

FISCAL ALERT # 13

July 2023

TRANSPORTATION OF GOODS

The logistics sector is a complex and dynamic industry in which efficient international trade is crucial. Various aspects come into play when moving goods across borders, such as VAT and Incoterms.

VAT during the trading process

In the logistics sector, VAT (Value Added Tax) may apply at different stages of the trading process, depending on the nature of the transaction and the parties involved. To determine the VAT implications for yourself, you need to consider the role you play in this supply chain. Are you a supplier, transporter, or recipient? Additionally, you must determine the VAT qualification of the services you provide. Here are some important points to consider:

For VAT purposes, Incoterms are primarily important to determine who is responsible for importing the goods. When importing goods, it is often necessary to register for VAT in the country of importation because you will be required to pay import VAT there.

Clear agreements and correct application of the Incoterms ensure that you do not unexpectedly incur additional costs.

1. VAT and Incoterms

Incoterms are standardized rules that define the responsibilities of suppliers and buyers in terms of delivering goods.

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2. Expansion of annuity through WTP (Work-related Training Costs Scheme)
3. STAP budget (Individual Learning Budget)
4. Supplements for non-statutory vacation days
5. MDIEU subsidy (European Social Fund subsidy for sustainable employability)



They provide clarity on who is responsible for transportation costs, insurance, customs formalities, and risks during transport.

2. Timing of goods being released into free circulation

If you import goods into the Netherlands, you are required to pay import VAT in the Netherlands at the time the goods are released into free circulation. Generally, the moment of releasing goods into free circulation is the same as when the goods enter the Netherlands. It is also possible to release the goods into free circulation at a later time by utilizing a customs warehouse. In a customs warehouse, you can store goods before they are imported into the Netherlands or exported to other countries. Goods in a customs warehouse are essentially under customs supervision and have not yet been released into free circulation. Therefore, you do not have to pay import VAT for goods stored in such a warehouse. This means that the VAT liability is suspended until the goods are removed from the warehouse and released into free circulation or exported to another country. As a result, the VAT obligation can be delayed until, for example, the moment of resale. If the goods are never released into free circulation in the Netherlands, you are also not required to pay import VAT in the Netherlands.

3. VAT reverse charge for imports

If you regularly import goods from non-EU countries or goods for your customers, the VAT reverse charge for imports may be beneficial for your VAT position. With the VAT reverse charge for imports, you can shift the responsibility for paying import VAT, which is typically paid directly upon import, to your VAT return. This provides a cash flow advantage as you do not have to finance the import VAT upfront. Instead, you can pay the import VAT and deduct it as an expense in your VAT return.

EXPANSION OF ANNUITY THROUGH THE INTRODUCTION OF WTP (PENSION FUTURE ACT)

As of July 1, 2023, the new pension law has come into effect. This has a significant impact on the annual and carry-forward contribution room for annuities. The new regulations apply throughout 2023 and provide entrepreneurs, self-employed individuals, and employees with increased fiscal space to build a (additional) retirement provision.

The major advantage of an annuity compared to a pension is that an annuity payout from the retirement date does not always have to be lifelong. Under certain conditions, there can also be temporary payouts with a minimum duration of five years. Additionally, during the accumulation phase, you can utilize an annuity account or investment rights, where in the event of death, the accumulated capital benefits the heirs.

In a pension scheme, if an individual passes away before reaching the retirement age, the accumulated capital typically reverts to the pension provider.

Tax rules for annuities

The premiums paid for annuities are tax-deductible. This means you can deduct the paid premiums from your income, resulting in a tax advantage. When you start receiving annuity payments from your AOW (Old Age Pension) date, the payments are subject to taxation, but likely at a lower rate due to your lower income during retirement.

What changes has the new pension law brought about?



- The accrual rate has increased from 13.3% to 30%.
- The maximum annual allowance has risen from €15,317 to €34,550.
- The deductible franchise remains €13,646 in 2023 but will be adjusted to the pension franchise of that year, which is €16,322 (2023) in 2024.
- The maximum carry-forward contribution room is now €38,000, previously it was €8,065 and €16,130 from ten years before the AOW (Old Age Pension) eligibility age.
- The carry-forward contribution room now spans ten years instead of seven years.

The carry-forward contribution room for 2023:

Until 2023, you were allowed to carry forward any unused annual contribution room from the previous seven years to calculate the carry-forward contribution room. Since January 1, 2023, this has been extended to ten years. The maximum amount that can be contributed to the carry-forward contribution room is €38,000. Together with the annual contribution room, you can therefore contribute a maximum of €72,550 towards a pension plan in 2023.

The expansion of the annual contribution room can provide self-employed individuals and employees without or with limited pension schemes with sufficient fiscal space to build an adequate retirement provision.

REIMBURSEMENT OF EMPLOYEE STUDY COSTS

Do your employees want to attend a course or pursue further education? Or do you want to invest in your own development? The STAP budget is available for employers too! The STAP scheme will reopen on **September 4, 2023**.

Reimbursement of study costs: STAP

Since January 1, 2022, private study costs are no longer deductible from income tax. The STAP scheme (Stimulating Employment Market Position) has been introduced as an alternative. This subsidy offers interesting opportunities for you as well. Through the STAP budget, your employees can further develop themselves.

Investing in your own development as a leader is crucial for personal growth and success within your organization. Courses in leadership, time management, and change management can provide valuable skills and knowledge to enhance your abilities and make a positive impact. Don't forget to prioritize your own development alongside supporting your employees' growth. Continuous learning and self-improvement contribute to professional development and long-term success.

How does STAP work?

With STAP, your employees can apply for reimbursement of their study costs. The reimbursement amount is a maximum of €1,000 per employee and can be requested once per person per year. These are the remaining application periods for 2023:

September 4th to October 31st, 2023

November 1st to December 31st, 2023

The STAP budget is limited and in high demand. So if you want to benefit from the reimbursement, it's important to submit your application on the first day of the application period! Employees who have the opportunity to develop themselves and make career advancements tend to feel more engaged with their employer and are less likely to seek opportunities elsewhere. Therefore, there are plenty of reasons to promote the STAP budget among your staff!

SUBSIDIES **ADDITIONAL VACATION DAYS**

The recent ruling by the Dutch Supreme Court states that employers are obligated to pay the full salary, including allowances, when employees take or receive payment for their bovenwettelijke vakantiedagen (additional vacation days). Failing to do so can result in significant claims against the employer.

Salary during vacation

It was already known that when determining the salary for statutory vacation days, certain components, such as fixed irregularity allowances (ORT), should be included. According to the law, employees also have the right to receive their full salary when taking additional vacation days. This applies even if they use these granted vacation days at a later time for other purposes, such as shortening their workweek. In a collective or individual employment agreement, you cannot make agreements that are detrimental to your employees in this regard.

The NS (Dutch Railways) granted employees bovenwettelijke vakantiedagen (additional vacation days) based on agreements made with the unions in 2016. These agreements stated that employees would receive retroactive irregularity allowances (ORT) for their statutory vacation hours dating back to 2012.

Not in the collective labor agreement, so no payment?

The NS argued that according to the agreements, they were not obligated to pay the ORT on top of the bovenwettelijke uren (additional hours). Some employees objected to this and demanded full salary and ORT for the bovenwettelijke uren they used for reduced working hours. Older employees had the option to use their vacation hours to shorten their workweek to 32 hours, which aimed to promote sustainable employability. The employees were initially supported by the lower court and the appellate court. Subsequently, the NS filed an appeal with the Supreme Court (Hoge Raad).

The High Court (Hoge Raad) has once again ruled in favor of the employees in its judgment. The obligation to pay the full salary, including associated allowances, applies to all vacation hours, including bovenwettelijke vakantie uren (additional vacation hours), according to the Court.

Reduced working hours are also considered vacation

In addition to the ruling on the payment of full salary, the High Court also stated that the rules apply in the case of reduced working hours. The full payment applies to all entitlements to free time specified in the law that fall under the definition of 'vacation'. These are entitlements that are intended for recovery and relaxation at the time of granting (referred to as the 'recuperation function'). This includes reduced working hours for the promotion of sustainable employability.

Prevent additional costs

The judgment of the High Court confirms that a broad concept of salary should be used when paying leave. In practice, employers are often not sufficiently aware of this. As a result, there may be unpleasant salary claims from employees, including associated costs, such as the statutory increase of up to 50%. If you are unsure whether you are paying the correct amount for vacation days, please contact us.

SUBSIDY FOR SUSTAINABLE EMPLOYABILITY MDIEU

The Customized Sustainable Employability and Early Retirement (MDIEU) scheme is a subsidy program aimed at assisting organizations in enabling their employees to reach retirement age in a healthy and productive manner.



It provides you with the opportunity to actively work on the sustainable employability of your employees.

The MDIEU subsidy scheme

The MDIEU subsidy scheme is an implementation of one of the agreements from the Pension Agreement of 2019 between social partners and the government. Starting from September 2023, companies can apply for this subsidy.

This allows you to partially or fully finance your sustainable employability plans. You can apply for the subsidy for activities that promote the physical and mental well-being of employees. Additionally, the subsidy can be used to support older employees with physically or mentally demanding work to retire earlier, while also investing in sustainable employability during their working lives.

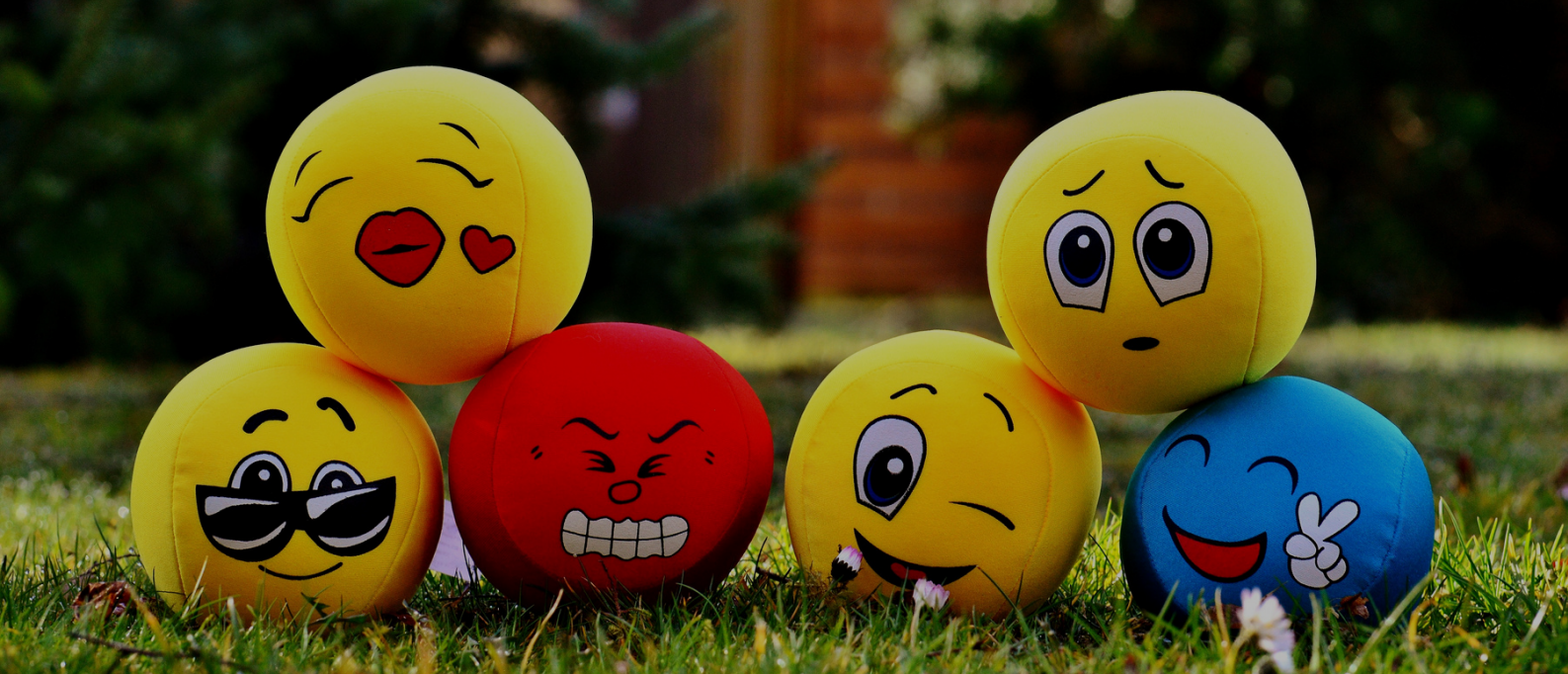
How much subsidy can you apply for?

The MDIEU offers a subsidy amount equal to 50% of the eligible costs, with a minimum subsidy amount of €75,000. There is no maximum amount set, as long as the costs are reasonable in relation to the expected impact. The application period for this subsidy runs from September 1st to November 30th, 2023.

To make use of the MDIEU subsidy, your activities must align with one of the following five themes:

1. Promoting healthy, safe, and vital work.
2. Promoting good employership and clientship.
3. Encouraging lifelong learning and labor mobility.
4. Creating awareness among your employees regarding sustainable employability and taking personal responsibility for their careers.
5. Making customized agreements regarding early retirement.

An MDIEU trajectory can last for a maximum of two years.



AN OPPORTUNITY FOR YOUR COMPANY! APPLY FOR THE SUBSIDY

To apply for the subsidy, you first need to conduct or have an analysis conducted on the challenges your company faces regarding sustainable employability. In the project plan, you then outline the activities you intend to carry out to address these challenges. The MDIEU trajectory requires various areas of expertise, ranging from conducting a thorough analysis of the challenges to designing activities and training programs for sustainable employability. In the case of early retirement, you also need to describe how you will organize the pension arrangements.

In summary, the MDIEU subsidy is intended to facilitate customized agreements for sustainable employability and early retirement within sectors and work organizations.

It is an opportunity for your company to invest in sustainable employability and take advantage of the subsidy opportunities provided by the MDIEU scheme.

WANT TO KNOW MORE?

At Status Finance, we are dedicated to sharing knowledge, providing advice, and ensuring understanding. If you would like to learn more about any of the topics covered in this edition, please contact us at 070-3863702 or send us an email.

