

## Dutch Government publishes further details on job-related investment tax credit

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### Executive summary

On 5 October 2020, the Dutch Government published further details on the legislative proposal to introduce a so-called job-related investment tax credit (BIK). The BIK allows companies that make qualifying investments in business assets to take a tax credit against their payroll taxes.

The cash flow benefit and cash tax benefit for employers is to support businesses following the economic implications of the COVID-19 outbreak. The Dutch Government will increase the budget for this incentive from €2 billion to €4 billion in total for the next two years.

This proposal was previously announced as part of the stimulus package included in the Dutch budget proposals for fiscal year 2021. The proposals are currently subject to the review and discussions by the Dutch Parliament and as such may be subject to amendments. The final version of the proposals is expected to be enacted in December 2020.

### Detailed discussion

The proposed BIK allows companies that make qualifying investments in new business assets to take a tax credit against their payroll taxes. Employers who make investments for which the investment decision is made on or after 1 October 2020, that are paid in full in 2021 or 2022, are eligible to apply for the remittance reduction for payroll tax purposes.

The remittance reduction amounts to 3% of the investment amount up to and including €5 million. For the excess, it will amount to 2.44% of the investment amount.

The BIK can be deducted from the wage tax and national insurance contributions to be remitted by companies (i.e., not from the employee insurance contributions and employer healthcare insurance contributions), but not any further than nil.

Qualifying business assets may not have been used in a business previously and the assets have to be operated/ put in use within six months after full payment. The BIK can be used irrespective of and in addition to other existing investment incentives such as the Small Investment Allowance (KIA), the Energy Investment Allowance (MIA) and the Random Depreciation of Environmental Assets (VAMIL), for the business to further optimize the tax position and fully benefit from the available investment regimes.

## Application process

An application for the BIK must be submitted electronically to the "Rijksdienst voor Ondernemend Nederland" (RVO) and can be made simultaneously for several investments in business assets. The application can ultimately be made within three months after the calendar year during which the investment is made. A maximum of four applications can be submitted per calendar year with a maximum of one application per quarter.

More detailed rules will be announced before 1 January 2021, specifying the exact application process and the additional documents that will have to be submitted.

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EYG no. 006878-20Gbl

1508-1600216 NY  
ED None

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