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Belastingdienst



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English version

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Introduction

For whom is this manual intended?

This manual is intended for anyone who has to deal with the deduction and payment of loonbelasting (wagetax) /national insurance premiums, employee insurance premiums and Besluit zorgverzekering (Healthcare Insurance Decree BES) premiums. So this manual is intended for you if you are an employer but also, for example, if you work in payroll administration.

You can also consult this manual on www.belastingdienst-cn.nl.

Structure of the manual

This manual consists of two parts, viz. a step-by-step plan (part1) and a number of subjects (part2).

Part 1 contains general information about, amongst others, employment, of which data you should keep records and which data you need from your employee in order to deduct the correct amount. In addition, you will find information about the method of calculation, the self-assessment and the information which you should provide to us and the employee.

Part 2 contains specific information about different subjects, including employment, the wage concept and the Expatriate Regulation.

For the purpose of this Manual the following definitions shall apply:

- Loonheffing:* the joint amount of loonbelasting, AOV/AWW (general widow's and orphan's contributions) premiums and the employee's share of the BES healthcare insurance premium, payable by the employee.
- Employer's premiums:* the premiums for the employee insurance schemes payable by the employer and the employer's share of the BES healthcare insurance premium
- Employee insurance schemes:* the ziekte-, ongevallenverzekeringwet BES and the Cessantiawet BES.

NB: The sample calculations in this manual are based on the model wage statement. In several examples all columns have been included. In most cases the columns which are not applicable in the examples have not been included for the sake of simplicity.

Part 1 of the step-by-step plan

The following steps are covered in this section:

- 1 Step 1 Determining whether there is employment
- 2 Step 2 Keeping records of an employee's data
- 3 Step 3 Setting up a payroll administration
- 4 Step 4 Determining what counts as wage
- 5 Step 5 Calculating loonheffing and employer's premiums
- 6 Step 6 Entering amounts in the wage statement
- 7 Step 7 Providing employees with a payslip
- 8 Step 8 Reporting and paying loonheffing and employer's premiums
- 9 Step 9 Providing an annual statement
- 10 Step 10 Collective wage statement of employees and reporting data of third parties
- 11 Step 11 Step 11 Providing information during a audit
- 12 Step 12 End of the obligation to make deductions

Summary

This first section explains step by step what you should do if you are a withholding agent (any person or entity obligated to deduct loonheffing from wages, benefits and pensions) when you have employees in paid employment.

First you should determine whether there is employment. This is explained in Step 1. Then you should find information about the data of an employee, which you should record in your administration. You also should know what is meant by wage because this is what the loonbelasting, AOV/AWW premiums as well the BES healthcare insurance premium payable by the employee and the employer's premiums for the employee insurance schemes BES healthcare insurance premium which you as an employer have to pay, are calculated on.

The loonheffing is deducted from the wage. Below we will explain how you should file a return and how you pay us the loonheffing deducted by you and the employer's premiums which you owe. If you have made errors in your return, you should correct these. You present an annual statement to your employee.

Finally, this section contains information about matters which you should organise when you are a withholding agent or the employment of an employee comes to an end.

1 Step 1 Determining whether there is employment

There are many types of employment relationships. The rules of loonbelasting apply to employment relationships which qualify as employment. The loonbelasting/national insurance premiums and the employee's share of the BES healthcare insurance premium payable by the employee are levied under loonheffing.

The sickness, accident, cessantia insurance premiums and the employer's share of the BES healthcare insurance premium payable by you are levied under the name employer's premiums. The employee insurance scheme is understood to mean ziekte-, ongevallenverzekeringwet BES and the Cessantiawet BES.

So the first step you should take is to determine whether there is employment (see paragraph 1.1).

If a person is not working for you as an entrepreneur and is not in your employment either, you should inform us of payments made to this person (see paragraph 10.1).

1.1 What is employment?

Employment is an employment relationship based on an agreement between an employer and employee about the way in which the employee works on payment. This agreement is usually laid down in writing but can also be effected verbally or tacitly.

For there to be employment, it does not matter whether someone is in permanent employment or not. The scope of work is not important either. For example, casual workers or holiday workers can also be in employment. There may also be employment regarding all types of domestic activities. In that case you should deduct and pay loonheffing as a private client. In addition you should pay employer's premiums. These are the sickness, accident, healthcare insurance and cessantia premiums payable by you.

An administrative appointment or a legal obligation, such as military conscription in the past, also qualify as employment.

There are different kinds of employment:

- real employment (see paragraph 1.1.1)
- notional employment (see paragraph 1.1.2)
- previous employment (see paragraph 1.1.3)

1.1.1 Real employment

Real employment has the following characteristics:

- The employee has undertaken the obligation to work for some period of time.
- The employer is obliged to pay the employee a wage for the work.
- There is a relationship based on authority between the employee and the employer.

There is a relationship based on authority if you have the right to give orders and instructions for the work that has to be done. The employee should follow your orders and instructions. In fact, you can also leave it another person to exercise this right, for example the person for whom the employee is actually working (as is the case regarding secondment).

There may also be a relationship based on authority if you barely give any orders or instructions. This may for example be the case if the nature and scope of the work, and/or the specific capacities of the employee are not appropriate for giving orders and/or instructions.

No employment in terms of employee insurance schemes

The following employment relationships neither count as real employment nor notional employment for the employee insurance schemes:

- a former employee who receives wage from previous employment
- an employee, who as a rule is not in the employment of an employer for twelve consecutive days, not including Sundays and equivalent days under the Arbeidswet 2000 BES (BES Labour Code), the so-called casual workers
- the captain and crew members on maritime ships of Aruba, Curaçao, St. Maarten or the public entities Bonaire, St. Eustatius or Saba.
- a person who is employed by a public-law body and who may derive a claim for a payment in case of sickness from the legal status regulations which apply to them. This usually also includes persons whose position is based on an appointment.
- a director of a body established on the BES islands (please see paragraph 13.3.1 for the term ‘director’)
- a supervisory director of a body established on the BES islands

NB: There are no age limits for the employee insurance schemes. If a 68-year-old employee is currently in your employment, you should pay premiums on their wage.

1.1.2 Notional employment

If there is no real employment, there are several groups of people for whom the employment relationship between the client and the person carrying out the work (and even assistants) may still be regarded as employment. In that case there is so-called notional employment. This usually means that in general you should apply the same rules to the deductions from wage as you would in case of real employment.

The most common employment relationships which are considered as employment for loonheffing but for which you sometimes do not have to pay the employer’s sickness (ZV), accident (OV) and Cessantia insurance premiums or the employer’s BES healthcare insurance premium, are stated in the table below. Please see chapter 13 for information on special employment relationships.

Employee LH:	Employer’s ZV/OV/CES premiums	Employer’s BES healthcare insurance premium	More information in paragraph:
<i>“real” employment:</i>			
• private-law	yes	yes	1.1.1
• public-law	no	yes	
<i>“notional” employment:</i>			
• director of legal entity	no	no	13.3
• supervisory director of legal entity	no	no	13.5
• contractor of work/helpers	yes	no	13.1
• sportsmen and sportswomen	yes	no	13.10
• artists	yes	no	13.2
• persons working on a commission basis	yes	no	13.9
• persons whose position is based on appointment	yes/no ¹⁾	yes/no ²⁾	
• assisting children	yes	no	13.8
<i>“previous” employment:</i>			
• pensioners	no	no	

¹⁾ No, if they can make a claim to payments in case of sickness on the basis of the legal status regulations

which apply to them.

2) No, if it does not regard public-law employment.

1.1.3 Previous employment

In addition to real a notional employment there is also the possibility of previous employment. In that case the employment may have come to an end but the former employee still receives income on the basis of their (previous) employment. Examples include a retirement benefit or severance pay.

2 Step 2 Keeping records of an employee's data

In case of employment you must arrange the following matters:

- You should receive the data for the loonheffing and employer's premium from the employee (see paragraph 2.1).

2.1 Data for loonheffing and employer's premiums

A new employee should give you data for the loonheffing and employer's premiums after they have started working for you. Like a person who is entitled to a pension, they should do this before the first payment.

It concerns the following data regarding your employee:

- name and initials
- date of birth
- ID number (SEDULA) or CRIB number
- address
- place of residence
- country of residence if the employee does not live on the BES islands

For this purpose, the employee uses the Model loonbelastingverklaring prescribed by the Belastingdienst/Caribisch Nederland. The loonbelastingverklaring should be dated and signed for this purpose. This model can be downloaded from www.belastingdienst-cn.nl

In addition a new employee should indicate in the loonbelastingverklaring whether they wish you to apply the basic allowance and/or child allowance and/or elderly allowance (see chapter 14).

2.1.1 Loonbelastingverklaring derogation

It is possible to derogate from this provision for foreign artists and foreign professional sportsmen and sportswomen who have a short-term agreement. A separate regulation applies to them (also see paragraphs 13.2 and 13.10).

2.1.2 Checking and keeping records of data

When you receive data for the loonheffing and employer's premiums from your employee, you should:

- establish whether your employee has provided the correct data
- record the data in the payroll administration

It is recommended that you establish the identity of the employee by means of a valid proof of identity and keep a copy of this with the payroll administration. You can read in paragraph 2.1.5 what a valid proof of identity is.

2.1.3 Anonymous rate

Your employee should give you the loonbelastingverklaring, dated and signed by them, before the first salary payment. If your employee does not comply with one of these obligations, you must apply the so-called anonymous rate.

You also apply the anonymous rate when you know or may reasonably be expected to know that the employee gave you incorrect data.

If you have to apply the anonymous rate, you deduct 35.4% loonheffing. You may not take into account the basic allowance, child allowance and/or elderly allowance (also see paragraph 14.5).

You can find more information about setting up a payroll administration in chapter 3.

2.1.4 Keeping or sending a loonbelastingverklaring

You should keep the loonbelastingverklaring for at least ten whole calendar years after the end of the employment. This period also applies to loonbelastingverklaringen which have been replaced by new ones. You

should send us the data for the loonheffing and employer's premiums when we request this (also see paragraph 3.4).

2.1.5 Identification requirement

For the sake of the levy of loonbelasting everyone should be able to show a valid and original proof of identity at the request of a Belastingdienst employee.

This is understood to mean, amongst others, a valid identity card/sedula, a valid Dutch passport, a valid driver's license, within the meaning of the road traffic legislation of Bonaire, St. Eustatius and Saba; or the documents which an alien should have under the Wet toelating en uitzetting BES (BES Admittance and Deportation Act), in order to establish their identity, nationality and legal residence status. Usually an employee is asked for this at their workplace but the obligation is not limited to the workplace. You should point this out to your employees. In case of an inspection you should give your employees the opportunity to comply with their identification requirement.

2.2 Register as an employer

When you employ an employee for the first time, you should register as an employer at your tax office. For this purpose you should send your tax office the form *Melding loonbelasting en premies, Aanmelding werkgever* (Registration for loonbelasting en premies, Registration as an employer). You can download this form from www.belastingdienst-cn.nl. After registering you will receive an information package. In addition you will receive a CRIB number. You should always state this number on your correspondence with us.

New CRIB number

We issue new CRIB numbers as quickly as possible after receiving your application. However, we then should have all required data at our disposal. In special cases or if the data is incomplete, we will ask you for more information. As a result, the processing may take longer.

NB: It may be the case that you have registered as an employer but that in fact no employee is working for you (yet). In that case you are still obligated to register in time. This may be the case for a body where a director/majority shareholder works without receiving a remuneration for this. In that case you should still submit a return every quarter. If you no longer employ personnel other than temporary personnel, you should notify us about this. We will not send any more returns then. However, as soon as you employ personnel again you are obliged to notify us. (also see chapter 12.)

3 Step 3 Setting up a payroll administration

In order to be able to provide the correct data for the loonheffing and employer's premiums to us and your employee, you need all kinds of information (see paragraph 3.1). In addition you are obliged to keep records of certain data about employees and payments of wage in an accessible way, so that we can check this data (see paragraph 3.2). Special administrative obligations apply to several regulations (see paragraph 3.3). Furthermore, retention periods apply and we may carry out an inspection of your administration (see paragraph 3.4).

3.1 Information for the payroll administration

We ensure that you receive the required information in time. This includes:

- the *Tax Return form Loonbelasting en premies* (Aangiftebiljet loonbelasting en premies), which states when you should file the return and when you should pay the return
- information about the loonbelasting, national insurance premiums, BES healthcare insurance premiums and employee insurance premiums.

In order to receive this information in time, you should notify us as quickly as possible of any changes of address and changes in the legal status of your company.

The information in this manual can always be consulted online at www.belastingdienst-cn.nl.

NB: Forms stating the year or period for which they are intended may only be used for that year or period. If you have lost the form, please contact your Inspector to ask for a duplicate.

If you do not use a computerised payroll administration

If you do not use a computerised payroll administration you need tables to calculate the loonheffing and employer's premiums. You can download the tables from www.belastingdienst-cn.nl. If you do not have a computer with an Internet connection at your disposal, please contact your Inspector. He will send you the required tables in hard copy.

3.2 Administrative obligations

You should draw up a wage statement for each employee. You should record the data which is important for the loonheffing and employer's premiums in the wage statement (also see chapter 2). A model wage statement is available to withholding agents who do not have a computerised payroll administration at their disposal. You can download this from www.belastingdienst-cn.nl.

Computerised payroll administration

In a computerised payroll administration there are two possibilities for the wage statements:

- You record all data which is relevant and ensure that this data is available for inspection at all times in the form a complete wage statement. This wage statement contains all data which is required to be able to establish that the loonheffing and employer's premiums and the BES healthcare insurance premium were calculated properly.
- You draw up a so-called basic card for each employee. On this basic card you record the data which is requested in the header of the model wage statement. You should keep the wage specifications of the other data which are requested in the model wage statement, such as the wage amounts and the deductions, with the basic card. However, this is under the condition that you also state the cumulative amounts on the wage specifications or the corresponding lists.

In addition it is recommended that you keep all calculations showing the connection between the returns and the accounts with the payroll administration.

3.3 Special administrative obligations

It is recommended that the following data is kept with the payroll administration:

- exempt reimbursements, benefits and benefits in kind (see paragraph 3.3.1)
- decisions and declarations (see paragraph 3.3.2)

3.3.1 Exempt reimbursements, benefits and benefits in kind

Some reimbursements, benefits and benefits in kind are not regarded as wage under certain conditions (also see chapter 4). For the payroll administration it is best that you record the data of these reimbursements and benefits per employee. This concerns the following items which do not count as wage:

- fixed reimbursement of costs (see paragraph 4.4)
- reimbursements and benefits in kind which are related to transport costs regarding a car (see paragraph 4.4)
- benefits and benefits in kind for a training or study for a profession (see paragraph 4.4)
- non-recurrent benefits and benefits in kind upon the decease of the employee (see paragraph 4.5)
- loans issued to personnel (see paragraph 15.10)
- costs incurred by the employer in connection with medical treatment and nursing, and compensation for medical expenses (see paragraph 15.16)
- benefits and benefits in kind to compensate for damages to the employee's personal goods or the loss of the employee's personal goods (see paragraph 4.5)

3.3.2 Decisions and declarations

If you have received a decision or declaration issued by us, you should keep this with your payroll administration.

NB: If the employee has given you a loonbelasting reduction decision, you should keep this also after termination of the employment. The employee can apply for a new decision with the Inspector.

NB: You should always keep the original of the loonbelastingverklaring with your payroll administration. You never give this back to the employee.

3.4 Retention period and inspection

There is a fiscal retention period of seven years for so-called basic data.

This concerns the following data, amongst others:

- the general ledger
- the debtors' and creditors' ledger
- the purchase and sale administration
- the stock administration
- the payroll administration
- the cash administration.

NB: This is not an exhaustive list. If you have any doubts, please contact your Inspector.

The retention period of seven years also applies to decisions issued by the Belastingdienst, such as the 90%-regulation decision and the loonbelasting reduction decision. Loonbelastingverklaringen should be kept for at least ten full calendar years after the end of the employment. This period also applies to loonbelastingverklaringen which have been replaced by new ones.

During an inspection, the Inspector looks for a connection between the returns, the collective wage statement, the wage statements and the administration. In order to expedite the inspection it is recommended to keep the calculations which you have made when drawing up the returns and annual statements (also see chapter 11).

During an inspection you are obliged to provide all the data and information to us which could be relevant in the framework of the inspection. You should make the administration available for inspection and allow us to make copies of it.

NB: Infringement of the legal provisions may result in sanctions.

4 Step 4 Determining what counts as wage

You should calculate the loonheffing and employer's premiums on the wage. For this reason it is important to determine exactly what counts as wage. In short, the wage is everything which an employee receives on the basis of their employment.

In order to determine whether a particular remuneration counts as wage, the following aspects should be taken into account:

- It is not relevant whether the employee is entitled to the wage. Therefore a discretionary bonus given on a voluntary basis counts as wage just as much as a share of the profit to which the employee is entitled in accordance with the employment conditions.
- It is not relevant whether the employee has done any work for the wage. You should also include wage for hours of absenteeism.
- It is not relevant whether the employee receives the wage in cash or any other form. Remunerations in kind and claims may also count as wage.
- It is not relevant from whom the employee receives the wage. Payments from a fund related to the employment, for example a study fund related to the company, may also count as wage. Tips may also count as wage (see paragraph 4.2.3).

The starting point is that the wage for the loonheffing also applies to the employee insurance schemes (see paragraph 4.1)

Forms of wage

The following forms of wage exist:

- wage in cash (see paragraph 4.2)
- wage in kind (see paragraph 4.3)
- (free) reimbursements and benefits in kind (see paragraph 4.4)
- benefits in case of special events (see paragraph 4.5)
- claims and benefits on the basis of claims (see paragraph 4.6)

4.1 Uniform wage concept for loonheffing and employer's premiums

There is a uniform wage concept for loonheffing and employer's premiums.

NB: When an employee is not covered by the employee insurance schemes, as is the case with:

- wage from previous employment
- directors and supervisory directors
- employees in public-law employment
- certain casual workers (also see 12.6)
- certain seamen (also see 12.5)

you do not have to pay any employer's premiums for the employee insurance schemes. So you do not calculate or pay employer's premiums for employee insurance schemes on the wage to which they are entitled. (see paragraph 5.4.3 for the employer's hare)

4.1.1 Wage from present and previous employment

Wage from present employment is wage which the employee receives for the work they do. For example, the periodic wage, the holiday pay, the holiday allowance, the thirteenth month payment, discretionary bonuses and profit-sharing bonuses.

NB: It is not always relevant when the wage is paid. For example, holiday pay which is paid after the end of the employment counts as wage from present employment.

Wage from previous employment usually concerns employment that has already been terminated. It is not a direct payment for the work itself, but something which the employee receives because they worked in the past.

Examples of wage from previous employment include pension benefits.

4.2 Wage in cash

The most important form of wage is 'wage in cash': salary, commission, premium, danger money, overtime pay, profit-sharing bonuses, discretionary bonuses and everything which is paid out in cash to an employee by whatever name on the basis of their employment.

This means that the following payments also count as wage:

- payments on the basis of a net wage agreement (see paragraph 4.2.1)
- sickness, accident and Cessantia insurance benefits which make or continue to make to an employee (see paragraph 4.2.2)
- tips and other wages from third parties (see paragraph 4.2.3)

4.2.1 Net wage agreement

An employer who has a net wage agreement with their employee actually takes care of the loonheffing which is payable by the employee. If you pay this loonheffing, your employee has an advantage. This advantage counts as wage, on which you subsequently again have to pay loonheffing and employer's premiums. If you also want to pay this higher amount of loonheffing, this amount again counts as wage on which loonheffing and employer's premiums have to be paid, etc. (grossing up). This means that net wage agreements often result in complicated calculations (also see paragraph 5.9).

4.2.2 (Continued) sickness, accident or Cessantia insurance benefit

If you pay (continued) sickness, accident and Cessantia insurance benefits to an employee this counts as wage for the employee. You should deduct loonheffing from these payments and you should pay employer's premiums.

4.2.3 Tips and other wages from third parties

You should deduct loonheffing from tips and other wages from third parties up to the amount which has been paid by you or through your intervention. Tips and similar amounts from third parties, which employees receive directly from the client and which are distributed without your intervention do count as wage for the inkomstenbelasting. The employee should state these themselves in their tax return. Payments by funds related to the employer, such as study funds, which themselves cannot be regarded as a withholding agent, count as wage from third parties.

NB: Also over this wage you are liable to pay employer's premiums.

4.3 Wage in kind

Wage in kind is wage which is not paid in cash. It is a benefit arising from the employment and is therefore taxed for loonheffing and employer's premiums. The wage components which are paid in kind are also referred to as benefits in kind.

You calculate the loonheffing and employer's premiums on the market value of the benefit in kind. As a rule this is the value at which the employee could acquire the product or service themselves at the moment you grant the wage component. If the employee owes a contribution, this will be deducted from the value of the wage. The wage can never become less than nil.

If your employee uses the benefit in kind to carry out his employment properly, you can also determine the value on the basis of the value of the savings made. This is the amount which people who are comparable to the employee would normally spend on the benefit in kind. In general the savings value is lower than the market value of the benefit in kind.

The burden of proof that the employee uses this wage for the purpose of proper employment as a result of which this exception to the main rule applies, rests on you as employer.

Special valuation regulations and standard amounts apply to certain benefits in kind. Some benefits in kind are (partly) exempt from tax. (also see paragraph 4.4 and chapter 15).

If you deduct an amount from the employee's wage for the benefit in kind, the taxable value of the standard amount is reduced by the contribution of the employee. However, the wage may never become negative as a

result of this.

Example: In the framework of regular overtime you provide the employee with a meal five times. The employee has a gross wage of USD 300.00 a week and is entitled to the general basic allowance.

1. *You do not ask an employee contribution for that. The wage in kind amounts to USD 14.00, 5 times USD 2.80.*
2. *You ask an employee contribution of USD 3. The contribution of the employee may be deducted from the standard amount of USD 2.80. This amount is higher than the standard amount. In that case the meal may be valued at nil.*

	1. No employee contribution:	2. An employee contribution:
Wage in cash	300.00	300.00
Wage in kind	14.00	Nil
Total	314.00	300.00
Fixed deduction for procurement costs	-5.38	-5.38
Assessment basis for calculation of loonbelasting	308.62	294.62
Loonbelasting according to table	-24.47	-19.82
Deduction of contribution from wage in kind		-15.00
Wage payable	275.53	265.18

4.4 (Untaxed) reimbursements and benefits in kind

Untaxed reimbursements and benefits in kind apply if the reimbursements and benefits in kind are intended to fully offset costs, expenses and depreciations required to carry out the employment properly.

In other words, it concerns reimbursement of professional expenses or a benefit in kind which use is required by the employment.

Professional expenses

Professional expenses are expenses which an employee incurs in order to be able to earn their wage. The main rule is that the reimbursement of professional expenses does not count as wage if two conditions are met:

- The reimbursement is for expenses which the employee incurs in order to earn their wage.
- The costs are reasonably required to carry out the employment properly.

Fixed reimbursement of expenses

Employees who often incur the same sorts of expenses can be given a fixed reimbursement of expenses. The fixed reimbursement of expenses should be determined separately from the wage and should be specified prior to the payment by:

- nature of the expenses
- the presumed amount of the expenses

In order to determine whether this reimbursement may be provided untaxed, the nature and amount must be

related to the real expenses which will actually be incurred by the employee. You should prove that the reimbursement was justifiably left untaxed by you. You will in any case have met your burden of proof if you perform a random inspection of the actual expenses incurred every three years and the reimbursement dovetails with the outcome of the inspection. For this purpose the employee should record the expenses which are actually incurred for a consecutive period of at least three months.

This requires you to have:

- the expense reimbursement claims and
- the receipts.

Average fixed reimbursement of expenses

If you pay a reimbursement to a group of employees of whom it may reasonably be assumed that they will incur the same expenses, a simpler regulation applies. In that case, you can relate the reimbursement to the average expenses incurred by the group of employees concerned.

NB: You may request the Inspector for an opinion about the reimbursements you have made. They will form an opinion about the reimbursement on the basis of the inspection you performed and may approve it.

Taxed or (partially) tax-exempt

For reimbursements and benefits in kind you should make a distinction between reimbursements and benefits in kind which:

- are part of the wage
- are entirely tax-exempt
- are partially tax-exempt or are tax-exempt under special conditions

An exemption applies to reimbursements and benefits in kind together. Therefore you must add up reimbursements and benefits in kind of the same kind in order to assess whether the total is wholly or partially exempt. Contributions from the employee to free benefits in kind are not deducted from their wage. This also applies to the total or partial repayment of a free reimbursement.

Example:

Your employee drives several business kilometres with their own car. Apart from a reimbursement per kilometre of USD 0.15 they may fill the car up with petrol. If the standard amount of USD 20 per kilometre is exceeded, the excess amount will be taxed.

If a reimbursement or benefit in kind is not entirely free, there often is a sum which serves as a standard amount which should be counted as wage. The part of the reimbursement or benefit in kind which is not free is subsequently taxed. In case you ask the employee for an own contribution, this own contribution is deducted from the (standard) amount which must be counted as wage. However, this never becomes less than nil.

Example:

You provide your employee with a telephone at their home. You annual charge the employee for an amount of USD 300.00 for private calls. This advantage will be valued at least USD 268.00. The own contribution of USD 300.00 will not result in a negative wage of USD 32.00 but in an addition of nil.

Artists and professional sportsmen and sportswomen

Reimbursements of expenses which are paid to foreign artists and foreign professional sportsmen and sportswomen who have a short-term contract or perform for a short period of time or practice sports for a short period of time may be reduced by the deductible expenses which they reasonably had to incur themselves. The same restrictions on deductions apply to this group of employees.

4.5 Benefits on the occasion of special events

The following benefits on the occasion of special events do not count as wage under certain conditions:

- Non-recurring benefits and benefits in kind in the event of the employee's decease are untaxed up to an amount of three times the monthly wage.
- Compensations for damages suffered to personal goods or the loss of personal goods, which arose in connection with the employment are untaxed.

4.6 Claims and benefits on the basis of claims

So-called claims also count as wage. A claim is an entitlement to receive one or more benefits or benefits in kind after a certain period or under a certain condition. A claim is usually regarded as wage, but can also be wholly or partially tax-exempt. In that case, the benefit or benefit in kind ensuing from the claim is usually wholly or partially taxed. Sometimes both the claim and the benefit are taxed (also see paragraph 15.1)

5 Step 5 Calculating loonheffing and employer's premiums

You should deduct loonheffing and pay employer's premiums for employees who are covered by the employee insurance schemes and the healthcare insurance. Chapter 1 and paragraph 5.4 et seq. show who is and who is not covered by these insurances. Chapter 4 discusses the wage on which you should pay premiums.

This chapter contains information on the following subjects:

- loonheffingen (see paragraph 5.1)
- employee insurance schemes and healthcare insurance (see paragraph 5.2)
- premiums for the employee insurance schemes and healthcare insurance (see paragraph 5.3)
- calculating loonheffing and employer's premiums (see paragraph 5.5)
- special remunerations (see paragraph 5.8)
- net wage agreement (see paragraph 5.9)
- time of deduction, main rule (see paragraph 5.10)
- special moments at which payments are received (see paragraph 5.11)

5.1 Loonheffing

As explained in chapter 1, loonheffing includes the loonbelasting, AOV/AWW premiums and the BES healthcare insurance premium due by the employee. The employee should pay this levy. You solely act as the withholding agent. Therefore the loonheffing should be deducted from the employee's wage. This not the case when you have a "net wage" agreement with the employee. This situation is described below in paragraph 5.9.

Loonbelasting is levied on the basis of the percentage which applies to the first band in inkomstenbelasting. This percentage is 30.4%. If and as far as an employee has to pay premiums for AOV/AWW or the healthcare insurance decree, a tax credit is granted up to a taxable wage of USD 30,625.00 (2015) for the premiums which are due.

These credits are:

AOV	25% on	30,625
AWW	1.3% on	30,625
Healthcare insurance	0.5% on	30,625

At the same time the deduction of loonbelasting includes the deduction of the premiums which are due. As a result, the loonbelasting which is deducted always is 30.4%, regardless whether an employee is insured or not.

The assessment basis for the calculation of the loonheffing which is to be deducted, is the net full year's wage. As virtually no employee is paid once a year but is generally paid monthly, weekly or fortnightly, the Belastingdienst has drawn up wage and premium tables which take this into account. Depending on the question whether the employee is regarded as a resident taxpayer for inkomstenbelasting, their net wage over the wage period, the assessment basis for the calculation of employer's premiums and loonheffing are determined as follows:.

NB: For the calculation of the employer's premiums payable by you, you may not take into account the loonbelasting reduction decision issued by the Inspector. .

	Present employment		Previous employment
	BES employee	Non-BES employee	BES employee
Wage in cash	+	+	+
Tips ¹	+	+	
Wage in kind	+	+	+
	=Wage period	=Wage period	Wage period
Compulsory contributions by employee/pensioner to pension or pension fund	-	×	× ²⁾
Fixed deduction for procurement costs/fixed deduction (max USD 280)	-	-	
Deduction for savings and provident fund (5% max USD 470)	-	×	
	=Assessment basis for employer's premiums	=Assessment basis for employer's premiums	×
Loonbelasting reduction decision issued by Inspector	-	-	-
	Assessment basis for loonheffing (table)	Assessment basis for loonheffing (table)	Assessment basis for loonheffing (table)

¹⁾ These are tips which are distributed by you and of which you know the amount.

²⁾ A provision has been included in the Wet LB BES with retroactive effect from 1 January 2011, as a result of which the obligatory contributions for pensions and pension funds which are deducted from certain pension benefits do not count as wage.

× Not applicable.

The term BES employee

The Wet inkomstenbelasting BES (BES Income Tax Act) provides that only resident taxpayers are entitled to a basic allowance and additional allowances. A BES employee is an employee who judged by the circumstances lives on the BES islands and therefore is regarded as a resident taxpayer for inkomstenbelasting.

Non-BES employee

A non-BES employee is an employee who does not live on the BES islands and therefore is not regarded as a resident taxpayer for inkomstenbelasting. Under certain conditions a non-BES employee can be regarded as a BES employee at their written request (see paragraph 14.4)

The amounts which are due should be determined by means of the tables or the software programme used by you. Calculation rules are made available to software developers. Also see www.belastingdienst-cn.nl.

The tables contain different columns which take into account the entitlement to a basic allowance or additional allowance(s). The basic allowance and additional allowances are discussed in chapter 14. Apart from the loonheffing which is due, you can also use the tables to determine the employer's premiums which are due.

The loonheffing amounts to 30.4% of the assessment basis.

The rate amounts to 35.4% if the employee has not given you any data or has given you data which is clearly incorrect. This employee is not entitled to an basic allowance or additional allowance(s). (also see paragraph 2.1.3)

5.1.1 Explanatory notes to 30.4% rate for elderly persons and/or employees who are not liable to pay national insurance premiums:

Prior to 1-1-2011 loonbelasting and national insurance premiums, including AOV and AWW, were deducted separately from the employee's wage. When the AOV entitlement age was reached, the deductions from the employee's income decreased because they no longer had to pay AOV/AWW premiums. Under the new legal rules a retired employee continues to pay the same percentage of 30.4% as before their retirement. The reason for this will be explained below.

Hardship clause?

If a situation arises in which the application of the legal provisions leads to unforeseen harshness, the Minister of Finance may decide to mitigate. Since the legislator chose the rate and levy method deliberately it will be obvious that and why an appeal to the hardship clause will be rejected.

With the amendment the Wet Inkomstenbelasting BES and Wet Loonbelasting BES as of 1 January 2011 a system of integral levy of inkomsten/loonbelasting, national insurance and BES healthcare insurance premiums has been chosen. In this system the rate for the inkomsten/loonbelasting on a taxable amount up to USD 250,000 has been set at 30.4% for 2011 for all employees regardless their age.

Employees who are also liable to pay premiums for AOV BES, AWW BES or Zorgverzekering BES should pay premiums (AOV BES, AWW BES and Zorgverzekering BES) on top of the tax rate of 30.4%. If this group of employees who is liable to pay national insurance premiums would not be granted an allowance, this would mean that they would be confronted with a much higher combined rate than 30.4% on an income up to the level of the maximum premium basis (for 2014: USD 30,140). For the combined rate on that income would amount to a total of 57.2% (30.4% IB/LB, 25% AOV, 1.3% AWW and 0.5% Healthcare Insurance).

The legislator considered such a high rate to be undesirable because of financial capacity reasons. Furthermore it would be contrary to the basic principle to introduce one flat combined rate for taxable incomes up to USD 250,000 (2011).

Therefore the legislator has introduced a tax credit for employees who are also liable to pay national insurance premiums, which leads to a reduced tax which has to be paid. This reduction is equal to the (total) premiums which are due. By granting a tax credit which is exactly equal to the premiums which are due, employees who are partially or wholly liable to pay national insurance premiums fall under the combined flat rate of 30.4%

The tax credit comprises three components, namely the AOV credit, the AWW credit and the healthcare insurance credit. The various credits are exactly equal to the premiums due by the taxpayer. Currently a person of 65 years (see table for the transitional arrangement) or older is no longer liable to pay premiums for AOV and AWW but they are for the healthcare insurance. There is an entitlement to a healthcare insurance credit for the payable BES healthcare insurance premiums, which is equal to the premium payable by the employee under the Besluit Zorgverzekering BES.

The system is to the effect that in all cases 30.4% is levied on the taxable income. Depending on to what extent the AOV/AWW and BES healthcare insurance premiums are due, the 30.4% may include premiums and tax or exclusively tax (if no premiums are due). As the legislator has deliberately chosen this levy system, an appeal to the hardship clause will be rejected.

Table transitional arrangement for AOV entitlement age:

Date of birth:				
After	Before	Reference date:	Age:	AOV entitled
---	31-12-1952	1-1-2013	60	60
31-12-1952	31-12-1953	1-1-2014	60	62
31-12-1953	31-12-1954	1-1-2015	60	63
31-12-1954	31-12-1955	1-1-2016	60	64
31-12-1955	---			65

Example:

This example shows the calculation for an employee who is liable to pay premiums for the AOV/AWW and ZV insurance and an employee who is entitled to AOV.

2015		Employee liable to pay premiums	AOV- entitled employee
Annual wage:		26,000	26,000
Tax-free allowance:		-11,860	-11,860
Taxable amount:		14,140	14,140
Tax:		4,299	4,299
Tax credits:			
AOV:	25%	14,140	-3,535
AWW	1.30%	14,140	-183
Healthcare insurance	0.50%	14,140	-70
Tax after tax credits		511	4,229
Premiums:			
AOV		3,535	-
AWW		183	-
Healthcare insurance		70	70
Tax		511	4,229
Premiums:		3,788	70

As explained above both employees must pay an equal amount but the division into tax and premiums is different. In this example the elderly allowance was not taken into account. As a result, the AOV-entitled person on balance pays USD 1,341 times 30.4% is USD 407 less tax.

5.2 Employee insurance schemes and healthcare insurance

Employee insurance schemes cover employees against loss of income when they are unable to work as a result of sickness or an accident or when they have been dismissed. The healthcare insurance gives the insured parties an entitlement to claim certain medical treatment. The BES islands have the following employee insurance schemes:

- Wet Ziekteverzekering BES (ZV)
- Wet Ongevallenverzekering BES (OV)
- Cessantiawet BES (CES)

In addition the BES islands have the:

- Besluit zorgverzekering BES

5.3 Premiums for the employee insurance schemes and healthcare insurance

The premiums for employee insurance schemes (see chapter 1) exclusively comprise an employer's premium. This is a premium which you should pay as an employer. The healthcare insurance also comprises an employee's share. This share which is payable by the employee is included in the loonheffing. In addition, the healthcare insurance has an employer's share. You should pay this share as an employer.

As an employer you pay us the premiums which are payable by you. The percentages which are payable by you for 2014 are:

- Wet Ziekteverzekering BES (ZV)	1.6%
- Wet Ongevallenverzekering BES (OV)	0.5%
- Cessantiawet BES (CES)	0.2%
- Besluit zorgverzekering BES	16.1%

These insurance schemes do not have a basic exemption, nor a maximum assessment basis or premium income and any age limits. You can also determine the employer's premiums which are payable by means of the loonbelasting tables.

5.4 Healthcare insurance

In 2011 the Besluit zorgverzekering BES came into force on the BES islands. Basically those who are a (lawful) resident of the BES islands as well as persons who live abroad and work on the BES islands are legally insured pursuant to the Besluit zorgverzekering BES. (see also paragraph 5.4.2) So the insurance ensues from the decree. The Besluit zorgverzekering BES does not make a distinction between young and old, employee or a self-employed person, receiving benefits or employed. The group of insured persons includes more people than just employees. This manual only discusses the employment relationships of insured persons for whom you should deduct premiums or for whom you have to pay premiums as an employer.

5.4.1 Main rule for insured persons

The main rule is that an employee who lawfully lives or works on the BES islands is covered by the healthcare insurance. An employee according to the healthcare insurance is understood to mean the employee who is employed by an employer under public or private law. This employee concept for the healthcare insurance is more limited than the employer concept for loonbelasting. A withholding agent for loonbelasting is not always an employer for the healthcare insurance. When, for instance, you provide a pension you are a withholding agent for loonbelasting but you are not regarded as an employer for the healthcare insurance. Only for employees who are employed by you under private or public law you should pay the employer's BES healthcare insurance premium as an employer.

For an employee who is a resident of the BES islands, the premium which is payable by the employee is included in the rate of 30.4%. This is also the case if they live on the BES islands and are an employee under a legal fiction in the Wet Loonbelasting BES. For instance, the director or supervisory director of a body established on the BES islands or a child of 14 years or older who works in the company of their parent.

NB: The loonheffing is always 30.4% of the taxable wage. Depending on the question whether the employee is covered by the healthcare insurance, this percentage also includes the premium for the healthcare insurance (0.5%).

When an employee is not covered but does have to pay taxes on the BES islands, then a percentage of 30.4% is deducted as well. In that case it only concerns tax.

NB: Other rules apply to anonymous employees (see paragraph 2.1.3).

Example:

Only tax (30.4%) is deducted from government pensions paid to retired persons who do not live on the BES islands and who do not have to pay premiums for AOV/AWW.

There is an exception for employees living on the BES islands who are employed by an employer living or established in the Netherlands. This employee is not covered by the Zorgverzekering BES.

NB: Generally au pairs, trainees and students (younger than 30 years) who temporarily live on the BES islands are not covered by the Healthcare Insurance. If they (are to) perform duties in paid employment this exception does not apply. For instance: a student who works in the hotel and catering management sector as a part-time employee.

NB: The employee who lives on the BES islands and performs work for a consecutive period of at least three months exclusively outside the territory of the BES islands is no longer covered unless this work is performed exclusively in respect of employment with an employer who lives or is established in the territory of the BES islands.

5.4.2 Employees who do not live on the BES islands

Employees living outside the BES islands who are employed under private or public law by an employer who lives or is established on the BES islands, and who is regarded as an employee under the Wet Loonbelasting BES, is covered by the Zorgverzekering BES. The employee who works in notional employment and does not live on the BES islands is never covered by the healthcare insurance. This applies to:

- foreign artists;
- foreign sportsmen and sportswomen;
- contractors of work and their helpers;
- persons working on a commission-only basis.

NB: If the employer does not live or is not established on the BES islands, the employee can still be covered if the employer:

- *has a (notional) permanent establishment or*
- *has a regular representative on the BES islands or*
- *has been appointed as withholding agent by the Inspector, as a result of which the wage is subject to the Loonbelasting BES.*

NB: If the situations described above do not occur and the employer does not live or is not established on the BES islands, the employee may still be covered if they have been granted a temporary or permanent residence permit or under the Wet toelating and uitzetting BES or when they live in the territory of the BES islands by virtue of a Verklaring van Rechtswege (a declaration of admittance by law). In that case their premium will be levied by means of an assessment.

NB: The foreign employee is not covered if they do not have a valid residence permit. This applies to all cases, regardless whether the employer lives or is established on the BES islands.

In case of doubt about the compulsory cover, please contact the Zorgverzekeringskantoor (Healthcare Insurance Office).

5.4.3 Employer's premium

As an employer you are liable to pay BES healthcare insurance premiums for employees who are in your employment under private or public law. As described above, this group is smaller than the group for which loonheffing needs to be deducted and paid.

Employees for whom no employer's BES healthcare insurance premium needs to be paid, are employees who receive pension and employees for whom loonbelasting should be deducted because their employment relationship is exclusively regarded as employment under the Wet Loonbelasting BES, the so-called notional employment. This is irrespective of the place where the employees lives. The following employment relationships are regarded as notional employment:

- directors of bodies established on the BES islands;
- supervisory directors of bodies established on the BES islands;
- contractors of work and their helpers;
- persons working on a commission-only basis.

NB: See paragraph 13.3.1 for the term 'director'.

Although the employment relationship of a person whose position is based on an appointment is also referred to as notional employment, this person usually is employed under public law. In that case you as an employer are also liable to pay employer's BES healthcare insurance premium for this employee.

The employer's BES healthcare insurance premium amounts to 16.1% and is calculated on the assessment basis which applies to the calculation of the loonbelasting en premies.

NB: If the employee has submitted a loonbelasting reduction decision of the Inspector to you, this does not affect the employer's premium which you are liable to pay. (See paragraph 5.7.2 for a more detailed example)

5.4.4 Employee employed by a Dutch employer?

The employee who lives on the BES islands but is employed by an employer who lives or is established in the Netherlands, is not covered by the Zorgverzekering BES. This is important for you when you are a withholding agent for loonheffing because you have a permanent establishment or permanent representative on the BES islands or the Inspector has designated you as withholding agent because you have employees in your employment who work on the BES islands. You are not liable to pay employer's BES healthcare insurance premium for these employees.

5.4.5 Additional information for Healthcare Insurance Office:

The following may be important for you as an employer. When registering an employee who originates from outside the BES islands, the following documents need to be submitted by employees with the Dutch nationality coming from the Netherlands, Curaçao, Aruba or St. Maarten (countries in the Kingdom):

- a. Passport
- b. Employer's Declaration
- c. Proof of deregistration
- d. Proof/Certificate of Good Conduct
- e. Proof of application for a Declaration for Admittance by Law from the IND

To spouses/partners and children it applies that they should submit proof of application for a Declaration for Admittance by Law. This will appear from a sticker in the passport. (So exclusively documents a and e)

NB: The registration of an employee may take place the moment that the admittance procedure at IND has been started.

5.4.6 Legally residing 'non-registered' covered employee

The Healthcare Insurance Office has found a solution for the 'non-registered' covered foreign employee who works legally on the island so that they can exercise their rights, for instance consulting a doctor. In that case they should go to the Healthcare Office with a(n):

- declaration of Admittance by Law or a residence permit;
- employment contract
- own passport or driver's licence

They then will be entered in the administration of insured persons and may make use of the care facilities. They should identify themselves with their passport at the care provider in order to obtain care.

NB: The 'non-registered' employee legally residing on the BES islands who is not subject to the levy of loonbelasting because his employer is not established on the BES islands and is not a withholding agent here, is covered under the Besluit Zorgverzekering. (Also see paragraph 5.4.2) The premiums which this employee has to pay may be levied by imposing an income tax assessment.

5.5 Wage period

Tables have been developed which are consistent with the remuneration received by the employee over a particular wage period, in order to calculate the loonbelasting and employer's premiums which are due. The wage period is understood to mean the period over which the wage is received. The decisive factor is the period over which the wage is deemed to have been received on the basis of the employment contract. The wage period is relevant to determine which period table should be used. For an employee in full-time employment the wage period usually corresponds to the period over which the wage is paid. For example, if it is agreed that the employee receives their wage monthly, the wage period is a month. For an employee who is not in full-time employment the wage period depends on the agreement reached between the employee and the withholding agent.

Example

A withholding agent needs a temporary worker to help him in his business for three half days per week. Depending on what they agree in terms of wage the wage period is:

- *a month: if a wage of USD 600.00 per month has been agreed*
- *a fortnight: if a wage of USD 300.00 per fortnight has been agreed*
- *a week: if a wage of USD 150.00 per week has been agreed*
- *one day: if a wage of USD 50.00 per day has been agreed*

If the employee agrees on a wage of USD 50.00 per day with the withholding agent and this wage is paid once a month, the wage period remains one day.

NB: If an employee enters or leaves your employment in the course of the wage period, you will often have to use another table. In this case you will choose the table which is most consistent with the remuneration which was received.

Example

An employee enters your employment on the fifteenth of the month. You have agreed a monthly wage of USD 2,500.00 with them. The first month they receive only half of this amount. In this case the wage period is a fortnight. You should subsequently use the fortnight table for the payment of this wage.

5.6 Calculating loonheffing and employer's premiums

The calculation of the loonheffing and employer's premiums which are due will now be explained by means of a number of examples. You will calculate the employer's premiums on the wage, using the wage before loonheffing as a basis.

NB: For the calculation of the employer's premiums which you are liable to pay, you may not take into account the

loonbelasting decision issued by the Inspector. (see paragraph 5.7).

If you agree a net wage with an employee, you should perform a calculation from net wage to gross wage. (see paragraph 5.9)

Example of calculation:

You employ an employee who earns USD 1,200.00 a month. You have reached a gross wage agreement with them. The employee is entitled to the general basic allowance. The employer's premiums which you are liable to pay are calculated as follows:

Column 2	Wage in cash	+	1200.00
Column 6	Total of columns 2 through 5	=	1200.00
Column 7	Fixed deduction for procurement costs	-/-	23.33
Column 10	Assessment basis for employer's ZV/OV/Cessantia premiums and employer's BES healthcare insurance premium (column 6-7-8-9)	=	1176.67
Column 14	Assessment basis for calculation of loonheffing (column 10-13)	=	1176.67

In the monthly table you find the amount which is closest to the assessment basis which you calculated. In this case this is USD 1176. You will find the premium amounts next to it. (See section of month table 2015).

In this case the loonheffing which should be deducted is USD 57.05 and the employer's premiums are USD 189.33 for the Healthcare Insurance and USD 27.04 for ZV/OV/CES.

(section month table 2015)

Month table	The levy amounts to if: basic allowance				Maximum reduction of the levy in connection with the elderly allowance is	The employer's premium amounts to	
	None	General	General with 1 child	General with 2 or more children		Healthcare insurance	ZV/OV/CES
1,176.00	357.50	57.05	18.49	0.00	33.97	189.33	27.04
1,182.00	359.32	58.87	20.31	0.00	33.97	190.30	27.18
1,188.00	361.15	60.69	22.14	0.00	33.97	191.26	27.32

5.7 Loonbelasting reduction decision

If as a result of deductible items in the income tax, an employee has to pay more loonheffing than income tax and premiums which they are liable to pay, they may apply for a loonheffing reduction decision with the Belastingdienst. On the website of the Belastingdienst/Caribisch Nederland you will find information on how the employee should apply for this.

For you it is important how the decision should be applied in the calculation of loonheffing and employer's premiums. The decision relates to costs which are taken into account for inkomstenbelasting. This means that the

decision does not affect the employer's premiums which you are liable to pay!

5.7.1 When are you allowed to take the decision into account?

For the calculation of the loonheffing which you are to deduct, you may take the decision into account after you have received the original decision from the employee. You keep this decision with your payroll administration. You do not give it back to the employee, neither when they end their employment with you in the course of the year. In that case the employee may submit a new request to the Inspector.

5.7.2 What amount should you take into account?

The amount which you may take into account over the wage periods which have not yet elapsed, is stated in the decision. If the employee delivers the decision to you too late, you are not permitted to adjust the amount. Neither are you permitted to recalculate the calculations over the elapsed periods anymore.

Example

Your employee has a decision from the Inspector. This decision was issued on 17 December 2014. The wage period stated in the decision is a month. The amount stated in the decision is USD 300.00 per month.

The employee gives you the decision before the first wage payment in 2015. As of January you may take the decision into account.

The employer gives you the decision on 13 February 2015. You may take the decision into account as of February.

You are not permitted to correct the amounts which were deducted over January. You may not increase the amount of the decision.

Elaboration

The aforementioned employee has a monthly wage of USD 1,170 per month. They are only entitled to the general basic allowance. They gave you the original decision in February. In January you may not take the decision into account. In February you reduce the assessment basis on which the loonheffing should be calculated by the amount of the decision. You will see that the decision does not affect the employee insurance and BES healthcare insurance premiums which should be paid by the employer, only the loonheffing which is due will become lower.

	<i>January</i>	<i>February</i>
<i>Wage in cash</i>	1,750.00	1,750.00
<i>Fixed deduction for procurement costs</i>	-23.33	-23.33
<i>Assessment basis for ZV/OV/Cessantia premiums and employer's BES healthcare insurance premium (columns 6-7-8-9)</i>	1,726.67	1,726.67
<i>Employee insurance premiums (employer's ZV/OV/Cessantia premiums)</i>	39.60	39.60
<i>Employer's BES healthcare insurance premium</i>	277.24	277.24
<i>Decision of Inspector</i>	0.00	-300.00
<i>Assessment basis for calculation of loonheffing (columns 10-13)</i>	1,726.67	1,426.67
<i>Loonheffing according to table</i>	-223.03	-131.83
<i>Wage to be paid (columns 2+5-8-15-16+17)</i>	1,526.97	1,618.17

You keep the original decision with your payroll administration. (also see paragraph 3.3.2)

5.8 Special remunerations

Non-recurring remunerations

In principle you should use the table for special remunerations for non-recurring remunerations or remunerations which are only awarded once a year, such as discretionary bonuses, profit-sharing bonuses or holiday pay.

Overtime pay

You may use the table for special remunerations for overtime pay.

Advantage rule

You may opt to add a special remuneration to the regular wage period. This is only possible in the wage period in which you pay the special remuneration and if this results in a lower deduction for the employee than when you apply the table for special remunerations.

Annual wage for the special remunerations tables

The wage which must be taken into account to establish an annual wage for the special remunerations tables is the wage shown in column 10 of the wage statement (see paragraph 6.2.10).

There are three possible situations:

- The employee has received a wage from you over the whole of the preceding calendar year. In that case you

use the wage which the employee received in that year as the basis.

- The employee only received a wage from you over part of the preceding year. In that case, you use the amount which has been recalculated into an annual wage as the basis. This recalculation is proportional to the time of employment. For example, if the employee entered your employment on 15 November, and their cumulative wage (column 10) is USD 3,000 on 31 December, the amount which has been recalculated into an annual wage is (USD 3,000: 1.5 x 12 =) USD 24,000.
- The employee did not receive any wage from you in the previous calendar year. In that case, you will use the amount which has been recalculated into an annual wage, which the employee will receive from you in the current year as the basis. The annual wage should be recalculated as if the employee would receive wage over the entire current year. You should take into account all wage payments, so also, for example, incidental payments or any possible wage increases which have been decided.

Special remunerations table 2015	Annual wage lower than:	Loonheffing amounts to:	Annual wage higher than or equal to:	Loonheffing amounts to:
No basic allowance	-	30.40%	-	30.40%
Basic allowance:				
- general	12,100	0	12,100	30.40%
- with one child	13,700	0	13,700	30.40%
- with two or more children	15,200	0	15,200	30.40%
Basic allowance with elderly allowance:				
- general	13,200	0	13,200	30.40%
- one child	14,700	0	14,700	30.40%
- two or more children	16,200	0	16,200	30.40%

Example:

An employee who earns USD 850 per month does not have to pay any loonheffing if they are entitled to a basic allowance. If this employee receives an extra remuneration of USD 850 in a month, loonheffing would be due without a special remunerations table. In fact, the tax would then be calculated in the month table on an annual wage of 12 times USD 1,700 rather than 13 times USD 850. By applying the special remunerations table, no loonheffing is payable on the special remuneration either in this case.

NB: Since the BES islands only have one rate for loonbelasting, the special remunerations table only is important for employees who on an annual basis earn less than the basic allowance and additional allowances which apply to them. For all other employees there is no difference and the rate remains 30.4%.

5.9 Net wage agreement/grossing up

You have agreed with your employee that they will receive a weekly net wage of USD 300. The employee is entitled to the general basic allowance. In the first calculation you will calculate the loonheffing on the net wage of USD 300. You will increase the gross wage with the difference between the agreed net wage and the calculated wage for the second calculation. You will repeat this until there is no difference anymore between the net wage

which you agreed upon and the calculated net wage.

<i>Calculation:</i>	1 st	2 nd	3 rd	4 th	5 th	6 th
Wage in cash	300	319.82	326.16	327.85	328.27	328.69
Fixed deduction for procurement costs	-5.38	-5.38	-5.38	-5.38	-5.38	-5.38
Assessment basis for calculation of loonheffing (columns 10-13)	294.62	314.44	320.78	322.47	322.89	323.31
Loonheffing according to table	-19.82	-26.16	-27.85	-28.27	-28.69	-28.69
Wage to be paid (columns 2+5-8-15-16+17)	280.18	293.66	298.31	299.58	299.58	300
<i>Difference with net USD 300 Wage in cash:</i>	19.82+300.00	6.34+319.82	1.69+326.16	0.42+327.85	0.42+328.27	0

This recalculating is called grossing up.

(Section of 2015 week table; the section of the table between 293.29 and 314.14 has been omitted and replaced by ...)

<i>Assessment basis</i>	<i>None</i>	<i>General</i>	<i>With 1 child</i>	<i>With 2 or more children</i>	<i>Elderly allowance</i>	<i>Healthcare insurance</i>	<i>ZV/OV/CES</i>
293.29	89.16	19.82	10.92	2.02	7.83	47.21	6.74
...
314.14	95.49	26.16	17.26	8.36	7.83	50.57	7.22
315.53	95.92	26.58	17.68	8.79	7.83	50.80	7.25
316.92	96.34	27.00	18.11	9.21	7.83	51.02	7.28
318.31	96.76	27.43	18.53	9.63	7.83	51.24	7.32
319.70	97.18	27.85	18.95	10.05	7.83	51.47	7.35
321.09	97.61	28.27	19.37	10.48	7.83	51.69	7.38
322.48	98.03	28.69	19.80	10.90	7.83	51.91	7.41
323.87	98.45	29.12	20.22	11.32	7.83	52.14	7.44

NB: The only difference here is the loonheffing due. Therefore you may also increase the net wage of USD 300 by the calculated loonheffing. After the penultimate calculation the loonheffing does not change anymore.

NB: Both the assessment basis for the loonheffing and the assessment basis for the employer's premiums change! In this calculation the employer's premiums were not taken into account. These premiums do not affect the grossing-up calculation because they are not payable by the employee but by you.

5.10 Time of deduction, main rule

The time at which the wage is received is the determining factor for the deduction of loonheffing and the calculation of the employer's ZV/OV/Cessantia premiums and the employer's share of the healthcare insurance.

Your employee enjoys the wage the moment that it:

- is paid, is offset or made available
- becomes interest-bearing
- becomes receivable and collectable

The time at which one of the abovementioned situations first arises is decisive for the time at which the deduction is made. At that particular time that the wage is received you will calculate the loonheffing and the employer's premiums. You will use the loonbelasting tables which apply at the time of deduction and you process the wage, the loonheffing and the employer's premiums in the tax return period at that time.

Back payments (delayed payment of wage)

If you pay wage with a delay, such as a back payment in connection with a new collective employment agreement, a pension which has been awarded retrospectively or an individual wage increase, you should include that wage in the tax return at the moment that your employee receives the wage, in accordance with the main rule.

5.11 Special moments at which payments are received

The notional wage of a shareholder with a substantial interest is deemed to have been received at the end of the calendar year at the latest or at the time of termination of the employment in the course of the year. (see paragraph Time at which notional wage is received)

Wage at an unusual time

If you agree with your employee that they will receive their wage wholly or partially at an unusual time, the time at which the wage would normally have been paid still applies as the time at which it is received.

Advances

In case of an advance on the wage, you should deduct the loonheffing and calculate the employer's premiums at the point in time at which you pay the employee the advance. So the main rule applies to advances.

6 Step 6 Entering amounts in the wage statement

You should complete a wage statement for each employee. The wage statement shows the data which are relevant for the loonheffing. Annex 2 of this manual contains a model wage statement. The model wage statement consists of two parts:

- one part with the sections of the wage statement
In these sections you state the personal details of the employee, your own details, data for the application of the table and the CRIB number (see paragraph 8.1).
- one part with the columns of the wage statement
In these columns you state the wage amounts, deductible items, deductions, the wage to be paid, etc. (see paragraph 8.2).

6.1 Sections of the wage statement

The wage statement comprises the following sections:

- wage statement number and calendar year
- employee
- withholding agent/employer
- data for the application of the table
- data for the employee insurance schemes and healthcare insurance
- special remunerations
- loonbelasting reduction decision
- wage in kind

Section: wage statement number and calendar year:

In this section you enter the wage statement number and the calendar year.

Section: employee

In this section you enter the personal details of the employee which they submitted to you before the first working day. Please see paragraph 2.1 for more information about submitting these data.

Section: withholding agent/employer

In this section you enter your name and address and the complete CRIB number.

Section: data for the application of the table

In this section you state whether you should apply the basic allowance and additional allowance(s) for the employee and as of what date. Changes to the application of the basic allowance and additional allowances should also be included in this section.

Section: data for the employee insurance schemes and healthcare insurance

In this section you state whether the employee is covered by the employee insurance schemes and/or the healthcare insurance.

Section: special remunerations

In this section you state the net full year's wage of the previous year or the recalculated net full year's wage. You also state the rate for special remunerations in this section.

Section: loonbelasting reduction decision

In this section you state the starting date of the decision, the amount of the decision determined by the Inspector, the date as of which you may start taking the decision into account and the amount which you may take into account per wage period.

Section: wage in kind

In this section you state the remunerations in kind which you pay regularly and the valuation used by you. In addition you state whether you have made a car available to the employee, the new value of the car including the

algemene bestedingsbelasting (ABB; general expenditure tax), the employee's contribution for private use payable to you, the advantage per wage period which is to be taken into account.

NB: For passenger cars which have been registered in the vehicle registration database before 1 January 2011 the algemene bestedingsbelasting is understood to mean: omzetbelasting (VAT) and import duties.

6.2 Columns of the wage statement

The wage statement comprises the following columns:

- column 1: wage period
- column 2: wage in cash
- column 3: employer contribution into savings and provident fund and interest on savings and provident fund
- column 4: wage in kind
- column 5: tips
- column 6: total of columns 2 through 5
- column 7: fixed deduction for procurement costs
- column 8: employee's share in pension contributions
- column 9: fixed deduction for savings and provident fund
- column 10: assessment basis for ZV/OV/Cessantia premiums and employer's BES healthcare insurance premium
- column 11: employee insurance premiums
- column 12: employer's BES healthcare insurance premium
- column 13: Inspector's decision
- column 14: assessment basis for the calculation of loonheffing
- column 15: loonheffing according to table
- column 16: employee's contribution into savings and provident fund
- column 17: untaxed remunerations
- column 18: wage to be paid

6.2.1 Column 1: wage period

In this column you enter the wage period. The wage period is the period over which the employee receives wage. This could for example be a day, a week or a month. The wage period determines which period table (the month table, the week table, etc.) you should use for the calculation of the loonheffing on the wage in the period concerned (also see paragraph 5.5).

6.2.2 Column 2: wage in cash

In this column you enter the wage in cash. This concerns the wage from which you should deduct loonheffing. The following sorts of pay should be recorded in column 3:

- wage in cash from present employment such as salary, wage, commission, premiums (allowances and such), holiday pay, danger money, overtime pay, profit-sharing bonuses and discretionary bonuses, as well as sick pay paid out through your intervention; but also pensions, etc. If you agree on a particular net wage with an employee, you still enter a gross wage in column 3 (also see paragraph 5.9).
- reimbursements of costs, insofar as these are not exempt.
- payments for sickness, accident and cessantia insurance made by you.

6.2.3 Column 3: employer contribution into savings and provident fund and interest on savings and provident fund

In this column you enter the contribution paid by you into the savings and provident fund. In addition, you should also enter the interest added to the balance of the fund in this column

6.2.4 Column 4: wage in kind

In this column you enter the wage in kind on which you should pay employer's premiums and for which you must deduct loonheffing. This concerns wage in kind and claims (also see paragraph 4.3). The value of these benefits in kind has been set on the basis of standard amounts for common types of remunerations. This value may be

adjusted annually.

Claims concern the taxed value of a claim: the total value less any employee's contribution (also see paragraph 15.1)

NB: The addition for the private use of a care should also be entered in column 4.

6.2.5 Column 5: tips

In this column you enter the amount in tips.

Tips

Only tips which are paid through your intervention.

6.2.6 Column 6: total of columns 2 through 5

In this column you enter the totals of columns 2 through 5.

6.2.7 Column 7: fixed deduction for procurement costs

In this column you enter in the fixed deduction for procurement costs, which applies for the period. This deduction of USD 280 may only be applied in case of wage from present employment. For this deduction it does not matter whether the employee does or does not live on the BES islands.

6.2.8 Column 8: employee's share in pension contributions

In this column you enter the compulsory contribution which is to be deducted from the employee's wage pursuant to a pension plan. This deduction only applies to employees who live on the BES islands.

6.2.9 Column 9: fixed deduction for savings and provident fund

In this column you enter the fixed deduction for savings and provident funds. (see chapter 16) This deduction is a maximum of 5% of the amount in column 6 with a maximum of USD 470 and it only applies to employees who live on the BES islands.

6.2.10 Column 10: assessment basis for ZV/OV/Cessantia premiums and employer's BES healthcare insurance premium

In this column you enter the balance of columns 6, 7, 8 and 9.

6.2.11 Column 11: employee insurance premiums (=employer's ZV/OV/Cessantia premiums)

In this column you enter the amount of the employee insurance premiums payable by you.

6.2.12 Column 12: employer's BES healthcare insurance premium

In this column you enter the amount of the employer's BES healthcare insurance premium payable by you.

6.2.13 Column 13: Inspector's decision

In this column you enter the amount of the decision which you may take into account per period for the calculation of the loonheffing which is due.

6.2.14 Column 14: assessment basis for the calculation of loonheffing

In this column you enter the wage from which you should deduct loonheffing. The amount which you enter in column 14, is the amount on the basis of which you determine the loonheffing due in the table.

6.2.15 Column 15: loonheffing according to table

In this column you enter the amount which you have deducted for loonheffing (also see paragraph 5.9 net wage).

6.2.16 Column 16: employee's contribution into savings and provident fund

In this column you enter the employee's contribution into the savings and provident fund.

6.2.17 Column 17: untaxed remunerations

In this column you enter the amount paid in untaxed reimbursements.

6.2.18 Column 18: wage to be paid

In this column you enter the amount in wage to be paid. This is the total of columns 2, 5 and 17 less the amounts in columns 8, 15 and 16.

7 Step 7 Providing employees with a payslip

You are obligated to provide the employee with a written statement (a payslip) of:

- the first payment of wage after they entered into employment
- each wage payment which deviates from the previous wage payment

You may use your own forms for this purpose. You should state several data on them.

Obligatory data on payslip

You are obliged to state at least the following data on the payslip:

- the gross wage in cash
- the composition of the wage, for instance basic wage, guaranteed wage, performance reward, commission, overtime pay, allowances, premiums, discretionary bonuses
- the amounts which have been deducted from the wage such as loonbelasting/national insurance premium, BES healthcare insurance premium and attachment of wage
- the agreed duration of employment
- the period over which the wage has been calculated
- the legal minimum wage which applies to the employee for the period over which their wage has been calculated
- your name and the name of the employee

Apart from the data which you are obliged to state on the payslip, it is recommended that you also state:

- whether you apply the basic allowance and additional allowance(s)
- the wage period
- the taxable wage

8 Step 8 Reporting and paying loonheffing and employer's premiums

If you are a withholding agent, you should file a tax return for loonbelasting en premies. You should file the return in time and pay the loonbelasting and employer's premiums in time.

The tax-return period over which you should report and pay loonbelasting and employer's premiums is the calendar quarter. You have paid the amount stated on the tax return in time when we have received it within fifteen days after the close of the calendar quarter.

The periods and dates on which you should have filed and paid the return are shown in the table below.

<i>Tax-return period</i>	Year 2015		Return and payment at the latest by:
	<i>start</i>	<i>end</i>	
First quarter	1-1-2015	31-3-2015	15-4-2015
Second quarter	1-4-2015	30-6-2015	15-7-2015
Third quarter	1-7-2015	30-9-2015	15-10-2015
Fourth quarter	1-10-2015	31-12-2015	15-1-2016

N.B: In a few cases a tax-return period of one month or a half year applies, instead of the calendar quarter. If this applies to you, the Inspector will inform you about this.

The loonbelasting en premies tax return comprises the following sections:

- assessment basis for employee insurance premium and employer's BES healthcare insurance premium
- assessment basis for loonbelasting and AOV/AWW premiums and employee's BES healthcare insurance premium
- employer's premiums for employee insurance schemes
- employer's BES healthcare insurance premium
- loonbelasting and AOV/AWW premiums and employee's BES healthcare insurance premium

This chapter contains information about the following subjects:

- filing a tax return and paying loonheffing and employer's premiums (paragraph 8.1)
- paying in time (paragraph 8.2)
- payment reference (paragraph 8.3)
- nil return and zero return (paragraph 8.4)
- incorrect or incomplete tax return or payment (paragraph 8.5)
- no payment, partial payment or late payment (paragraph 8.5.1)
- no payment, partial payment or late payment because of insufficient information (paragraph 8.5.2)
- no or late tax return (paragraph 8.5.3)
- combination of failure to file a tax return and a payment default (paragraph 8.5.4)
- exceptional case (paragraph 8.5.5)
- punitive fine (paragraph 8.6)
- voluntary correction (paragraph 8.7)
- registration as taxpayer too late (paragraph 8.8)
- objection (paragraph 8.9)

8.1 Filing a tax return and paying loonheffing and employer's premiums

Tax return

When you must file a tax return you will receive an information letter from us before the start of the calendar year. The information letter will state over which tax-return periods (see paragraph 10.1.3) of the coming year you should file a tax return and the ultimate dates for filing and payment (see table). We will send you all tax returns in advance once year. If you have registered as an employer in the course of the year, you will receive the

information letter after registration.

Notification for a filing and paying a loonheffingen return

You will receive a tax return at the end of every tax-return period. The tax return states the tax-return period and the payment reference. When making a payment, always state the payment reference shown on the return. The ultimate tax-return and payment dates for that tax-return period can also be found on the tax return.

8.2 Paying in time

The tax-return date is the day on which the Belastingdienst/Caribisch Nederland received the tax return. For payments at the tax office the payment date is the day on which the payment was made. Both the tax return and the payment should have been received within 15 days after the close of the tax-return period. For payments by bank transfer, the date of payment is the day on which the amount was credited to the bank account number of the Belastingdienst/Caribisch Nederland. Your payment should always include the payment reference shown on the tax return.

NB: In case of payment by means of a personal cheque, the day of receipt by the recipient is regarded as the payment date. If this personal cheque turns out to be a bad cheque, you will not have paid (also see paragraph 8.5)

For bank or giro payments you may use the following bank or giro accounts:

MCB:	40.291.708
RBTT:	18.087.299
BDC:	30.638.801
GIRO:	21.00.000
ORCO:	76.010.0
Windward Islands Bank (Saba):	81.050.000
Windward Islands Bank (St. Eustatius):	82.050.000
First Caribbean International Bank (St. Eustatius):	1005.3541

8.3 Payment reference

If you do not state a payment reference or state an incorrect payment reference it is possible that we will not be able to process your payment or to process it in time. In that case you may receive an assessment for retrospective collection of taxes. The payment reference is different for every tax return and assessment for retrospective collection of taxes. For that reason, make sure that you always indicate the payment reference shown on the tax return or the assessment for retrospective collection of taxes which you pay. You will find the payment reference on the returns. You cannot remember the payment reference? Please contact Belastingdienst/Caribisch Nederland.

*NB: Your payment of the tax return should have been credited to the account of Belastingdienst/Caribisch Nederland within 15 days after the close of the tax-return period. Please take this into consideration, for instance when ultimate payment date is in the weekend or on a national holiday. The periods within which the tax return should have been filed and the payment must have been made are **not** extended in those cases.*

In case of a bank payment, the time of payment is often one or more days later than the time at which the amount is debited from your account.

8.4 Nil return or zero return

If you do not have to report any loonbelasting en premies over a particular period, you still should file the tax return in time. In that case you should file a so-called nil return or zero return. If you file a nil return or zero

return it is important to state “nil” or “zero” in the sections concerned and sign the return. If the required data is missing, you will be asked to provide these.

8.5 Incorrect or incomplete tax return or payment

If you file a tax return or make a payment too late this usually counts as a default and we will send you a notification of default or impose a fine. If required, you will receive an assessment for retrospective collection of taxes. The following situations are possible:

- You have made no payment, a partial payment, or a late payment (payment default);
- You have made no payment, partial payment, or late payment because the tax declared was too low;
- You have not filed a tax return or you have filed your return too late (tax-return default);
- There is a combination of return and payment default;
- There is an exceptional case.

8.5.1 You have made no payment, a partial payment, or a late payment

You did state the tax to be paid on your tax return, but the payment was not made in time. In that case a default fine of 5% is imposed (with a minimum of USD 100) for the tax which was not paid, was paid partially, or was not paid by the due date. This applies if the payment was not credited, or part of the payment was not credited to the bank account number of Belastingdienst/Caribisch Nederland by the final payment date.

Example:

The aangifte Loonbelasting en premies over the second quarter of 2015 with an amount due of USD 5,000.00 should be paid by 15 July 2015 at the latest. The tax return is filed on 15 July 2015 but the payment is made on 27 July 2015. This means that the tax due was not paid by the due date. An assessment for retrospective collection of taxes is now imposed for the amount of default fine, equalling 5% of USD 5,000.00 = USD 250.00.

8.5.2 You have made no payment, a partial payment, or a late payment because the tax declared was too low

In this case a default fine of 15% is imposed (with a minimum of USD 200) on the tax which was not paid, was paid partially or was not paid in time. This applies if insufficient tax was declared on the return and the tax was not paid, was paid partially or was not paid in time as a result. This for example regards incorrect returns and data which has proven to be incorrect.

Example:

The Loonbelasting en premies tax return over the second quarter of 2015 with an amount due of USD 5,000 should be paid by 15 July 2015 at the latest. The return is filed and the payment is made on 15 July 2015. This is by the due date. An inspection by the Inspector shows that an incorrect return was submitted, as a result of which the payment made on the return was insufficient. The Loonbelasting en premies due over the second quarter of 2015 amount to USD 7,000. An assessment for retrospective collection of Loonbelasting en premies is now imposed for the difference of USD 2,000.00 as well as a default fine equalling 15% of USD 2,000 = USD 300.

8.5.3 You have not filed a tax return or you have filed your tax return too late

If you file the tax return too late, or we do not receive it at all, a default fine may be imposed. The first time that the return is received too late or is not receive at all, you will not (yet) receive a default fine. However, you will receive a notification of default. From this time on, a default fine of USD 100.00 will be imposed each time you fail to file the tax return or file it too late within 24 months after the previous default.

8.5.4 There is a combination of tax-return and payment default

If the tax return is submitted too late and the tax due is paid too late as well, both a tax-return and payment default are recorded. The assessment for retrospective collection of taxes then includes a fine for the tax-return

default (as of the second tax-return default) but also a fine for the payment default (if it concerns a tax-return for which payment is due).

8.5.5 There is an exceptional case

In exceptional cases a deviation from the standard percentages and amounts is possible. For example, if you systematically are in default, a higher default fine may be imposed. However, there is a maximum for default fines. For failure to file a tax return, for filing a partial return or for failure to file the return by the due date (tax-return default) the fine amounts to a maximum of USD 1,400. For failure to make a payment, for making a partial payment or for failure to make the payment by the due date (payment default) the fine amounts to a maximum of USD 5,600.

*NB: In case of payment default, there is a minimum default fine of USD 100 if the tax is not paid, is paid partially or is not paid **by the due date**.*

*If the tax is not paid, is paid partially or is not paid because **the tax declared was too low** there is a minimum default fine of USD 200.*

The fine for not filing a tax return, or filing it too late amounts to USD 100 for each time that you do not file the return or file it too late within 24 months after the previous default.

In an exceptional case the Inspector may impose a higher fine. The fine for a payment default amounts to a maximum of USD 5,600. The fine for a tax-return default amounts to a maximum of USD 1,400.

8.6 Punitive fine

Instead of a default fine, the Belastingdienst may also impose a punitive fine. This should involve gross negligence, (conditional) intent or fraud. When we want to impose a punitive fine, we will notify you of this first, stating the reasons. You will then have the opportunity to respond to this notification before the assessment for retrospective collection of taxes is imposed.

8.7 Voluntary correction

If you correct an error you have made on your own initiative, a default fine of 5% or of 10% of the assessment basis of the fine will be imposed, instead of a punitive fine in case of gross negligence or (conditional) intent. In case of serious and relatively large-scale fraud or recidivism (a repeat of former defaults and/or offences), a default fine of 15% of the assessment basis of the fine will be imposed, instead of a punitive fine.

NB: If you correct an error you have made on your own initiative, and there is no question of gross negligence, (conditional) intent, serious and relatively large-scale fraud or recidivism, the assessment for retrospective collection of taxes will be imposed without a fine!

In the following situations correction on your own initiative does not apply:

- you were instructed to carry out an inspection of the books or
- it has been announced that a branch or fraud investigation is ongoing and there is reason for you to suspect that the results of such an investigation could affect you.

8.8 Registering too late as a withholding agent

If you did not register as a withholding agent or registered too late, we usually will send a tax-return letter, so that you can still file a tax-return. Because you did not register as a withholding agent earlier, your payment will now be too late. We may impose a fine on you for this.

8.9 Objection

You have declared an amount which was too high. Or you may have calculated, declared or paid loonbelasting en premies in accordance with the applicable regulations while you do not agree with those regulations. In that case you may lodge an objection against the amount which you paid within two months after payment. We will subsequently decide on the objection by judgement. You may lodge an appeal with the court against this judgement.

9 Step 9 Providing an annual statement

You are obliged to provide the employee with an annual statement even if the employee does not ask for it themselves. The annual statement should show all the data which are relevant for the levy of inkomstenbelasting/ national insurance premiums and the BES healthcare insurance premium payable by the employee (hereinafter: loonheffing)(see paragraph 9.1).

The annual statement may be prepared in a free format. You may use the model provided by the Belastingdienst/Caribisch Nederland. You can download a model annual statement (or Loonbelasting card) for 2015 from www.belastingdienst-cn.nl.

9.1 2015 annual statement

The 2015 annual statement should at least contain the following data of the employee:

- total amount of wage in cash, employer's contribution into sf/pf and interest, wage in kind, tips
- employee's share in pension contributions
- assessment basis for loonbelasting and healthcare insurance (employee's share)
- loonheffing deducted
- employee's contribution for sf/pf
- untaxed reimbursements
- Inspector's decision
- provision of passenger car and new value of that car

In addition, whether you have applied:

- the basic allowance;
- the child allowance(s) and/or elderly allowance

and whether the employee is covered by the employee insurance schemes and/or healthcare insurance.

10 Step 10 Collective wage statement of employees and reporting data of third parties

You are obliged to annually submit the wage details which you have recorded in the payroll administration of last year by means of a collective wage statement before 1 February to the Belastingdienst/Caribisch Nederland. The Belastingdienst/Caribisch Nederland will make the collective wage statement wizard available for this purpose. This wizard can be found on the website of Belastingdienst/Caribisch Nederland under the section [DOWNLOADS](#).

10.1 Reporting amounts paid to a third party

It may occur that you pay someone who works for you but who is not in your (notional) employment. In that case you should report these payments, so-called 'payments made to a third party' to us. You should also do this when you provide a benefit in kind to a third party.

You should report payments to third parties to us before 1 February of the year following the year in which you made the payments. You will make payments to third parties in 2015? Then you should report these payments to us before 1 February 2016.

11 Step 11 Providing information during an audit

The objective of audit may be:

- to check whether the company's bookkeeping records are in order by carrying out an audit (see paragraph 11.1)
- to collect information about the state of affairs in the company, on the basis of a so-called on-site observation (see paragraph 11.4)

You are obliged to cooperate with an inspection (see paragraph 11.3). There is an obligation to keep the basic data for a period of seven years (see paragraph 11.4).

11.1 Audit

We usually announce an audit well in advance. The audit is an inspection of the administration. This can be an examination of a particular period or an inspection of certain parts of the bookkeeping records. We write a report of every audit. You are automatically sent a copy of this.

11.2 On-site observation

An on-site observation is intended to obtain an insight into the day-to-day operations in the company. We may for example inspect whether the administration is kept up to date and how much personnel there are. In case of a first on-site observation, you will be informed in advance of the period when the visit will take place.

If there is anything which is not in order we can point this out to you straightaway. We keep the data we have collected. These may be discussed again on a next occasion.

We write a report on every on-site observation. You are automatically sent a copy of the public part of that report.

11.3 Cooperating with the inspection

You are obliged to cooperate with an inspection. This entails the following:

- You should give the inspectors access to the buildings where your company is established.
- You should provide all the information and data which could be relevant within the framework of the inspection.
- You should make the administration available for inspection and allow us to make copies of it. This also applies to the levy of taxes, premiums and BES healthcare insurance premiums of a party other than yourself.
- You should make the structure and operation of your administration available for inspection, so that the inspection can take place within a reasonable period of time.

During inspections, a link is established between the tax returns, the annual statements and the administration. In order to ensure that these inspections are carried out successfully, it is recommended to keep the calculations which were made when the returns and annual statements were drawn up. If your administration is computerised, you can also save time during an inspection by using the Audit File of your accounting package. Most packages include this possibility. With the Audit File you can quickly store the most important data needed for the inspection in a file.

11.4 Retention period

There is an obligation to keep the so-called basic data for a period of seven years. This concerns the following data amongst others:

- the general ledger
- the debtors' and creditors' administration
- the purchase and sale administration
- the stock administration
- the payroll administration
- the cash administration

NB: this is not an exhaustive list. In case of doubt, please contact the Inspector.

In addition, you should keep the following data:

- the loonbelastingverklaringen

You should keep these data for at least ten years after the close of the calendar year in which the employment came to an end, or in which the loonbelastingverklaring was replaced by another one.

NB: Even when you discontinue your business or when you are no longer a withholding agent, you should continue to keep the data.

You may reach written agreements with us on the data which count as basic data and on the period during which other data must be kept. If (part of) your administration is computerised, you should keep this administration in accordance with the legal regulations.

11.5 Liability

If you did not pay loonheffing or you paid too little, you may receive an assessment for retrospective collection of taxes for the amounts which are payable. Sometimes we may also demand payment of these amounts from other parties. In that case we make other parties liable for the amounts which you have to pay. The parties who can be held liable are:

- hirers of personnel (see paragraph 11.6)
- directors of a company or association without legal personality and directors of legal entities established on the BES islands (see paragraph 11.7)
- contractors in a chain (see paragraph 11.8)
- the employee (see paragraph 11.9)

The following persons may be held liable for withholding agents who/which are not established on the BES islands:

- the manager of the permanent establishment on the BES islands;
- their permanent representative living or established on the BES islands; or
- the person who is in charge of the activities carried out on the BES islands;
- the employee.

NB: The liability of the hirers and contractors currently only applies in the construction sector. The sectors which form an exception can be found on www.belastingdienst-cn.nl.

The person who is held liable may object to this. They may also object to the size of the amount for which they are held liable. However, they cannot object to the amount of the assessment. If we hold you liable, you may object to the liability and to the size of the amount for which we are holding you liable in a one single notice of objection. We must have received your objection within two months after the date on which you were held liable. We will then reconsider the liability and inform you of our decision.

11.6 Hirers of personnel

If you hire personnel, an agency worker for example, the employment between the employee and their vendor (the employment agency) continues to exist, even though the employee is working under your management or supervision. The vendor should calculate and pay loonheffing and employer's premiums on the wage which the

employee receives for the activities he carries out for you. If the vendor does not do this, you are severally liable for these amounts. If we hold you liable, we do this by means of a decision against which you may object.

As the party hiring personnel, you may indemnify yourself against this liability by making use of a G account (see paragraph 11.10).

There is a legal presumption that every tax payment made during the period in which the work is carried out relates to that work. This shows that tax has been paid for the employees involved in that particular work.

Obviously the question remains whether the transferred amount was sufficient.

11.7 Directors of companies, associations, foundations and foreign legal entities

A director is liable for the payment of a number of taxes and premiums if they are the director of one of the following legal entities:

- e a company or association without legal personality;
- a legal entity established on the BES islands.

The most important taxes and premiums for which a director may be held liable are:

- the loonheffing
- and the employer's premiums

The following persons are held severally liable for withholding agents who/which are not established on the BES islands:

- the manager of the permanent establishment on the BES islands
- the permanent representative living or established on the BES islands
- the person who is in charge of the activities carried out on the BES islands
- the employee

11.8 Contractors in a chain

If you are a contractor in a chain (main contractor, subcontractor, sub-subcontractor) and you contract work out to a subcontractor, we may hold you liable for the payment of the loonheffingen of your subcontractor or their subcontractor. This is so-called chain liability. You can indemnify yourself against that liability as a contractor by using a G account (see paragraph 11.10).

There is a legal presumption that every tax payment made during the period in which the work is carried out relates to that work. This shows that tax has been paid for the employees involved in that particular work.

Obviously the question remains whether the transferred amount was sufficient.

11.8.1 Notification to the Inspector

Apart from the use of the aforementioned G account, the contractor is not severally liable either if they send a copy of the contract for services to the Inspector within a week after it is signed.

The contract should contain the following data:

- place and date of the work
- estimated contract price
- estimated wage bill
- CRIB number of the (sub)contractor

11.9 Employee

We may hold the employee liable for the loonheffing if:

- amounts have unduly not been deducted
- the employer is not established on the BES islands
- the employer is not established on the BES islands and the employee wishes to leave the BES islands

If amounts have unduly not been deducted for loonheffing, we do not hold the employee liable if they have

informed us of the negligence of their employer in a timely fashion.

11.10 “G” account

The law offers the hirer and the contractor the opportunity to prevent themselves from being held liable for failure of payment of loonheffing and employer’s premiums, viz. by making use of a so-called G account. In that case they should deposit that part of the contract price which corresponds to the loonheffing and employer’s premiums due on the wage bill into the G account, on the basis of a written agreement. This is the part for which they could otherwise be held liable. The G account can only be used by the vendor/subcontractor to pay taxes and premiums.

In that case there is a legal presumption that every tax payment and payment of premiums made during the period in which the work is carried out, relates to that work. This then shows that tax has been paid for the employees involved in that particular work; regardless of whether the transferred amount was sufficient. The contractor remains liable for any difference. Payments made by a subcontractor during that period into accounts of their subcontractors are also presumed to relate to that work.

12 Step 12 End of the obligation to make deductions or end of employment

At the end of the obligation to make deductions (see paragraph 12.1) and at the end of the employment of an employee (see paragraph 12.2) you have various notification obligations.

12.1 End of the obligation to make deductions

Your obligation to make deductions comes to an end when you comply with both of the following conditions:

- you no longer employ any personnel.
- you no longer pay any wages.

You should notify us of this within one month. If you temporarily do not employ any personnel, for a few months for example, then you do not have to report this. However, you should continue to submit (nil) returns.

At the end of the obligation to make deductions in 2014, you however still have the following obligations:

- Within fifteen days, you should pay the loonheffing and employer's premiums for the tax return which have to pay for the part of the period which has elapsed.
- If you receive another return after the end of the obligation to make deductions, you should submit a (nil) return for every period for which you receive a tax return. This way you will avoid assessments for retrospective collection of taxes.

12.2 End of employment

Employment comes to an end, for example upon dismissal or death of an employee. You should always state the date of the end of employment with the employee's data in the loonbelasting en premies tax return of the period concerned (also see chapter 8). If your obligation to make deductions also ends at the end of the employment, you should notify us about this within one month.

You should keep the following data of your employee:

- the loonbelastingverklaring
- all decisions issued by the Inspector

You should keep the loonbelastingverklaringen for at least ten years after the close of the calendar year in which the employment ended, or in which the loonbelastingverklaring was replaced by another. In addition, you should take account of the general obligation to keep data for seven years (see paragraph 11.4).

Part 2 Subjects

This section covers the following subjects:

- 13 Special employment relationships
- 14 Basic allowance and allowances
- 15 Special wage types
- 16 Savings and provident funds
- 17 Expatriate regulation

Summary

This second part contains additional information to the step-by-step plan in part 1. This additional information is divided into subjects.

Here you will find, amongst others, information about the employment concerning special employment relationships. The subject 'Basic allowance and additional allowances' discusses the composition of the basic allowance and additional allowances.

In the subject 'Special wage types' it is explained whether certain wage components count as wage or whether they are exempt from loonheffing and the employer's premiums. The subject 'Savings and provident funds' describes which conditions a fund should comply with. In addition, the subject 'Expatriate regulation' is discussed in a separate chapter.

13 Special employment relationships

This chapter discusses the following special employment relationships:

- contractors of work and their helpers (paragraph 13.1)
- artists (paragraph 13.2)
- director of a body established on the BES islands (paragraph 13.3)
- supervisory directors of a body established on the BES islands (paragraph 13.5)
- captain and crew members on maritime ships (paragraph 13.6)
- casual workers (paragraph 0)
- assisting children (paragraph 13.8)
- persons working on a commission basis (paragraph 13.9)
- sportsmen and sportswomen (paragraph 13.10)

13.1 Contractors of work and their helpers

Contractors of work and their helpers are in your notional employment if they carry out work themselves and agree with you to carry out work of a material nature at a particular price.

This notional employment also concerns a contractor and his helpers who perform services which do not fall under the civil-law agreement for contract work. This for example also includes maintenance work, typing work and its ramifications.

This notional employment does not apply in the following situations:

- the work is carried out in the personal or domestic sphere of the client
- the work has been accepted by a self-employed entrepreneur
- the agreement was concluded with the State, Bonaire, St. Eustatius or Saba
- the activities take place in a sector for which the regulation for contract work is excluded. These sectors are listed on www.belastingdienst-cn.nl.

13.1.1 The distribution of wages between a contractor of work and their helpers

If a contractor has helpers, you are obliged to also deduct loonheffing from the wage which the contractor pays their helpers. Therefore the contractor should inform you how much wage each helper receives. For this purpose, they should submit a declaration to you signed by themselves and by their helpers.

If the contractor does not submit a declaration to you, you should regard the entire wage as the contractor's wage for the calculation of all loonheffing.

You should also calculate and pay employer's premiums on the wage.

13.2 Artists

The employment relationship with a national artist is assessed by means of regulations which apply to real employment. A national artist is an artist who lives on the BES islands.

Real employment has the following characteristics:

- the employee has undertaken the obligation to work for a particular period of time.
- the employer is obliged to pay the employee wage for their work.
- there is a relationship based on authority between the employee and the employer.

If these characteristics are not complied with, the artist is not in your employment and you do not have to deduct and pay loonheffing or have to pay employer's premiums.

If the artist does not live on the BES islands and is not in real employment then they are in your notional employment. In that case you are liable to pay 10% loonbelasting and 2.3% employee insurance premiums. A

foreign artist who is in your notional employment is not covered by the healthcare insurance.

13.3 Director of an entity established on the BES islands

People who work as a director for an entity established on the BES islands are in your notional employment. This includes directors of public limited companies and limited liability companies but also of foundations, private foundations, associations, cooperatives and a mutual insurance companies.

13.3.1 The term 'director'

The terms 'director' and 'manager' are used interchangeably in parlance. In many cases the manager of a company is also the director. This manual follows civil law for the term 'director'. It therefore concerns the statutory director of a legal entity. This is the person who is entrusted with the leadership of the legal entity. They may be appointed in the memorandum of association or by the general meeting of shareholders or by another body of the legal entity. The legal relationship between the director and the legal entity is not regarded or partly regarded as an employment contract under civil law. As a result, the director is not a 'real' but a 'notional' employee. This means that they are not covered by the employee insurance schemes. You are not liable to pay employer's premiums for them.

Example: The director-majority shareholder is virtually always appointed as statutory director.

The term 'manager' may refer to anyone who has a managerial position. This employee is in employment of the employer under civil law. They are covered by the employee insurance schemes and for them you are liable to pay employer's premiums.

For example: The employee who is responsible for the Purchasing Department and may call themselves purchasing manager. The school director which refers to the school principal.

13.3.2 Directors and employer's premiums

A director of an entity which is established on the BES islands is in notional employment of the entity as regards loonheffing. A director is not covered by the employee insurance schemes, therefore you do not have to pay employer's premiums for the employee insurance schemes on their wage. Neither do you have to pay the employer's share in the BES healthcare insurance premium for them. (also see paragraph 5.4.3)

Holder of a substantial interest:

The regular-wage regulation applies to directors who carry out work and have a substantial interest. In some cases notional wage applies to them as well.

13.4 Holder of a substantial interest whether or not being a director

The holder of a substantial interest usually also is the director of the company and therefore is regarded as an employee for loonbelasting. In order to make sure that the employment relationship of the holder of a substantial interest who is not a director also falls under loonbelasting, a provision has been included in the law as of 1 January 2012 as a result of which this employment relationship is also regarded as notional employment.

Someone is a shareholder with a substantial interest, either with or without their spouse if:

- they have been a direct or indirect shareholder of at least 5% of the issued capital in a company of which the capital is wholly or partially divided into shares;
- they have rights to directly or indirectly acquire shares up to at least 5% of the issued sharecapital;
- they have profit-sharing certificates which concern at least 5% of the company's annual profit or at least 5% of what is paid upon liquidation. The regular-wage regulation applies to a holder of a substantial interest who performs work for their company.

13.4.1 Regular-wage regulation

Due to the abolition of profit tax on the BES islands it has proven to be necessary to implement an anti-abuse provision. This provision prevents that the holder of a substantial interest who performs work in their company forgoes a payment for work which is considered to be normal. By including an efficiency margin of 70% in the regulation it is prevented that when the wage which is actually paid deviates slightly from a regular wage, no correction needs to be made.

The main rule of the regular-wage regulation means the following:

- The holder of a substantial interest is deemed to receive a wage which is customary for the level and duration of their work.
- This wage is at least USD 14,000.

Regular wage USD 14,000 or lower

However, it may occur that a regular wage for work amounts to less than USD 14,000, for example because hardly any work is carried out for the company because the company serves as a pension entity. If a third party would have been remunerated sufficiently with USD 3,000 for that work, the regular wage may also be set at USD 3,000 for the holder of a substantial interest. You should demonstrate this.

Regular wage higher than USD 14,000

If a higher wage is customary for this similar type of employment, the wage is set at the maximum of the following amounts:

- 70% of the higher regular wage but at least USD 14,000
- the wage of your employee who earns the most or of an employee at a company affiliated to you, who earns the most. However, if you (or the holder of a substantial interest) can demonstrate that this amount should still be lower, you may set the wage at 70% of this lower amount. However, with a minimum of USD 14,000.

A clarifying example:

The director/holder of a substantial interest works in wholesale business. They have awarded themselves an annual salary of USD 18,000.

First test:	Does the holder of a substantial interest perform work in the entity?	Yes.
Second test:	Is the wage at least USD 14,000?	Yes.
Third test:	Would someone who is not holder of a substantial interest also be paid USD 18,000 for this kind of work?	<i>The Inspector argues and proves that someone who is not holder of a substantial interest would receive a salary of approximately USD 30,000. In this case the answer to this test is no. The salary is now set at least 70% of USD 30,000, which is USD 21,000.</i>
Fourth test:	Is there an employee who works in the company or in a company affiliated to it who earns more than this amount?	Suppose that there is an employee who works in one of the companies who earns USD 35,000. The regular wage will then be set at USD 35,000.
Fifth test:	Can you prove that this higher wage is justified by special skills of the employee?	Yes. Normally a wage of USD 30,000 would be appropriate. The regular wage is set at 70% of USD 30,000, which is USD 21,000.

NB: If the wage which is actually paid in this example was higher than USD 21,000 but lower than USD 30,000, a correction does not need to be made on account of the efficiency margin.

Example minimum of USD 14,000.

The director/holder of a substantial interest works in a retail business. They have awarded themselves an annual salary of USD 12,000.

First test:	Does the holder of a substantial interest perform work in the entity?	Yes.
Second test:	Is the wage at least USD 14,000?	No. The regular wage is then set at USD 14,000. You should prove that a third party in a similar position would earn less than USD 14,000.
Third test:	Would someone who is not holder of a substantial interest also be paid USD 12,000 for this kind of work?	<i>The Inspector argues and proves that someone who is not holder of a substantial interest would receive a salary of at least USD 17,000.</i> In this case the answer to this test is no. The salary is now set at at least 70% of USD 17,000, which is USD 11,900 but still at least at USD 14,000.
Fourth test:	Is there an employee working in the company or in a company to it who earns more than this amount?	Suppose that there is an employee working in one of the companies who earns USD 18,000. The regular wage will then be set at USD 18,000.
Fifth test:	Can you prove that this higher wage is justified by special skills of the employee?	Yes. Normally a wage of USD 17,000 would be appropriate. The regular wage is set at 70% of USD 17,000, which is USD 11,900 but still at least at USD 14,000.

Part-time position

If a holder of a substantial interest holds a part-time position within the company, this could be a reason to set the regular wage at an amount lower than USD 14,000. However, this is only the case if a lower wage is customary for the time spent and the nature of the work in the market.

The regular wage of USD 14,000 does not apply to full-time positions only and therefore is not exclusively lowered on a time proportion basis because it concerns a part-time position.

NB: The regular wage may also be higher than USD 14,000 in part-time positions. See third through fifth test.

Example:

A holder with a substantial interest works 2 days a week in their company. They want to set their regular wage at 2/5th of USD 14,000, or USD 5,600. This is only allowed if someone without a substantial interest would receive a wage of USD 6,500 for a similar position in the market.

This situation corresponds to the second test described above.

Intragroup work:

The holder of a substantial interest carries out work for several companies in which they have a substantial interest. The regular-wage regulation applies per company. In this respect the total amount of the regular wage per company to be taken into account may give reason to set the regular wage within one or more companies at a lower amount than USD 14,000. In these special cases you should contact the Inspector beforehand.

Regular wage in the year of establishment and the three following calendar years

In the year of establishment and the three following years, you may set the regular wage at the amount of the commercial profit at the employee's request. The regular wage cannot become lower than nil. As the commercial

profit is only determined at the end of the calendar year, you may use the estimated commercial profit as a basis. If turns out that the commercial profit differs from the estimate at the end of the calendar year, this difference should be corrected. The Inspector may effect such a correction on a regular wage which in retrospect proved to be too low, both through the loonbelasting and through inkomstenbelasting, opting for the most practical possibility.

NB: Wage which is actually received continues to be taxed once it has been included in the levy.

13.4.2 Notional wage

The regular-wage regulation determines the amount of the wage which is deemed to be received by the aforementioned employees. If you did pay wage but less than the regular wage, you should process the difference as wage in your administration and calculate loonheffingen on this. This difference is the so-called notional wage: you did not actually pay it.

Example:

In the example given in paragraph 13.4.1 the holder of a substantial interest works in a wholesale business. Their actual wage is USD 18,000. If this is not adjusted to a regular wage of USD 21,000, they will receive a notional wage of USD 3,000.

If you have not paid any wage at all, you should regard the entire regular wage as notional wage for the employee with a substantial interest.

Example:

In the example given in paragraph 13.4.1 the holder of a substantial interest works in a wholesale business. If they actually would not receive any wage, they would receive a notional wage of USD 21,000.

13.4.3 Moment at which the notional wage is received

The notional wage, the difference between the regular wage and the actual wage received, is received at the end of the calendar year or at the end of the employment if this ends in the course of the calendar year.

13.5 Supervisory directors

Supervisory directors are officers who supervise the board of directors of a body, such as members of supervisory boards. Supervisory directors of bodies which are established on the BES islands are in notional employment as regards loonheffing. The regular rules for loonheffing apply to them. Supervisor directors are not covered by the employee insurance schemes. Neither do you have to pay the employer's share in the BES healthcare insurance premium (paragraph 5.4.3)

13.6 Captain and crew members on maritime ships

The captain and crew members on maritime ships of Aruba, Curaçao, St. Maarten or the public entities Bonaire, St. Eustatius or Saba are not covered by the employee insurance schemes.

13.7 Casual workers

A casual worker is someone who often is available on demand to carry out work. A casual worker is often remunerated on the basis of the hours they have worked. The employment relationship with a casual worker may be based on different types of agreements. The employment relationship of a casual worker usually counts as real employment (see paragraph 1.1.1).

NB: Should you have any doubts about whether you have to pay loonheffing on the wage of a casual worker, please

contact the Belastingdienst/Caribisch Nederland.

A casual worker is not covered by employee insurance schemes if they do not work in your employment for twelve consecutive days as a rule. Sundays and days which are considered to be equivalent pursuant to the Arbeidswet 2000 BES are not included in the calculation of the number of days.

NB: You should pay the employer's share in the BES healthcare insurance premium.

13.8 Assisting children

A child working in the company of their parent(s) may be in real employment (see paragraph 1.1.1). This is the case if the assisting child works under the same employment conditions as other employees. This means that they are also covered by the employer's premiums. In that case, the normal rules for loonheffing apply.

Notional employment applies to assisting children if the child is at least 14 years old and the family relationship between the parent and child is dominant in the employment relationship. In other words, the employment conditions are not equal to those of the other employees. In that case the following applies:

- The parents are obliged to deduct loonheffing.
 - The parents should comply with all related administrative obligations
 - You do not have to pay the employer's share in the BES healthcare insurance premium for the assisting child
- The notional employment does not apply if the business is also run on behalf of the child.

13.9 Persons working on a commission basis

An employment relationship with a person who works for you on a commission only is regarded as notional employment. This employment relationship has the characteristics of employment, but because of the lack of a relationship based on authority there is no 'real' employment. This notional aspect does not apply if the work is also remunerated in another way than with money.

Neither does the notional aspect apply to people who receive a commission as a self-employed entrepreneur or professional such as a supervisory director or agent. Someone who is in your notional employment and receives commission is not covered by the healthcare insurance (see paragraph 5.4.3)

13.10 Sportsmen and sportswomen

An employment relationship with a national professional sportsman or sportswoman is assessed on the basis of the rules which apply to real employment. A national professional sportsman or sportswoman is a sportsman or sportswoman who lives on the BES islands.

Real employment has the following characteristics:

- the employee has undertaken the obligation to work for some period of time.
- the employer is obliged to pay the employee a wage for the work.
- there is a relationship based on authority between the employee and employer.

If these characteristics are not met, the professional sportsman or woman is not employed by you and you do not have to deduct and pay loonheffing or pay employer's premiums.

If the professional sportsman or sportswoman does not live on the BES islands and is not in real employment, then they are in your notional employment. You should pay loonheffing and employee insurance premiums on the wage received by the professional sportsman or sportswoman. A foreign professional sportsman or sportswoman who is in your notional employment is not covered by the healthcare insurance.

14 Basic allowance and additional allowances

Loonheffing is due when the employee's wage exceeds the tax allowance and additional allowances which apply to them. In terms of loonheffing, the following basic allowance and additional allowances apply:

- tax allowance of USD 11,860.00 (see paragraph 14.1)
- additional child allowance of USD 1,522.00 (see paragraph 14.2)
- additional elderly allowance of USD 1,341.00 (see paragraph 14.3)

NB: If your employee is in the employment of several employers, they can only have one of their employers take their basic and additional allowances into account. It is best for them to have this done by the employer where they earn the highest wage.

14.1 Basic allowance

An employee is entitled to the basic allowance when they are a resident taxpayer for inkomstenbelasting. An employee who lives on the BES islands is a resident taxpayer. Whether someone lives on the BES islands is determined depending on the circumstances. The basic allowance amounts to USD 11,860.

14.2 Additional child allowance

An employee who is a resident taxpayer is entitled to the additional child allowance if the child is part of their household on 1 January and has not yet reached the age of 18 at that time. The additional child allowance amounts to USD 1,522 per child per year, but no more than USD 3,044. Therefore an employee is entitled to additional child allowance for a maximum of two children.

There are two important exceptions to this.

The employee is not entitled to the additional child allowance if:

- their spouse's personal income is higher than their own personal income or
- the employee's personal income is equal to the personal income of their spouse and the employee is younger than their spouse.

14.3 Additional elderly allowance

An employee who is a resident taxpayer is entitled to the additional elderly allowance when they have reached the age at which they would be eligible for a benefit pursuant to the Wet algemene ouderdomsverzekering BES on 1 January. At the moment this is the age of 60. The additional elderly allowance amounts to USD 1,341.

14.4 An employee who is not a resident taxpayer

The main rule is that an employee who is not a resident taxpayer is not entitled to the basic allowance and additional allowances. The basic allowance and additional allowances are granted to residents by the country of residence because it takes into account the personal circumstances of its residents. This is customary at an international level. In certain cases it is possible that the basic allowance and additional allowances may be taken into account anyway for an employee who is not a resident taxpayer. Regarding inkomstenbelasting this is the case if the employee has earned their whole income or virtually their whole income on the BES islands. This is known as the 90% facility.

Regarding loonheffing it is possible to take the 90% facility into account if it may be assumed that the employee will earn their whole income, or virtually their whole income, on the BES islands in the calendar year. The employee should submit a written request to the Belastingdienst for this. Only after the Belastingdienst has issued a decision, which is subject to objection and appeal, to the employee, showing that the employee is deemed to be a resident taxpayer for loonheffing purposes *and* the employee has submitted this decision to you, may you

take this into account to calculate the loonheffing. You should keep the original decision with your payroll administration

NB: It is self-evident that in that case the other requirements as discussed in paragraph 2.1, amongst others, should have been met.

14.4.1 Foreign pensioners

A pensioner who does not live on the BES islands is also entitled to (part of) the basic allowance for this pension if they do not meet the 90% requirement. A pension benefit is usually taxed on the BES islands if it concerns previous work performed in employment on the BES islands.

Tax is levied when the pension benefit is not awarded to the country of residence pursuant to a treaty or facility. In that case tax is not levied on the BES islands and a basic allowance does not affect the tax due.

The basic allowance does not exceed the amount of the pension. The pension fund may apply the basic allowance if the pensioner has requested this. Similar to the regular application of the basic allowance, in this case too it applies that the pensioner can only enforce this basic allowance with one employer.

Example:

An employee works on the BES islands at a garage and accrues a pension there. He decides to emigrate to Costa Rica after his retirement. His pension is USD 8,500. This pensioner is an employee pursuant to the Wet LB BES. There is no tax treaty or facility applying to him in which the taxing right over the pension is awarded to the country of residence, being Costa Rica. The pension is taxed on the BES islands. He is entitled to the basic allowance, however up to a maximum of USD 8,500.

If this employee had decided to emigrate to Curaçao then no tax is due over the pension pursuant to the Belastingregeling voor het Koninkrijk (Tax Arrangement for the Kingdom of the Netherlands). This arrangement awards the taxing right over this private pension to the country of residence. In this case Curaçao.

NB: The Belastingregeling voor het Koninkrijk between the Netherlands and Curaçao will be amended in the near future.

A shared taxing right will apply to non-state pensions with a country of source levy of 15% in combination with a grandfathering effect (country of residence levy) for pensions of Dutch citizens already living on Curaçao, which are already being paid.

NB: This extension only applies to the basic allowance and not to the additional allowances such as the elderly allowance.. If the pensioner does earn more than 90% of his income on the BES islands, he may qualify for the additional child and elderly allowances pursuant to the 90% facility. In that case he should apply for a 90% decision.

14.4.2 Foreign employees who fall within the scope of the Belastingregeling voor het Koninkrijk (BRK)

Derogations apply to employees who are not residents of the BES islands but do fall within the scope of the BRK. Also when they do not earn at least 90% of their income on the BES islands may they qualify for the basic allowance. In that case they are not entitled to the additional child and elderly allowances.

NB: If the employee does earn at least over 90% of his income on the BES islands, he qualifies for the additional child allowance and elderly allowance pursuant to the 90% facility. In that case they should apply for a 90% decision.

14.5 “Anonymous employee”

An anonymous employee is understood to mean an employee who has not given you their name, address or place of residence. In addition, an employee who did provide you with this data, which you knew or reasonably should have known to be incorrect, is also regarded as an ‘anonymous’ employee.

As regards the anonymous employee it applies that you may not take the basic allowance and additional allowances into account. In addition, the rate of 30.4% shown in the loonbelasting tables does not apply, instead you should deduct 35.4%.

15 Special wage types

This chapter discusses the following subjects:

- 15.1 Claims
- 15.2 Car expenses
- 15.3 Courses, professional literature and such
- 15.4 Board and lodging
- 15.5 Costs of servants, electricity and water
- 15.6 Costs which can never be reimbursed untaxed
- 15.7 Pension plan
- 15.8 Company passenger car
- 15.9 Personal care
- 15.10 Non-interest-bearing or low-interest loans
- 15.11 Telephone and Internet costs
- 15.12 Meals
- 15.13 Work clothes
- 15.14 Housing
- 15.15 Commuting
- 15.16 Medical expenses insurance schemes
- 15.17 BES Sickness insurance, accident insurance and Cessantia insurance

15.1 Claims

The main rule is that both the claim and the payments based on the claim are taxed. A claim is wage which is not paid in cash and in principle is valued at the monetary value minus the employee's contribution. This means that the value of a claim should be set at the amount of the deposit made to a third party (fund, insurance company). If you do not make any deposits to a third party because you are managing the claim yourself, you should estimate the amount of the deposit which you would have to make to a third party to cover the claim. Claims primarily concern cases in which you make a provision for your employee, in addition to the wage in cash, under which they or their surviving relatives acquire a right/rights at a future moment. This moment generally coincides with end of the employment or the employee's death. At that time – whether or not under certain conditions – the employee will receive one or more payments. In addition, a more or less independent entitlement to payments obtained during employment, which the employee may enforce without your involvement, is also considered to be a claim. This includes claims to:

payments in case of death resulting from an accident;
reimbursement of medical expenses for the employee's family members;
a periodic payment in case of occupational disability;
payments from life insurances.

So there should be an entitlement to payment. It is not sufficient for an employee to hope or expect that they will receive payments in the future. Therefore the claim should be legally enforceable. Natural obligations do not result in claims. The entitlements may ensue from the employment contract or the collective employment agreement.

Entitlements awarded instead of the normal remuneration do not count as claims. For example, a newly established limited liability company and its director agree that the director will earn a monthly salary of USD 3,000. However, the salary will not be paid until the limited company starts to make a profit. Instead of the ordinary wage, the director is granted a (conditional) entitlement to wage. This entitlement is not a claim. The entitlement to periodic salary increases, the entitlement to continued payment of wage during a period of leave, and the entitlement to the reimbursement of expenses do not count as claims because these entitlements to payments and the wage in cash form one whole.

NB: An employee who contributes more than the value of the claim cannot deduct the excess.

15.2 Car expenses

If your employee uses his own care for business trips, you may reimburse the costs incurred. You may reimburse the costs tax-exempt up to an amount of USD 0.20 per kilometre.

NB: Commuted kilometres do not qualify as business kilometres and therefore may never be reimbursed untaxed. Commuting is understood to mean the employee's journey between their home and the address where your company is located or from which you run your business.

15.3 Courses, professional literature and such

Reimbursements for the following costs are tax-exempt, insofar as they are professional expenses:

- the costs of excursions and educational trips, including travel and accommodation expenses
- study costs incurred by the employee to keep up to date or to refresh old knowledge
- the costs of courses, conferences, seminars and symposia
- the costs of professional literature, including professional literature provided electronically

15.4 Board and lodging

This valuation regulation concerns employees who live in such as servants, trainees, etc. The value of the benefit is set at a minimum of USD 167 per month.

15.5 Costs of servants, electricity and water

If an employee receives a reimbursement from you for the costs of a servant, electricity and/or water, or these costs are at your expense, the reimbursement or the paid costs should be included in the employee's wage. Reimbursement qualifies as wage in cash. If you cover the costs, this qualifies as wage in kind.

15.6 Costs which can never be reimbursed untaxed

You may never reimburse your employee for the following costs untaxed. These costs are:

- presents and business gifts;
- fines imposed by a competent criminal court on the BES islands and sums of money paid to the State, Bonaire, St. Eustatius or Saba to prevent prosecution on the BES islands or to meet a condition related to a decision to grant pardon, as well as fines and increased fines imposed by a government body pursuant to a law or the provisions based on that law;
- offences for which an employee has been sentenced by irrevocable judgment of a competent criminal court on the BES islands, including crimes considered in the determination of the extent of punishment and with regard to which Public Prosecutions Services has declared that it will not prosecute;
- offences for which the employee has met the conditions imposed in order to avoid prosecution on the BES islands.
- bribes.

15.7 Pension plan

Apart from wage, the pension commitment is one of the most important employment conditions which an employee can have. The rules which a pension plan should comply with to qualify as a fiscally pure pension plan are rather complicated. Therefore the text below provides a rather general explanation of what it understood to mean a fiscally pure pension plan.

For more information or questions about the fiscal acceptability of the plan which you have implemented or intend to implement, please contact Belastingdienst/Caribisch Nederland.

A pension is a periodic payment which serves to compensate for part of a decrease in income in case of old age, sickness, disability and death. A pension plan can be either individual or collective. A claim based on a pure pension plan is untaxed. The obligatory pension contributions (employee's share) are deductible (column 8 of the wage statement). The obligatory pension contributions (employer's share) do not count as wage. The pension payments are taxed. A pension plan is a pure pension plan if:

- the employee has been granted entitlement to a pension;
- the objective of the plan is to provide care for the former employee in case of disability or old age and the care of their (ex-)spouse and of their (foster) children which have not yet reached the age of 27 or are not married or have been married;
- a pension, including an AOV benefit, meets the annual accrual limits and is aimed at 70% of the employee's last received wage;
- the plan is placed with an authorised insurer.

If the plan meets all these conditions, it is deemed a pure pension plan. Otherwise it regarded as a claim, which is directly counted as wage. It is not possible to split the pension plan in terms of loonbelasting if the conditions are not met. It is either a pension plan (claim untaxed, payment taxed) or a claim which is taxed directly as wage (claim taxed, payment taxed).

NB: Pension plans which do not meet the legal requirements may be designated by the Inspector under certain conditions. By being designated a regulation may be still regarded as a pure pension plan. For example, a foreign

employee temporarily works on the BES islands and wants to continue their pension plan abroad. Should you have any questions about this, please contact Belastingdienst/Caribisch Nederland.

15.8 Company passenger car

If you have provided your employee with a passenger car and the employee also uses this car for private purposes – including commuting between home and work – you should add 15% of the original new value of the car, including algemene bestedingsbelasting (general expenditure tax), to the employee's wage.

NB: As for passenger cars which have been registered in the vehicle registration database before the Belastingwet BES came into effect, the algemene bestedingsbelasting is understood to mean: omzetbelasting and import duties.

NB: Commuted kilometres do not qualify as business kilometres and are regarded as private kilometres for the question whether the employee uses the car for private purposes. Commuting refers to the employee's journey between their home and the address where your company is located or from which you run your business.

Even in cases where the employee takes the passenger car home on your request, for example to avoid theft or destruction, it is considered to have been provided and the additional tax charge is imposed.

If the employee receives the car in the course of the year, the additional charge should be calculated proportionally to time. Suppose the additional tax charge due to private use of the vehicle over the whole year is USD 2,400 but the employee may only use the car for three months that year. In that case the private use is 3/12 of USD 2,400, i.e. USD 800.

If the employee should reimburse you for the use of the vehicle, then the paid reimbursement will be deducted from the additional charge. If the employee pays more than the aforementioned additional charge of 15%, the benefit is set at nil. Anything above this cannot be deducted as professional expenses for inkomstenbelasting.

Suppose an employee spends a considerable amount of time abroad for work. The employee gives you the car keys, the car papers and the car. During this period they do not have the car at their disposal. This means that this period is not included in the calculation of the additional tax charge.

If the employee travels abroad and they do not give you the car keys, the car papers and the car, the car continues to be at their disposal and the additional tax charge also includes this period. If you place the car at the disposal of another employee during this period, the additional tax charge applies to this other employee for this part of the year.

15.9 Personal care

Reimbursements for personal care costs are always considered as wage. This also applies when for example the employee is contractually obliged to go to the hairdresser every month because they have a position which requires a presentable appearance.

15.10 Non-interest-bearing or low-interest loans

If you provide an employee a loan under favourable conditions (non-interest bearing or low-interest), the employee is taxed for the benefit ensuing from the employment. The Belastingdienst/Caribisch Nederland adopts the view that an interest of at least six per cent applies to a business loan. This means that if you provide the employee a loan at an interest of six per cent, this is not regarded as wage in kind. If the interest is lower than six per cent, the difference is regarded as wage in kind.

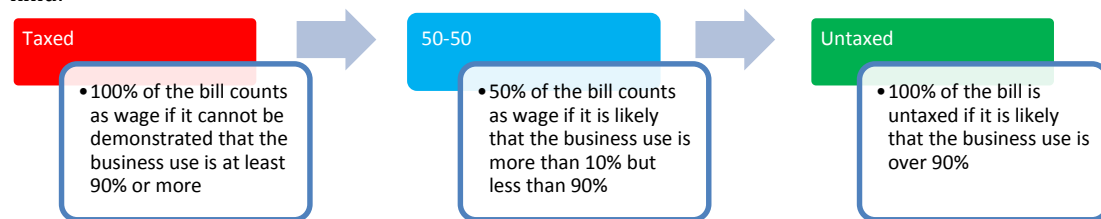
NB: If you can prove that similar loans in the loan market are provided at an interest lower than 6%, the benefit will be determined taking into account this lower percentage.

15.11 Telephone and Internet costs

You may reimburse the employee for the telephone costs of a telephone line in their home. You may also provide them with a telephone. This also applies to the reimbursement of costs of a mobile telephone or the costs of an Internet connection or mobile Internet. You may also provide them with a mobile phone with or without Internet access or an Internet connection. If the employee uses these benefits in kind for private purposes or receives a full reimbursement, while not all costs are business-related then they receive a benefit which counts as part of their wage. The burden of proof rests with you for leaving the reimbursements or the benefits in kind wholly or partially untaxed. In practice it can be rather complicated to provide prove for this. In order to accommodate you, you may annually take the following amounts into account when you pay the **entire** bill for private use:

Phone at the employee's home	Mobile phone	Internet connection at the employee's home	Mobile Internet
USD 268	USD 400	USD 350	USD 500

Or if the conditions mentioned below can be met, you may also choose the following option in case of benefits in kind:



- The employer demonstrates that the use of a phone (mobile or landline) or Internet connection which was provided, ensues from the employment;
- The employer prohibits/limits the private use and checks this;
- The employer confines the use of telephone/Internet.

If you only reimburse business conversation which the employee has via a private connection or mobile phone, you may do this untaxed. This also applies to the costs of the use of Internet. The employee should in principle claim these costs from you.

15.12 Meals

The value of meals which are provided **regularly** to the employee is set **at least** at the amounts stated below.

- a breakfast USD 1.40
- a bread meal USD 1.40
- a hot meal USD 2.80

If the employee's contribution is higher than the aforementioned amounts, the value is set at nil. This valuation also applies if you provide employees with meals in connection with overtime.

Example

You daily provide hot meals to your employee. In that case you should add USD 2.80 to their wage for each meal provided. If you charge them for more than USD 2.80, you do not have to add anything to their wage.

15.13 Work clothes

Reimbursements for work clothes and the provision of work clothes and reimbursements for the washing of those work clothes are untaxed. Work clothes are:

- clothes, including shoes, which should be worn while performing duties during employment or during certain periods of employment and which are exclusively – or virtually exclusively – suitable for this purpose, such as uniforms and overalls.
- clothes which are marked with one or more clearly visible logos associated with (the business organisation of) the employer (for example a business logo), with a total surface area of at least 70 cm²
- clothes, including shoes, of which the use when performing duties during the employment or during certain periods of the employment, is such that afterwards private use is completely or almost completely impossible.

This condition applies per item of clothing.

Determining the surface area is based on an imaginary square or rectangle around the outer ends of the logo. You may reimburse the employee or provide the employee with work shoes, such as safety shoes, untaxed. A reimbursement or benefit in kind for the cleaning of clothes is only untaxed if the clothes concerned are work clothes.

Clothing may be regarded as a uniform if a (certain) category of employees wear the same clothes which are also associated with a business or profession outside the working environment. The clothes of military personnel and stewardesses, for example, are regarded as a uniform but this does not apply to the pair of black trousers and blue blazers of chauffeurs. Whether or not clothes are regarded as a uniform, and what garments are part of a uniform, depends on the facts and circumstances of the case. You may consult us about this. If a garment is part of a uniform which is used for the performance of duties during the employment, then this garment is regarded as work clothing. In that case it is not relevant whether an individual part of a uniform cannot be identified as such or could be worn outside the hours of employment.

15.14 Housing

In the event that you provide your employee with a house free of charge, the rental value of the house is regarded as part of the employee's wage. For the application of this regulation, the rental value of a house which is made available as principal residence is set at 8% of 60% of the economic value of the house. In this context, the economic value is understood to mean the free market value.

NB: A compensation for rental costs is taxed as wage in cash.

If an employee demonstrates to the Inspector that the amount of their saving is significantly lower than the prescribed rental value, the Inspector may determine the value at the amount of the saving by means of a decision. As withholding agent you may only take this lower amount into account as of the moment that you have received the decision from the employee. In practice, this means that you may only apply this lower value for wage periods which have not yet elapsed.

In case that the higher rental value has been added to the wage over wage periods which have already elapsed, you may take this into account as withholding agent when determining the additional tax charge for the remaining wage periods. The amounts which already have been added to the wage may be deducted from the rental value set by the Inspector.

The Inspector will only issue such a decision in case of a normally agreed remuneration for work and the value of the benefit, as described above, amounts to more than 20% of the gross family income. When the valuation of the benefit amounts to more than 20% of the gross family income and providing a more expensive house was clearly part of the employment contract, the Inspector shall not issue a decision.

Example

Your company owns a director's house with a free market value of USD 140,000. The economic rental value of the house then amounts to 8% of 60% of USD 140,000. This is USD 6,720.00 per year.

You make this house available to the doorkeeper as the current director has indicated that they do not want to live next to the company. The doorkeeper earns an annual salary of USD 14,000. Normally this employee would not spend more than 20% of their income on renting a house. Following a request to the Inspector for a decision, the rental value of the home will be set as USD 2,800 per year for this employee. If two months have already elapsed in which you added USD 560 per month to their wage, you may take into account USD 2,800 minus USD 1,120 for the remaining ten months, which is USD 168 per month (the difference divided by 10). You may also make this home available to an employee with a salary of USD 33,500. This employee is married and their spouse earns a salary of USD 27,900 per year. The Inspector will reject a request to set the rental value at a lower rate, as the rental value is lower than 20% of the gross family income.

Example

A villa with a swimming pool valued at USD 365,000 is purchased for a director/majority shareholder. The house is provided free of charge. The director earns an annual salary of USD 20,000. The Inspector will reject a request to set the rental value at a lower rate, as providing the house is clearly part of the director's employment conditions.

15.15 Commuting

You may not provide an untaxed reimbursement for commuting. Commuting is understood to mean the employee's journey between their home and the address where your company is located or where you run your business.

15.16 Medical expenses insurance schemes

The premiums which you should pay as an employer for your employees who are insured under the Besluit zorgverzekering BES are not regarded as taxed wage for the employee. This also applies to the costs incurred by you in connection with the employee's medical treatment and nursing. If the employee is not insured under the Besluit zorgverzekering BES, and you reimburse them for the costs of the medical expenses insurance scheme, this reimbursement is not does not count as wage. The claims which the employee may make to this scheme, do not count as wage either.

15.17 BES Sickness insurance, accident insurance and Cessantia insurance

The insurances referred to in the heading of this paragraph in certain cases provide a payment in case of sickness, an accident or the end of employment. These claims to payments which actually replace income are exempt. The payments from these insurances should therefore be regarded fully as wage.

16 Savings and provident funds

Savings and provident funds were created to provide for the employee at their old age. Contrary to a pension fund, where there is no direct relation between the deposits made by the employee and the amount of the ultimate payments, the payments from the savings and provident fund are equal to the deposit made by you and your employee, plus the interest received on the deposit. The contribution to the fund is obligatory if the employee is obliged to contribute either to get the job concerned or to keep the job concerned. The deduction amounts to 5% of the employee's full year's wage, i.e. including the compulsory employer's contribution, and amounts to a maximum of USD 470 per year.

For a fund to be designated as a savings and provident fund, the fund should comply with a number of conditions.

1. A savings and provident fund may be established by using a blocked account in the name of the employer with a bank which is established on one of the island territories Bonaire, St. Eustatius or Saba, or by means of separate legal entity.

2. In case a blocked account is used, the following conditions should be met:

a. the withholding agent is obliged to calculate and pay the tax due by the employee over the period in which interest is added;

b. the withholding agent is only authorised to cooperate in unblocking the account, also if the employment has already come to an end;

1. in the situations mentioned below in item four; or

2. insofar as the amount to be withdrawn has a purpose as stated in items five and six; and also

3. to offset the loonbelasting on the financial return, due by the employee.

3. In case a separate legal entity is used, the following conditions should be met:

a. the legal entity should exclusively be involved in the savings and provident fund;

b. the management of the fund should be composed in such a way and should have such powers that the independence of the management is guaranteed;

c. the fund's investments in the company of the withholding agent will not exceed 10%;

d. the fund's articles of association should contain at least rules regarding:

1. the purpose;

2. the management;

3. who may participate;

4. the investment of monies;

5. the claims of the participants;

6. how members of the management board are appointed;

7. amendments to the articles of association and regulations;

8. the liquidation.

e. The Fund should in any case be open to every employee who is in permanent employment for at least six consecutive months. Former employees may leave their balance which was accrued during their employment.

f. Before payment is made, the savings and provident fund informs the withholding agent about the financial return which was realised, in order to enable them to calculate and pay the loonbelasting due by the employee, and if necessary to deduct it from the payment from the savings and provident fund.

4. The withdrawal of monies invested is only permitted:

a. at the time of retirement or upon reaching the age of 60;

b. in case of death;

c. in case of emigration;

d. in connection with the purchase of an own house which is available to the participant as principal residence.

5. At or after the end of the employment the invested monies may be deposited directly in a savings and provident fund of a new employer without any fiscal consequences.

6. The invested monies may at any time, and without any fiscal consequences, be deposited with an insurance company established on the BES islands for the purchase of an annuity insurance of which the instalments:

a. are paid exclusively to the participant or their spouse after their death;

- b. start upon the decease of the participant and then fall to their own child, stepchild, foster child or grandchild and end only upon the decease of the beneficiary or at the latest when the beneficiary reaches the age of 21.
7. The rights to the employee's balance in the savings and/or provident fund may not be ceded, pledged or be sold or encumbered in any other way.
8. If the aforementioned conditions are violated with regard to a participant in the fund, the fund is no longer regarded as a savings or provident fund.

NB: The interest which is added for the benefit of the employee should be included in the employee's wage (column 3).

17 Expatriate regulation

Employees who enter the employment of an employer who is obliged to deduct loonbelasting on the BES islands and who cannot be found in the labour market or who are in short supply, may be designated as expatriates

In this respect the employee should meet the following cumulative requirements:

- The employee has not lived in any of the public entities Bonaire, St. Eustatius and Saba for a consecutive period of at least five years immediately preceding their employment in one of the aforementioned public entities;
- The employee possesses specific expertise at academic or HBO (higher vocational education) level and has at least five years of relevant work experience;
- The employee's remuneration amounts to at least USD 83,500 per year.
- The employee's expertise is not available or is in short supply in the local labour market.

17.1.1 Conditions to be designated as an expatriate

In order to qualify for this status, the employer and the employee should jointly submit a written request to the Inspector. This request should be submitted within three months after the start of the expatriate's employment in the public entities of Bonaire, St. Eustatius or Saba. This request should contain the following data of the employee:

- a) their curriculum vitae;
- b) copies of relevant diplomas, mark lists and references;
- c) copies of the work permit and the residence permit;
- d) copy of the employment contract; and
- e) a summary of the reimbursements and remunerations in kind granted.

17.1.2 Duration of the regulation

In principle the regulation applies for a period of five years. The regulation is shortened to one year if no work permit and/or residence permit can be submitted with the request. If this shortcoming is remedied before the end of the year and these documents are submitted, the period is extended to five years.

17.1.3 Extension

If the employer demonstrates in a written request before the expiry of the final date of the decision that it is necessary to extend the expatriate's employment as a result of the continuing lack of specific expertise in the labour market, the Inspector may extend the period once for up to a maximum of five years. The employer's request should also be signed by the employee.

17.1.4 Commencement date of the regulation

If the request is made in time, i.e. within three months after the duties started, the regulation applies as of the first day of the employment. If the request is made later than three months, the regulation can only enter into effect from the first day of the month following the month in which the request was made

17.1.5 Change of employer

If the expatriate changes employer, the new employer may also apply the regulation under the conditions below. The conditions are:

- the new employer submits a written request to the Inspector within three months after the end of the previous employment
- they demonstrate that the regulation applied to the employee
- they demonstrate who the employee's previous employer was

The maximum duration of the new decision then covers the remaining duration of the decision of the previous employer.

17.2 Untaxed reimbursements and benefits in kind

The employer may grant the expatriate the following reimbursements and benefits in kind untaxed in connection with their employment:

- rewards in kind insofar as they jointly do not exceed USD 8,380 per calendar year;
- reimbursement of costs incurred to visit schools in the public entities Bonaire, St. Eustatius or Saba as well as similar educational institutions outside these three entities. In this respect a maximum applies, which is that a maximum of USD 13,967 per calendar year per child is left untaxed;
- reimbursement of travel expenses related to the secondment and repatriation of the employee and their family up to a maximum of USD 2,235 for a single person, USD 4,470 for a couple and USD 6,704 for a couple with children;
- reimbursements of hotel costs for a maximum of two months after the employee's arrival in the public entities Bonaire, St. Eustatius or Saba, up to a maximum of USD 5,587 for an employee who is single, USD 8,380 for a couple without children, and USD 11,732 for a couple with children;
- reimbursements of refurbishing costs when taking residence in the public entities Bonaire, St. Eustatius or Saba up to a maximum of two months' wage, with a maximum reimbursement of USD 6,704;
- reimbursements for renting a vehicle upon the employee's arrival in the public entities Bonaire, St. Eustatius or Saba for a maximum of two months, while the reimbursements do not exceed USD 1,509 per month.

17.3 Net wage agreement

If an employer pays the tax payable by an employee, this is a benefit for the employee and this benefit counts as wage (see paragraph 5.9). However, if an expatriate has agreed a net wage in writing with their employer, this benefit does not count as wage.

Example:

You have an employee in your employment who qualifies for the expatriate regulation. You have agreed a net wage with them of USD 7,000 per month. You should calculate the loonheffing due in the same way as you would for an agreement in which the employee should bear the loonheffing themselves. (=gross wage agreement). Loonheffing of USD 1,819.03 is due on a gross monthly wage of USD 7,000 (general basic allowance; 2015 rate). If you pay this loonheffing, this does not count as a benefit for the employee.

You may enter the loonheffing paid by you as an untaxed reimbursement of costs on the wage statement.

Wage in cash	7,000,00
Fixed deduction for procurement costs	23.33
Assessment basis for calculation of loonbelasting (columns 10-13)	6,976.67
Loonbelasting according to table	1,819.03
Untaxed reimbursements	1,819.03
Wage payable (columns 2+5-8-15-16+17)	7,000.00

If you would pay the loonheffing due for an employee who is not an expatriate, this would count as a (taxed) benefit for this employee. He owes loonheffing on this benefit. If you eventually pay all loonheffing payable by the employee, this actually is grossing up a net wage of USD 7,000 to a gross wage of USD 9,614.29. In that case the loonheffing due amounts to USD 2,614.29.

Wage in cash	9,614.29
Fixed deduction for procurement costs	23.33
Assessment basis for calculation of loonbelasting (columns 10-13)	9,590.96
Loonbelasting according to table	2,614.29
Wage payable (columns 2+5-8-15-16+17)	7,000.00

17.4 Transitional arrangement

The Netherlands Antilles no longer exists as a country since 1 October 2010. A decision issued by the then Inspector before 1 October 2010 continues to be valid if it was issued under the Beschikking Ex-patriates 1998 (1998 Expatriate Decision) or the Beschikking ex-patriates St. Eustatius (St. Eustatius Expatriate Decision). However, in that case, the duration of five years is shortened by the time which has already elapsed between the commencement date and 1 October 2010.

17.5 Penal provisions

If you do not comply with the obligations or conditions stipulated in the Expatriate Regulation, or do not comply with them in full, this is a criminal act. In that case, punishment is a second-category fine. In addition, the Expatriate Regulation is deemed to never have been applied. This may result in significant retrospective collections of loonheffing and employer's premiums.

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