a director for non-compliance is a fine, as well as six months imprisonment for the directors.

Non-compliance with the statutory requirements could have significant repercussions if the company goes bankrupt. Where the statutory requirements to prepare and file accounts have not been met, and the company goes into liquidation, the directors will be deemed not to have properly fulfilled their fiduciary duties and could be held personally liable for any deficit in liquidation.

2. Corporate Income Tax Return

2.1) When is the deadline for filing the Dutch CIT return?

Irrespective whether activities are performed through a legal entity or a branch, an annual corporate tax return must be filed. Normally, the return should be filed within five months after the preceding financial year is closed (i.e. for a financial year closed per 31 December, the return must be filed before the first of June in the following year).

2.2) How long can the company extend the deadline for filing CIT return?

Usually extension for filing the tax return can be obtained with a maximum of eleven months (again for a financial year closed per 31 December, the return must be filed before the first of May in the second year). The extension is requested by PwC in April following the end of the financial year. If this extension expires, PwC may request an additional two months extension in exceptional cases with a valid reason.

2.3) What is the penalty for extension of deadline for filing CIT return?

When tax is paid after the end of the financial year that it relates to, levying interest will be charged. An extension does not lead to any penalties.

2.4) Which company has to file a preliminary tax return?

As of 2011 there is no obligation to file preliminary tax returns. Tax payers themselves should monitor the accuracy of advance tax payments to be made during the tax year. At year-start a preliminary assessment is issued based on the average profit of the last two years that the tax authorities avail of. The company can request the tax inspector for an additional assessment or a reduction at any time during or after the financial year.

2.5) How does the company file CIT returns?

The Dutch CIT returns should be filed electronically.

2.6) How and when does the company have to pay CIT payable

The tax inspector issues a final tax assessment after review based on the tax return filed. Any provisional assessments issued before are to be set off against the final assessment. Interest will become due on the outstanding amount of tax due or is reimbursed on the amount of tax refundable. Interest (so-called 'heffingsrente') is calculated on the difference between the amount of tax paid after the end of the financial year. The interest rate currently amounts to (1st quarter 2011: 2.5%). This rate is adjusted quarterly.

2.7) What is the penalty for non-compliance?

The penalty for late filing amounts to EUR 2,460. In case of repeated late filing this penalty increases to EUR 4,920. Non-compliance (i.e. not filing at all) can lead to more severe penalties (up to 100% of tax due), imprisonment and personal liability of the directors for tax debts.

3. Transfer Pricing

3.1) Which company is required to prepare transfer pricing documentation?

All companies engaged in inter-company transactions with the related overseas parties are required to prepare transfer pricing documentation irrespective whether activities are performed through a legal entity or a branch

3.2) When is the deadline for preparing transfer pricing documentation?

Transfer pricing documentation should be prepared contemporaneously. In case of a transfer pricing / tax audit, transfer pricing documentation should be submitted within approx. 3 weeks – 3 months, depending on e.g. the amounts involved and the complexity of the transactions. Please note however that in our experience, the ability to submit the required documentation immediately upon request will create more goodwill.

3.3) What is the penalty for non-compliance?

TP documentation substantiating the arm's length character of the inter-company transactions is also required for filing corporate income tax return. Management can personally be held legally liable for filing an inaccurate tax return.

From a Dutch perspective, without documentation substantiating the arm's length nature of the transactions, the further risks for the company include ① Reversal of the burden of proof, ② Potentially penalties (with a maximum of 100% of the adjustment), ③ Adjustments, including interest, ④ Double taxation, ⑤ Roll back period for adjustments of 5 years.

4. VAT Return

4.1) How often does the company have to file the Dutch VAT return?

It depends on amount of payable VAT of the company. The standard filing period for the Dutch VAT returns is calendar quarter.

VAT payable	How often
> EUR 15,000 (per month)	Monthly basis
EUR 1,883 ≤ < EUR 15,000	Quarterly basis
≤ EUR 1,883 (per year)	Annually basis

4.2) How does the company file the Dutch VAT return?

The Dutch VAT returns should be filed electronically if the company is established in the Netherlands or has a permanent establishment in the Netherlands or has a fiscal representative appointed in the Netherlands. Otherwise the company should file the paper based Dutch VAT returns.

4.3) When is the deadline for filing the Dutch VAT return?

The deadline for receipt of the Dutch VAT return by the Dutch tax authorities depends on the type of VAT return (paper or electronic) and the tax period that is covered by the VAT return.

Tax period	Type of return	
	Paper	Electronic
Calendar month	Last day of following second month	Last day of the following month
Calendar quarter	Last day of following second month	Last day of the following month
Calendar year	31 March of the following year	31 March of the following year

For example, the paper Q1 2011 Dutch VAT return should be received by the Dutch tax authorities at the latest on 31May 2011. The electronic VAT return for Q1 2011 should be received by the Dutch tax authorities on 30 April at the latest.

4.4) When is the deadline for payment of the Dutch VAT return?

The deadlines for receipt of the payment of the Dutch VAT return by the Dutch tax authorities is identical to the deadlines for filing the returns, so payment should be done based on the calculation of the company itself rather than notification from tax authorities.

4.5) How long can the company extend the deadline for filing of the VAT return?

In principle, it is impossible to extend for the VAT filing deadline.

4.6) How and when can the company receive the receivable in VAT receivable position when filing VAT returns?

When filing VAT returns which result in a refundable position (the VAT refundable exceeds the VAT payable in a certain period) the VAT refundable will be paid to the company automatically after the return has been processed by the Dutch tax authorities. In practice repayments of VAT should take place in approximately 4 weeks.

If the company does not receive this payment within this period possibly the bank account details are not known with the tax authorities (for example if it is the first refund). In such instance the company will receive from the tax authorities (automatically) a letter requesting for the payment details.

4.7) What is the penalty for non-compliance with respect to the VAT returns?

The penalties differ depending on whether the offend concerns late filing of the VAT returns or the late payment of the VAT due.

	Unintentional omissions		Intentional omissions
	Standard penalty	Maximum penalty	
Late filing	EUR 62	EUR 123	The penalty can be maximum 100% of the unpaid amount
Late payment	2% of the unpaid amount with a minimum of EUR 50 regardless of delay period	EUR 4,920	

In the case of unintentional omissions the maximum penalty can be imposed in case of repetition. In the case of intentional omissions the exact penalty is depending on the specific circumstances of the omission.

5. EU Sales Listings

5.1) What is the purpose of EU Sales Listings?

The EU Sales Listings are used by the Dutch tax authorities for two purposes. The first, this information is used to (partially) verify whether the supplier from the Netherlands has correctly applied the 0% Dutch VAT rate on the EU cross border shipments of goods and to verify whether the EU cross border supply of services is correctly charged without Dutch VAT. Secondly, the information is used to inform the tax authorities in other EU countries regarding the EU cross border movement of goods and services. The tax authorities in the corresponding EU countries may use this information to verify whether the recipients of the goods and services have complied with their VAT obligations.

5.2) Which company is required to file the EU sales listings?

In general a company is required to submit an EU sales listing if it has: ① carried out EU cross border supplies of goods that are subject to 0% Dutch VAT; and/or ② transported its own goods to another EU country that are subject to 0% Dutch VAT; and/or ③ rendered services from the Netherlands to a customer in another EU country that are taxable in that other EU country.

5.3) How often does the company need to file the EU sales listings?

In short, for the EU cross border supplies of goods the EU sales listings has to be filed on a monthly basis if the value of the goods exceeds EUR 100,000 in a certain calendar quarter. If the total value of the goods does not exceed EUR 100,000, the EU sales listings may be submitted on a quarterly basis. This threshold should be verified on a continuous basis. As soon as the threshold is exceeded a monthly filing become applicable. To the choice of the company the EU sales listings for services can be submitted on a calendar monthly or calendar quarterly basis. Under strict rules a yearly filing is possible upon request.

5.4) How does the company file the EU sales listings?

The EU sales listings should be filed electronically if the company is established in the Netherlands, has a Dutch permanent establishment or has appointed a Dutch fiscal representative. Otherwise the company should file the paper based EU sales listings.

5.5) When is the deadline for filing the EU sales listings?

The electronic EU sales listings should be received by the Dutch tax authorities on the last day of the month following the relevant tax period (calendar month or quarter) at the latest. The paper based EU sales listings should be received by the Dutch tax authorities on the last day of the second month following the relevant tax period (calendar month or quarter) at the latest.

5.6) What is the penalty for non-compliance with respect to the EU sales listings?

If the EU sales listings are not and/or submitted late and/or incorrectly a penalty of maximum EUR 4,920 can be imposed.

6. Intrastat Reports

6.1) What is the purpose of Intrastat reports?

The EU cross border supplies of goods provided to the Dutch Central Bureau of Statistics ("CBS") is used for statistical purposes. It monitors the flow of goods through the Netherlands.

6.2) Which company is required to file Intrastat reports?

The company is required to submit statistical information to the CBS in Heerlen if the value of the EU cross border supplies of goods exceed EUR 900,000 per year and/or if the value of the EU cross border purchases of goods exceed EUR 900,000. This threshold applies for the current year. If and as soon as the threshold is exceeded the company is required to file the Intrastat declarations. In addition to that also the obligation to file Intrastat reports will apply for the following year.

6.3) How often does the company need to file Intrastat reports?

A statistical return should be filed on a calendar monthly basis.

6.4) How does the company file Intrastat reports?

Statistical information can be submitted using the specific software which can be obtained from the CBS (IRIS). Intrastat reports should be submitted electronically.

6.5) When is the deadline for filing Intrastat reports?

The intrastat declaration should be received by the CBS within 10 calendar days after the end of the calendar month. In practice however we have experienced that the CBS applies 10 working days.

6.6) What is the penalty for non-compliance with respect to Intrastat reports?

The potential penalty of non-compliance with the statistical requirements amounts to EUR 5,000 regardless of the offend.

7. Payroll Taxes Return

7.1) How often does the company have to file the Dutch payroll taxes returns?

The company will only have to file one periodic return for all Dutch payroll taxes (i.e. wage tax, national insurance contributions, employee insurance contributions and income-related healthcare premiums). The company should file the Dutch payroll taxes returns every month or every 4 weeks. This is on the decision of the company.

7.2) How does the company file the Dutch payroll taxes returns?

The Dutch payroll taxes returns should be filed electronically.

7.3) When is the deadline for filing the Dutch payroll taxes returns?

The deadlines for filing the Dutch payroll taxes returns are stated on the so-called notification for the next year's payroll taxes ("Aangiftebrief loonheffingen") which the company receives from the Dutch Revenue every year in November.

7.4) How long can the company extend the deadline for filing Dutch payroll taxes returns?

In principle, it is impossible to extend deadline for the Dutch payroll taxes. Only in exceptional situations (only in case of serious calamities) the deadline for filing the payroll taxes return can be postponed by the Dutch Revenue.

7.5) How and when does the company have to pay the payable wage tax?

Payment should be made within one month after the end of the period the payroll taxes should be withheld. The deadlines for paying the payroll taxes due are also stated on the so-called notification for payroll taxes ("Aangiftebrief loonheffingen") that the company will receive from the Dutch Revenue in November every year.

Payment of the Dutch payroll taxes due can be made electronically, through the company's bank account or by means of the giro slip enclosed with the notification for payroll taxes filing returns en payment ("Mededeling loonheffingen aangifte doen en betalen") that the company receives from the Dutch Revenue.

7.6) What is the penalty for non-compliance?

In case of a tax audit, the Dutch Revenue may impose fines of an amount to between 25% and 100% of the amount of tax due if the company failed to pay and withhold payroll taxes. In the event that the failure to pay the payroll taxes is attributable to the gross negligence or intent of the employer, the fine can amount to 100% of the amount of tax due.

(1) Inaccurate or incomplete filing

Penalties may be imposed for Dutch payroll taxes returns that are incomplete or inaccurate. If an inaccurate or incomplete Dutch payroll taxes return was filed and the deadline for filing the Dutch payroll taxes return has not expired yet, the Dutch payroll taxes return may be rectified by filing a correct Dutch payroll taxes return or a supplementary Dutch payroll taxes return. Should the deadline be expired then the company has to file a correction. Very exceptionally the Dutch Revenue may impose a penalty with a maximum of EUR 1,230.

(2) No or Late filing

A penalty of EUR 61 may be imposed for no or late filing of the Dutch payroll taxes return. In this respect the Dutch Revenue takes into account a period of leniency of 7 calendar days after the ultimate date of filing.

(3) No or Late payment

The Dutch Revenue may impose a penalty for no or late payment of the Dutch payroll taxes tax due of 2% of the amount not paid or too late paid, with a minimum of EUR 50 and a maximum of EUR 4,920. In this respect the Dutch Revenue takes into account a period of leniency of 7 calendar days after the ultimate date of payment.