



Employment tax
with a personal fit



Courdid news | June 2012

Recently a number of legislative proposals have been published and a number of legislative proposals have been adopted. Below we have included the most important points in the field of payroll tax and social insurance contributions.

Change international regulations social security in case of activities in 2 or more countries

Employees who are active within the EU in 2 or more countries, including the country of residence, are covered by social insurance in the country of residence if they carry out a substantive part (at least 25%) of the activities there.

The 25% criterion does not apply in case there are two or more employers, of which one employer is established in the country of residence. If an employee has an employer in the country of residence and works for instance only a total of 5% of his time in the country of residence, the employee is still covered by social insurance in the country of residence.

This regulation will change as from 28 June 2012. Also in case an employee has an employer in the country of residence next to an employer in another EU country, the employee must carry out at least 25% of the activities in the country of residence in order to be covered by social insurance in the country of residence. A "small" employment contract in the country of residence is no longer sufficient to remain covered by social insurance for employees who are nearly completely active in one or several other countries.

The current regulations remain applicable during 10 years as long as no changes occur in the circumstances. It is also possible to make the new regulations applicable: in that case an application must be submitted to the authorities of the employee's country of residence by 29 September 2012 at the latest, the new rules will subsequently have retroactive effect until 28 June 2012. If the application is submitted later than 29 September 2012, the new rules are in force in the month following the month in which the application is submitted.

Change of international regulations social security for aviation personnel

As from 28 June 2012, there are new European social security regulations for aviation crew. A member of the crew is covered by social insurance where it has its home base. In general, the home base is the location designated by the operator where the crew member commences and ends a term of service.

Additional employer charge of 16%

The so-called crisis charge of 16% was adopted by the House of Representatives and this regulation has meanwhile been worked out in detail. In 2013 a final levy of 16% will be indebted by the employer over the income from employment of employees (including bonuses and shares (option) benefits) insofar as these exceed the amount of EUR 150,000 in the year of 2012 (!). This levy only applies to employers and not for self-employed persons (recipient of income from other activities).

The threshold of € 150,000 applies for each withholding agent (employer), in which it applies that if there is an employer which has several employees within a group (so-called affiliated companies), the income of the several employers should be added up. Also the salary of a foreign group company does count in case payroll tax was levied in the Netherlands.

Whether the threshold sum of € 150,000 is exceeded, the wage from the *current* employment of 2012 is decisive. It concerns the structural wages as well as the incidental rewards (with the exception of for instance a severance payment). The lump sum taxation however, is not included, nor is the 30% ruling.

The salary is not reduced if the employment only took place for a part of the year. For an employee who has entered into service as from April 2012 and earned € 140,000 over 9 months' time, the levy is not indebted (as long as the employee was not employed by another group member).

Increase state pension age and private pension age

As from 2014 the maximum tax-permissible pension is set to a pension age of 67 years of age. This does not mean that pension schemes should have 67 as pension age as from that date. The age can be lower, but in that case the accrual rates should be adjusted accordingly.

Meanwhile, new available premium scales on the basis of a pension age of 67 have been published.

Proposal for a higher bonus for the employment and continued employment of older employees and occupationally disabled employees

With a new legislative proposal, the government wants to promote the employment of older benefit recipients and occupationally disabled employees. The legislative proposal provides in the following measures:

1. Increase of the current premium discount for the employment of benefit recipients older than 50 years from € 6,500 to € 7,000.
2. Increase of the current premium discount for the employment of people with an occupational impairment. The premium discount for the employment of occupationally disabled persons, who will in any case earn the minimum wage, is adjusted from € 2,042 to € 7,000. For the employment of occupationally disabled persons who will work with a wage dispensation, the premium discount amounts to € 3,500.
3. The current premium discount for the employment of employees of 62 and up comes to lapse and will not be replaced by a work bonus for employers.

New decision about mortgage interest tax deduction foreign tax payers

Subject to certain conditions, foreign tax payers have the possibility to deduct the mortgage loan interest from their house located abroad, in the Netherlands. For this purpose one should opt for resident tax payer status. In a recent decision, the State Secretary eased the conditions, so that the deduction of the mortgage loan interest enjoyed by the employee cannot be taken back in later years.

Feel free to call us if you have any questions,

With kind regards,

Jean-Paul, Martijn, Maurice en Olav



Courdid
Prinses Margrietplantsoen 83
2595 BR Den Haag
(The Hague) The Netherlands

Telephone: +31 (0)70-3153470
Fax: +31 0 70 -3153479
E-mail: info@courdid.com
Website: www.courdid.com