



Explanation

[2 | 0 |] |] Loonbelasting reduction request

> General information

What does loonbelasting reduction mean?

Loonbelasting is withheld from your wages, benefit or pension. Your employer or benefits agency does not take into account any of your deductible expenses. Only the tax relief, the ouderentoeslag, and a fixed amount of USD 280 for professional expenses are taken into account. This means that too much loonbelasting is withheld if you have any deductible expenses. Final settlement will take place after the turn of the calendar year, with the assessment for income tax. This assessment is imposed after you have submitted your tax return. You can prevent too much loonbelasting being withheld by submitting a request for loonbelasting reduction.

Conditions

You may request loonbelasting reduction if you have submitted an income tax return over the past year. If you do not meet this condition, your request for loonbelasting reduction shall be rejected.

Your loonbelasting shall be reduced if your final assessment for income tax is likely to be more than a quarter lower or more than USD 560 lower than the loonbelasting withheld over the year or period.

Return the filled-in form as soon as possible. The Belastingdienst will assess and determine the amount for which you shall receive a tax reduction, after which the Belastingdienst will send you a notification stating the amount of the loonbelasting reduction.

Please note! Do not return the form if upon completion it is clear that you are not eligible for loonbelasting reduction.

Avoid receiving a reduction which is too high

The summary calculates the maximum amount for which you can request a loonbelasting reduction. However, you may also request a loonbelasting reduction for a lower amount. This is because the final assessment may involve payment of remaining tax, because you may have estimated certain deductible expenses too high or your income not subject to loonbelasting is too low. If you request a loonbelasting reduction for a lower amount than you really expect, you will limit the risk that you will have to pay any remaining tax at the time of the final assessment.

Final settlement

If you have received a loonbelasting reduction you will automatically receive an inkomstenbelasting return form. The inspector will assess whether the reduction amount was correct on the basis of your tax return. Your final assessment will then state whether you will have to pay any remaining tax, or that you will be receiving money back.

If you do not receive an inkomstenbelasting return form you are obligated to request one from the Belastingdienst.

More information

You can reach the Belastingdienst by phone during office hours at the following telephone numbers.

Bonaire: 00599 - 715-8585

Saba: 00599 - 416-3941

St. Eustatius: 00599 - 318-3325

Explanation of the questions

1 Personal information

- 1g This question refers to a situation in which a couple has been married during the entire calendar year and:
- is not permanently separated or
 - not legally separated.

Permanent separation means that the spouses are no longer living together and that this situation is not meant to be temporary. If you move in with each other again within six months of having been permanently separated, you will be considered to have been married for the entire period.

If you are separated from your spouse, the provision concerning the level of the personal income does not apply to you. You are considered unmarried.

- 1j State the name of the withholding agent here. This is always your employer or benefits agency. If your request for loonbelasting reduction is approved, the withholding agent will withhold less loonbelasting. If you are receiving income from more than one employer and/or benefits agency, you will state the name of the withholding agency from whom you desire loonbelasting reduction. The other withholding agencies will withhold wages in the usual way.

- 1m Important for married couples: the personal income determines who must submit the request. If you are married, you first determine which of you has the highest personal income. The spouse with the lowest personal income can only request loonbelasting reduction if the actual professional expenses are higher than USD 840. The spouse with the highest personal income may request loonbelasting reduction for the other deductible expenses. Other deductible expenses here mean: their own professional expenses and the personal and exceptional costs of both spouses.

Personal income consists of:

- income subject to loonbelasting (for instance, wages, redundancy pay, pension benefits or the AOV/AWW benefits);
- profits from business;
- income from work not performed in employment;
- proceeds from periodical benefit.

In order to calculate the personal income, the following is deducted from the income subject to loonbelasting:

- the mandatory employee contribution for pension (personal contribution);
- the mandatory contributions to savings funds or other provisions (5%, max. USD 470);
- the procurement costs: fixed costs at USD 200 or actual costs if more than USD 560.

The procurement costs are deducted from the income from work not performed in employment.

Proceeds from periodical benefit are, for instance, study grants, occupational disability benefits, and benefits in connection with discontinuing your business.

2 Income subject to loonbelasting

- 2a State your income subject to loonbelasting, such as wages, redundancy pay, pension benefits, or the AOV/AWW benefits. Make an estimate for the entire year that is as accurate as possible. You can use your salary slip, for instance. If you are receiving your salary every month, you multiply the wages for loonbelasting on your last salary slip by 12. Also take into account pay-rises, holiday allowances, and other incidental wage payments (such as a thirteenth month).
- 2c Here you fill in the fixed professional expenses of USD 280. However, if you have procurement costs of more than USD 840, fill in USD 0. The actual professional expenses are dealt with under Section 3.

3 Professional expenses

Professional expenses are expenses you incur in order to be able to conduct your profession properly, or to obtain your income. In case of income from current work and other revenues from work such as extra earnings, you are entitled to a fixed amount of professional expenses of USD 280. If your actual professional expenses are higher than USD 280 a year, or if you have costs that lower your extra earnings, then you can deduct your actual costs in so far as they amount to more than USD 560. The deduction of the actual procurement costs or of the fixed amount cannot be more than the income. If you deduct the actual procurement costs, you need to submit a specification.

Deduction of the actual costs is only more favourable for you than deduction of the fixed amount of USD 280 if the actual costs exceed USD 840.

Example 1

If your actual costs are USD 727 you can deduct USD 167 (USD 727 – USD 560) in actual costs. However, the fixed deduction for professional expenses is at least USD 280. Therefore, at least USD 280 will be taken into account.

If your actual costs are USD 1,062 you can deduct USD 502 (USD 1,062 – USD 560) in actual costs. The fixed deduction is USD 280. It is more advantageous for you to deduct the actual costs than the fixed deduction.

The following costs are not deductible:

- a costs for any working space and its furnishings and fittings in your home if:
 - 1 you have a working space outside your home where you are earning the entire amount of your income from work, company, and profession for less than two thirds (2/3) in the working space at home, or
 - 2 you do not have a working space outside your home available to you and you are earning the entire amount of your income from work, company, and profession for less than two thirds (2/3) in or from the working space at home.
- b commuting expenses;
- c costs for boats used for representative purposes;
- d clothing expenses, with the exception of working clothes. Working clothes are clothes that are not suitable to wear in your private life. For instance, a boiler suit, a fireman's uniform, a nurse's outfit, or clothes bearing the company's name or logo;
- e costs for literature, with the exception of professional literature;
- f telephone subscriptions and internet connections in the private name of the taxpayer (business telephone expenses are deductible);
- g costs relating to personal care;
- h food, drinks, representation, receptions, festivities, excursions, educational trips;
- i donations and promotional gifts;
- j fines;
- k costs related to a conviction for a criminal offence;
- l costs incurred to prevent prosecution;
- m bribes.

Expenses for which deduction is limited and/or maximized

- a. expenses for musical instruments, sound equipment, tools, word processors, typewriters and calculators, computers, fax machines, equipment for telephone conversations, including display equipment are all deductible if the total purchase price per year is higher than USD 419, on the basis of a time-proportional depreciation over three years.

An example:

Purchase on 1 January; USD 1,676

Depreciation per calendar year over three years $USD\ 1,676 : 3 = USD\ 560 - USD\ 419 = USD\ 141$.

For a period of three years, you may deduct USD 141 each year.

Example 2:

If the purchase was made during the course of the year, you must calculate the depreciation in proportion to time.

Purchase on 1 July; USD 1,676

Depreciation per calendar year is USD 560 over 36 months

Depreciation over the first year (over six months) is $USD\ 141 \times 6/12 = USD\ 70$. Over the first year, you may deduct USD 70. Over the second and third year, you may deduct USD 141 per year.

Reduction over (six months of) the fourth year is $USD\ 141 \times 6/12 = USD\ 70$.

- b. expenses for courses, congresses, seminars, conferences, et cetera, including the journeys to and fro and the stay are deductible for 75% with a maximum of USD 1,397.

Car expenses

You may deduct a fixed amount per kilometer for car expenses. This is taken into consideration as follows, if you:

- a. use your personal car for business trips (excluding commuting kilometers), you may deduct USD 0.20 per kilometer
- b. have a company car, you may deduct the petrol expenses.

5 Personal expenses

The term income especially plays an important role in the personal expenses and the exceptional expenses. You can calculate the income proceeds by adding the total of 2e and 4f and then deducting the amount under 3e (2e + 4f – 3e).

- 5b There is a maximum deduction of USD 1,397 as interest over debts. If you are married, the the interest deduction is transferred to the spouse with the highest personal income and therefore a maximum sum of USD 2,794 can be deducted. Also see under 5h for the relationship between interest of a personal loan and mortgage interest.
- 5c The deduction is at most 5% of your income and shall not exceed USD 560. If you participate in a pension fund, a savings fund, or other provision, you may only deduct the difference between USD 560 and the total of your contributions in this context.
- 5f Deducting donations to religious, charitable, cultural or scientific institutions or institutions contributing to the general good is possible if the donation exceeds 1% of your income and USD 56. If these thresholds are exceeded, you may deduct the excess. You may not deduct an amount higher than 3% of your income. If you are married, both your income and that of your spouse shall be taken into account for the calculation of this threshold.
- 5h An 'owner-occupied home' (eigen woning) is a home:
 - owned by the taxpayer
 - the land of which the taxpayer holds in ground lease or is otherwise renting
 - that the taxpayer holds in usufruct, obtained by virtue of the law of succession (erfrecht).

You may deduct the maintenance costs of the owner-occupied home which you are using as your main residence to a maximum of USD 1,676. This deduction may not be higher than 2% of the registration value used for grondbelasting. For mortgages entered into on or after 1 August 2000, you may deduct a maximum of USD 15,364 of mortgage interest and life insurance premiums in relation to the mortgage. For mortgages entered into up to and including 31 July 2000, all mortgage interest can be deducted.

Please note! The maintenance costs and the mortgage interest, including the life insurance premiums of, for instance, your second home or holiday home may not be deducted.

Connection between the interest on a personal loan and the hypotheekrenteaftrek with respect to mortgage loans entered into after 31 July 2001.

Example 1

If the interest on a personal loan is USD 1,676 and your mortgage interest is USD 5,587, the unmarried taxpayer may deduct the interest over the personal loan to a maximum of USD 1,397 and the mortgage interest to a maximum of USD 5,587. For married couples, the deductible sums are USD 1,676 for the interest over a personal loan (the maximum for married couples is USD 2,794) and USD 5,587 for the mortgage interest.

Example 2

If the interest over a personal loan is USD 2,794 and the mortgage interest is USD 15,625, the unmarried taxpayer may deduct the interest over the personal loan to a maximum of USD 1,397 and the mortgage interest to a maximum of USD 15,364. For married couples, the deductible sums are USD 2,794 for the interest over a personal loan and USD 15,364 for the mortgage interest.

Example 3

The unmarried taxpayer has USD 27,933 in mortgage interest and no further interest over a personal loan. This unmarried taxpayer may deduct USD 16,761 in mortgage interest in total, i.e., USD 15,364 and the unused part of the consumer interest of USD 1,397. For married couples, the deductible sum is USD 18,158 for the mortgage interest (USD 15,364 and the unused part of the consumer interest at USD 2,794).

6 Exceptional expenses

Please note! The exceptional costs for married couples are always combined. This means that you will have to add up the exceptional costs of both your spouse and yourself. The exceptional costs of the spouse with the lowest income are allocated to the spouse with the highest personal income. The spouse with the highest personal income can deduct these costs.

- 6a Expenses for sickness, disability, child birth, and death, of yourself, your spouse, your own children or children related by marriage and foster children and of your blood or direct relatives (for instance, grandparents, parents, and grandchildren) or in the second degree horizontally (brothers and sisters, for instance) are deductible. These are expenses such as:
- premiums for health insurance;
 - expenses incurred from doctors, dentists, hospitalizations;
 - medicine;
 - subscriptions to home nursing services;
 - spectacles and contact lenses;
 - funeral costs (premiums for funeral funds may only be deducted if they do not pay out in kind at the time of passing).

There is a limited deduction for expenses of car trips related to sickness, et cetera (for instance, visiting doctors). If you are using your own car, you may deduct USD 0.20 per kilometer. If you are using someone else's car, you may deduct the petrol expenses.

Draw up an estimate of these expenses for the entire year and try to be as accurate as possible.

- 6b1 Draw up an estimate of the expenses for the necessary living expenses of the following family members of yourself and/or your spouse:
- children and foster children of 27 years and older;
 - spouses of these children;
 - parents (including foster parents) and grandparents;
 - (half) brothers and (half) sisters and their spouses.

The living expenses for these family members may be deducted if these persons are unable to provide for their own maintenance. The deduction is limited to a sum of USD 1,397 per supported person. For instance, if you are supporting your mother and father, the sum you may deduct is a maximum of twice USD 1,397, or USD 2,794. In addition, a maximum has been put on the total amount you may deduct, i.e., a maximum of 10% of your income can be deducted as living expenses in this context.

- 6b2 Living expenses for children up to the age of 26 who cannot provide for their own maintenance on account of sickness or infirmity.
- 6d Expenses which entitle you to a compensation from your employer, insurance company, or from a relief company are not deductible, not even when you do not receive such compensation until a later year.
- 6f There is a threshold for living expenses and health expenses, et cetera. You may only deduct the part of the costs which exceeds a certain minimum amount (the threshold). These costs may be deducted if in total they exceed 10% of the income, with a minimum of USD 840. In order to calculate the level of the threshold the joint income of both spouses is taken into account for married couples.
- 6h Draw up an estimate of the education expenses for you or your spouse and try to be as accurate as possible. The education must have the purpose of improving your social position in financial and economical respect. The expenses for a education as a hobby or a education of a general character cannot be deducted. Education expenses incurred to maintain your professional knowledge can be deducted as professional expenses.

Please note! Only the following costs can be deducted as education expenses:

- school or tuition fees;
- books;
- mandatory teaching material;
- airline tickets.

If you are staying on a different island area of Caribisch Nederland or abroad for your studies or training, you may deduct 75% of the expenses.

- 6i Before deducting education expenses, you must subtract them with any compensation from third parties, for instance the employer.
- 6k You may deduct education expenses if your children or foster children are following an MBO, HBO, university, or comparable education. You may deduct for children up to the age of 26. You may deduct a maximum of USD 5,587 as education expenses. If you are married, the spouse with the highest personal income can deduct a maximum of USD 11,174.

Please note! only the following costs can be deducted as education expenses:

- school or tuition fees;
- books;
- mandatory teaching material;
- one airline ticket per year per child.

- 6l For instance, a study grant, compensation from your employer.