



FISCAALERT

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CHANGES FOR ENTREPRENEURS TAXPLAN 2024

For entrepreneurs subject to income tax (IB entrepreneurs), there are some changes coming up next year, as outlined in the 2024 Tax Plan presented by the outgoing government on Prinsjesdag (Prince's Day).

Reduction in Self-Employed Deduction: The self-employed deduction, which is a deduction for entrepreneurs who meet the hour criterion, will be phased out more rapidly, reaching € 900 by 2027. The aim of reducing the self-employed deduction is to narrow the fiscal differences between employees and self-employed individuals. In 2024, the self-employed deduction will be reduced by € 1,280. Starting from January 1, 2024, the self-employed deduction will amount to € 3,750 (compared to € 5,030 in 2023).

Lowering the SME Profit Exemption: If you have a business subject to income tax, a portion of your profit is exempted through the SME profit exemption. Effective January 1, 2024, this exemption will be reduced from 14% to 12.7%.

Limitation on Depreciation of Real Estate: Starting from January 1, 2024, for income tax purposes, you can only depreciate real estate if the book value exceeds 100% of its WOZ (Valuation of Immovable Property Act) value. In 2023, this limit was 50% of the WOZ value. This measure aligns the depreciation rules with those in corporate income tax, where depreciation has already been limited to 100% of the WOZ value.



TRANSITIONAL ARRANGEMENT FOR REAL ESTATE DEPRECIATION

Entrepreneurs who have recently acquired real estate and started depreciating it before January 1, 2024, and have not completed three full fiscal years of depreciation, can benefit from a transitional arrangement. This allows them to continue depreciating the real estate based on the old rules for the remaining years of those three fiscal years after December 31, 2023.

These changes in tax legislation will have implications for IB entrepreneurs and may require adjustments to their tax planning and strategies. It is advisable to consult with a tax advisor to understand the impact of these changes on your situation and take appropriate measures.

CORPORATE TAX 2024

There are no changes in the corporate tax rates. The corporate tax rates and brackets remain unchanged compared to 2023.

CHANGES EMPLOYERS

As an entrepreneur, you are often also an employer. In this role, you need to consider changing fiscal regulations for 2024. We've outlined the most significant changes for employers for you:

- According to the 2024 Tax Plan, this commuter allowance is set to increase further to €0.23 per kilometer on January 1, 2024. What does this mean for you? Starting in 2024, you are allowed to reimburse your employees a higher amount per kilometer tax-free. Whether you actually pay more depends on agreements between you and your employees. Of course, you have the freedom to provide employees with a higher commuter allowance than what is legally allowed. Any excess amount would then be considered as salary. You can either tax it or allocate it to the work-related costs scheme.
- The free margin in the Work-Related Costs Scheme (WKR) will decrease in 2024 to 1.92% on the first €400,000 of the fiscal wage bill. In 2023, the free margin in the Work-Related Costs Scheme (WKR) is 3% on the first €400,000 of the fiscal wage bill and 1.18% on the wage bill exceeding €400,000. The 3% rate was a temporary increase that ends on January 1, 2024. Starting from that point, the free margin in the WKR will be reduced to 1.92% on the first €400,000 of the fiscal wage bill and 1.18% on the wage bill exceeding €400,000. The reduction in the free margin will directly impact your budget for tax-free reimbursements and provisions to your employees. For example, with a fiscal wage bill of €400,000, the reduction will result in a decrease of your free margin by €4,320.

DERDE DINSDAG IN SEPTEMBER

- On January 1, 2024, the Minimum Wage and Minimum Holiday Allowance Act (Wml) in the Netherlands will undergo a significant change. From that moment, the statutory minimum hourly wage will be introduced. The current system with fixed minimum monthly, weekly, and daily wages will be replaced. More equality among employees. The fixed minimum hourly wage applies to all employees aged 21 and older. Younger employees will also receive a fixed minimum youth wage per hour. The minimum hourly wage promotes greater equality. Starting from January 1, 2024, the minimum wage will no longer vary by sector. The new statutory minimum hourly wage will be based on a full-time employment contract of 36 hours per week. As a result, employees with a full-time contract of more than 36 hours will earn more. Starting from January 1, 2024, they will receive a pay increase if the contract size remains the same. Semi-annual indexation. The minimum hourly wage will be indexed twice a year, on January 1 and July 1. The minimum hourly wage as of January 1, 2024, will be known in October 2023. The introduction of the minimum hourly wage will require adjustments to many salary scales in collective labor agreements (cao's). These are often based on fixed monthly, weekly, and daily amounts. Additionally, the size of a full-time contract of 36 hours will often impact the salary scales from January 1, 2024. This is the case if calculations were previously based on a 40-hour workweek. If you currently have a full-time employment contract of more than 36 hours per week for your staff, labor costs will increase. However, you are not obliged to introduce a standard workweek of 36 hours per week. You may determine the desired size of a full-time employment contract, as long as it complies with legal provisions and collective labor agreements (cao's).

TAXATION IN 2024

COMPANY CAR

If you drive a company car, pay attention to the rules and percentages for taxation. The tax you must pay in 2024 depends on the type of car, its value, and the date of its first registration. If you drive more than 500 kilometers for personal use, you'll be subject to taxation.

Taxation is a percentage of the catalog value of your car. The rate of this percentage depends on factors such as the CO2 emissions of your car. In 2024, there are two rates for taxation.

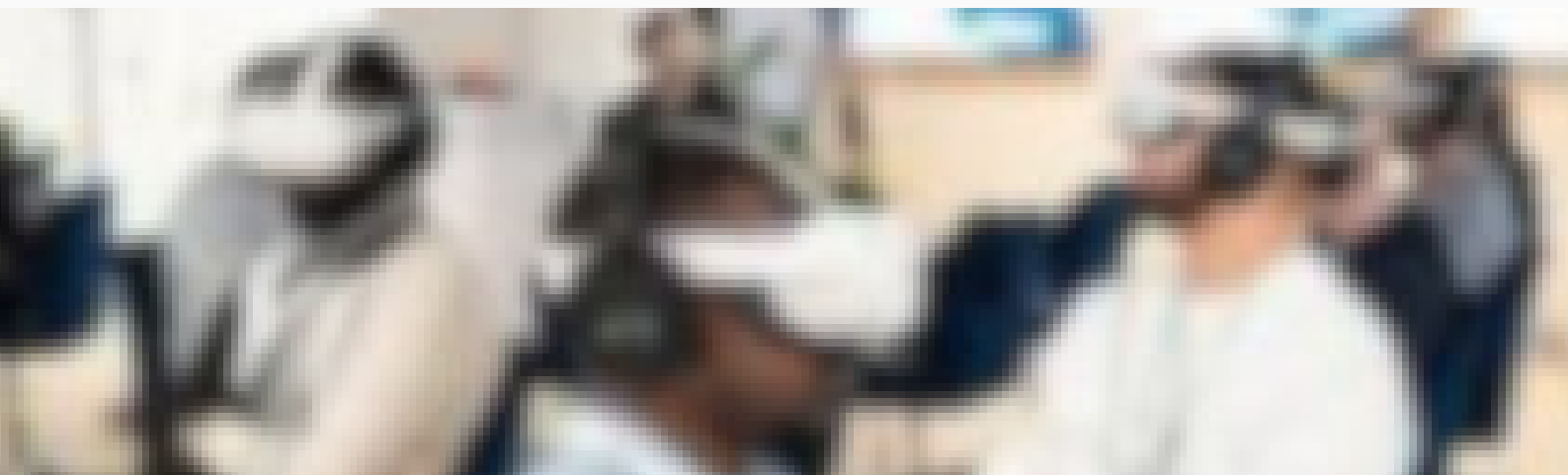
For gasoline and diesel cars, there are no changes on January 1, 2024. The tax rate remains at 22% for any car emitting more than 1 gram of CO2. The same applies to electric cars; there are no changes on January 1, 2024. A reduced combined tax rate is still in effect. In 2024, the tax rate is 16% for cars with a catalog value up to €30,000. If the electric car has a higher catalog value, you will pay 22% tax on the value above €30,000.

The reduced combined tax rate is valid for sixty months, counted from the first day of the month following the month of the car's first registration. The first registration date is when the car is first allowed on the road, anywhere in the world. After sixty months, the standard tax rate of 22% applies.

The reduced tax rate will be further reduced starting from 2025. Therefore, it may be interesting to purchase an electric car in 2023 or 2024.

CHANGES IN VAT TAXATION FOR VIRTUAL SERVICES

Starting from 2025, VAT for cultural, artistic, sports, scientific, educational, and entertainment services will be levied based on the location of the recipient, regardless of whether these services are physical or virtual. This is a change from the current arrangement, where VAT is imposed based on the actual location of the event or activity. This adjustment modernizes the VAT rules for virtual services, and from 2025 onward, it will be charged in the member state where the recipient is established.



BILL WORK WHERE YOU WANT



Entrepreneurs may require employees to work at the company's location. Employees do not have the freedom to work wherever they choose. This is the outcome of the vote in the Dutch Senate on the "Werken waar je wilt" (Work Where You Want) bill. No legal obligations for remote work.

The "Werken waar je wilt" (Work Where You Want) Act was rejected by the Dutch Senate on September 26, 2023. The purpose of the law was to promote legal opportunities for employees to determine where they want to perform their work. According to the proposal, a request for remote work or a different workplace by an employee should be treated the same as a request regarding working hours, for example. Employers with 10 or more employees would, in principle, have to grant such a request from an employee and could not simply refuse it. The proposal had already been approved by the Lower House of Parliament. However, the Dutch Senate voted against it. With the recent rejection of the law, obligations for employers on this matter are off the table.

Remote work remains an attractive employment condition for entrepreneurs. In the current job market, it can be that extra incentive that makes employees choose your company. What is your remote work policy? Who within which role is allowed to work remotely? And under what conditions and agreements? These are all questions that you, as an employer, must answer. Also, be mindful of workplace safety requirements. Do you reimburse all costs related to remote work? And how do you handle fixed (travel) expense reimbursements that you may offer? Consider fiscal aspects in this context as well.

Need more information?

At Status Finance, we're here to assist. We share knowledge, provide advice, and ensure clarity. Would you like to learn more about any of the fiscal changes? Feel free to get in touch with us.