



## 2011 Tax Plan

## Incentive for entrepreneurship

### 1. Lower tax rate corporate income tax

As of January 1, 2011 the general top tax rate for corporate income tax will be lowered from 25,5% to 25%. The initial € 200,000 of taxable income will remain to be taxed at 20%.

### 2. Extension of the accelerated depreciation measures

As part of the measures taken with regard to the economic crisis in 2008 and 2009, the government introduced a temporary measure for accelerated depreciation. Initially this measure only applied to investments that were made in 2009 or 2010. It is now proposed to prolong this measure to 2011. This means that the accelerated depreciation can also be applied by businesses that purchase qualifying new company assets in 2011. These assets may then be fully depreciated in 2011 and 2012 (with a maximum of 50% per year).

### 3. Expansion of regime for tax-free benefits and allowances

As of January 1, 2011 the current regime for tax-free benefits and allowances will be replaced by a so-called employment cost regulation ('werkkostenregeling'). Under the new regime a fixed percentage of 1,4% of the total wage sum for tax purposes at the level of the employer can be distributed on a tax-free basis. In addition, a number of specific tax-free benefits and allowances will remain in place. It is now proposed that the scope of these specific tax free benefits and allowances will be expanded to business literature and certain subscription fees. Furthermore, certain types of company clothing with a big company logo are assumed to have no personal value for tax purposes and therefore will have no impact on the tax-free basis of 1,4%.

Visit [www.taxperience.com](http://www.taxperience.com) to find out more about the new system for tax-free benefits and allowances. Taxperience has also developed a calculation sheet to determine the impact of the new system for your organization.

### 4. Quarterly tax return for VAT purposes

As of July 2009 businesses can opt to file the VAT tax return on a quarterly basis. This option was originally based on a temporary approval. It is now proposed to implement this option for a longer period of time. Therefore, businesses can continue filing the VAT tax returns on a quarterly basis for the coming years.

### 5. Extension temporary loss carry back extension

For losses incurred in the tax years 2009 and 2010, a temporary measure was introduced on the basis of which the carry back period was temporarily extended with two extra years to three years. On the other hand the maximum period for tax loss carry forward was reduced from nine to six years. The extended measure for carry back is limited to € 10 million per year. It is now proposed to extend this measure to tax losses arising in 2011.

### 6. Broader scope for innovationbox

As of January 1, 2011 the effective tax rate of 5% resulting from the innovation box will also apply to the positive income arising from innovative activities arising in the period between the application for a patent and the actual patent being granted.

### 7. Extension of R&D tax credit

For the tax years 2009 and 2010 the R&D tax credit was temporary raised. This beneficial regime will now be extended with one extra year. In 2011 an employer can apply a tax credit of 46% for all R&D related wages up to a maximum of € 220,000. For the part of the wages that exceeds this threshold a tax credit of 16% applies. The maximum R&D tax credit for 2011 amounts to € 11 million.

## Incentive for building and housing market

### 1. Lower VAT rate of 6% for renovation

As of October 1, 2010 the VAT rate for labor costs in renovation projects is temporarily reduced to 6%. For this purpose renovation projects include renewing, repairing, expanding and maintaining (parts) of a house. The lower VAT rate only applies to labor costs. Furthermore, the house has to be older than two years after the initial time of usage. This measure will cease to exist as of July 1, 2011.

### 2. Three year period for interest deduction vacant house

In the situation where interest for two mortgages has to be paid (i.e. new house already bought but old house not yet sold) a mortgage interest deduction can be claimed for both homes for a period of two years. It is now proposed that this period will be extended with one additional year, thus expanding the period from two to three years.

### 4. Extension second sale period for transfer tax purposes

If a home is bought and sold again within six months, transfer tax for the second sale is due only on the profit (if any). As of January 1, 2011 this period will be temporarily extended to twelve months.

## Incentive for environment friendly cars

### 1. Extension incentive fuel-efficient cars

In 2011 there will be no change in the tax benefits for highly fuel-efficient cars. Besides being exempt from purchase tax on cars and motorcycles (BPM) and from motor vehicle tax, they also remain subject to a lower rate of notional income for private use (i.e. 14%). Because the tax benefits for these cars are meant to permanently encourage further reduction of CO2 emissions, the government will investigate whether the conditions can be adjusted upward periodically. Moreover, the government announces that taxpayers will be able to count on the tax benefits over a longer period. Current owners of highly fuel-efficient cars will retain their entitlement to the zero rate of motor vehicle tax until at least 2013.

### 2. Phasing out of the BPM suspended

The phasing out of the BPM that was announced in 2008 and the related increase in motor vehicle tax will be suspended pending a definitive decision on the kilometer levy.

### 3. Other adjustments

The motorcycle vehicle tax will be raised with 6% in both 2011 and 2012. In 2013 The motorcycle vehicle tax will be further raised with 12%.