



WHITEPAPER INCOME TAX

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YOUNG ONES

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CHAPTER 1

CHAPTER 1



WHAT IS INCOME TAX?

As a freelancer, you must indicate what your income is. You do this to be able to pay tax on this. There is no employer who does that for you. As a freelancer, you don't have a salary, but turnover. And you pay taxes on your winnings. Your profit is what remains after you have deducted the VAT (btw) and costs from the turnover. You must submit this declaration between 1 March and 1 May.

PLEASE NOTE

Even if you haven't received or paid anything for a year, you still have to do the income tax!

BE ON TIME, DO NOT RISK A FINE >>>

WHAT IS THE DIFFERENCE?

EMPLOYED

People who are employed automatically pay payroll tax. The employer does this by deducting the tax from the gross monthly wage, after which your net wage is paid. The employer pays the wage tax to the Tax Authorities (Belastingdienst in Dutch), but you still have to file a return for this to offset any overpaid or underpaid tax.

AS A SELF-EMPLOYED

As a freelancer, you must state what your income is in order to contribute to direct tax. There is no employer that does that for you. As a freelancer, you don't have a salary, but turnover. And you pay taxes on your winnings. Your profit is what remains after you have deducted the VAT and costs from the turnover.



WHERE DO I FILE VAT RETURNS?

If you are self-employed in the Netherlands, there are two categories into which your income tax return can fall into:

- 1. Income from other work
- 2. Profit from own enterprise

You are an entrepreneur and registered with the Chamber of Commerce (Kamer van Koophandel in Dutch) or you have a separate VAT ID, but that does not mean that you are automatically an entrepreneur for income tax purposes. You have to meet all the conditions for that. Most freelancers who work through YoungOnes fall under income from other work.

NOT A VAT NUMBER YET?

Even then, you have to file an income tax return. You then income from 'other work'. Would you like to apply for a VAT number? Then click [here](#).

START

Do you have a VAT number?

YES

Do the entrepreneur check

NO

NO

Are you an entrepreneur for income tax purposes

YES

Category declaration: own business & salaried income

Declaration category of own enterprise only

YES

NO

Declaration category: own enterprise

Are you also still employed?

Declaration categories: income from employment & other work

YES

Only declaration category other work

NO

Are you also still employed?

Declaration category: Other work



OTHER WORK

OTHER WORK

When reporting 'income from other work' you are entitled to deductions of business expenses. However, you are not entitled to the SME profit exemption (mkb-winstvrijstelling) of 14%, self-employed deduction and starter's deduction.

IN ADDITION TO YOUNGONES, ALSO EMPLOYED?

So then you file returns in two categories, 'income from employment' and 'income from other work'. You can do this simultaneously in one return.

OWN ENTERPRISE

When filing an 'own business' return, you can claim the self-employed deduction or the starter's deduction, but for this you must meet the hour criterion of 1,225 hours. In other words, you spend a minimum of 1,225 hours on your enterprise (travel time, administration or other indirect hours you may add to this).

However, most freelancers who work via YoungOnes do not meet this hour criterion.

ADDITIONAL DEDUCTIONS

Only income from your own business? Then check the step-by-step plan, including the additional deductions on page 20.

CHAPTER 2

CHAPTER 2



HOW DO YOU FILE INCOME TAX RETURNS?

Follow these steps to file an income tax return.

1. Go to '[Mijn Belastingdienst](#)'
2. Calculate your turnover
3. Calculate your business expenses
4. Enter your taxable income
5. Calculate additional deductions
6. The tax credits are automatically
7. calculated
8. Assessments payable are shown
9. Sign and send
10. You will receive notification from the Tax Authorities

PLEASE NOTE

Skip step 5 if you have income from other work (and therefore have multiple sources of income than just from your own business).

GO FOR IT >>>

1

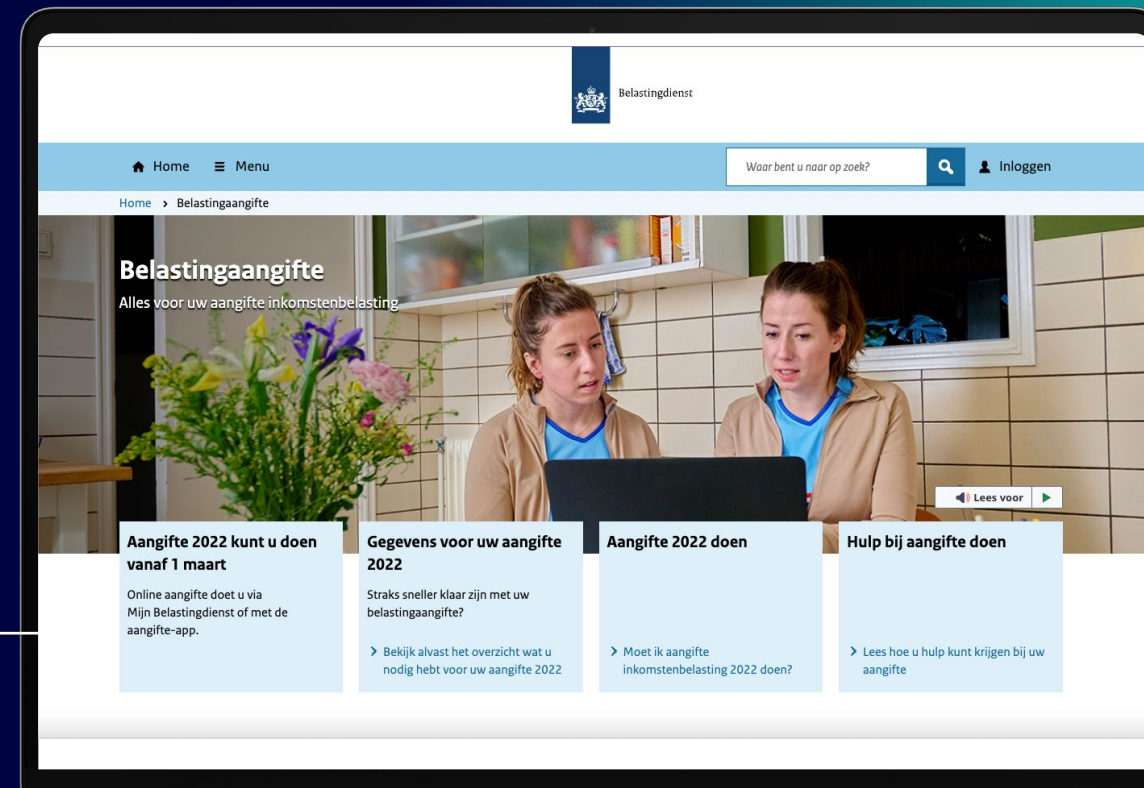
STEP 1 GO TO 'MIJN BELASTINGDIENST'

Step 1.1 | Go to 'Mijn belastingdienst'

To file your tax return, log in to '[Mijn Belastingdienst](#)'. You log in with your DigiD. Click on 'income tax' and then on 'Tax year (this year)'. Go to 'Filing your income tax return'.

Step 1.2 | File this year's tax return

On the welcome page, click on 'Income tax' and then click on 'Tax year (this year)'. Then go to "File income tax return."



2

STEP 2 CALCULATE YOUR NET TURNOVER

Step 2.1 | Calculate your turnover

Look in your mail for the invoices you received through YoungOnes from the past year. You are looking at the amount excluding VAT.

Tip: via the link in your mail, you can go directly to the overview with all invoices

Step 2.2 | Enter your turnover

You add up the amounts excluding VAT. This is your net turnover. You fill this in on the site of the Tax Authorities.

NET TURNOVER

Your net turnover (netto omzet) is your turnover excluding VAT. This is your freely disposable income.



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STEP 3 CALCULATE YOUR BUSINESS EXPENSES

Step 3.1 | Look up the tax paid

If you have incurred business expenses, you may sometimes reclaim the VAT on these reclaim. The VAT you paid is shown on the invoice. Read more [here](#) about reclaiming VAT. Do you make use of the Small Businesses Scheme? Then you are not entitled to this.

Step 3.2 | Put the tax paid in a table

Put all the expenses you incurred in a table right away. This way, you can always how much you can deduct from your received turnover. This way you have to pay, you will pay less tax at the end of the year.

Step 3.3 | Direct payment

If you choose the direct payment option, the money will be transferred directly into your account as soon as the client approves your hours. You can also reclaim on this as well. Add this to the table.

PLEASE NOTE

It may be that the Tax Authorities asks for an audit. So make sure you always keep your receipts, invoices and statements well saved. There is a record obligation of at least 7 years.

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STEP 4 ENTER YOUR TAXABLE INCOME

Step 4.1 | Deduct business expenses from your net turnover

You may deduct business expenses from your net turnover. By deducting these costs to each other, you arrive at your taxable income.

Step 4.2 | Put your taxable income into the form

Once you have calculated the taxable income, you can enter it in the form under the heading: ...

TAXABLE INCOME

Taxable income (belastbaar inkomen)
is the amount you are left with if you deduct the business expenses from sales.

**STEP 5 ONLY APPLIES TO FREELANCERS WITH
INCOME FROM A SINGLE BUSINESS OF THEIR OWN**

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STEP 5 ADDITIONAL DEDUCTIONS

When you are an entrepreneur, in addition to deducting expenses incurred, in some cases, you can also claim additional deductions. These include:

- The self-employed deduction
- The starter's deduction
- The SME profit exemption (mkb-winstvrijstelling)

In most cases, freelancers working through YoungOnes are not eligible for the self-employed deduction and the starter's deduction, because there you have to meet the hour criterion of 1,225 hours per year. This is about 24 hours per week. Since most freelancers through YoungOnes do the gigs as a side job, it is often difficult to meet this comply. Nevertheless, we will briefly explain both of them for you.

SELF-EMPLOYMENT DEDUCTION

In a nutshell, the self-employment deduction is a deduction from the taxable income of entrepreneurs. If you meet the specified conditions, you may apply this deduction to your tax return. It is an amount of 6,310 with a maximum deduction rate of 40% that you can deduct. Read more about the self-employed deduction [here](#).

Did you start with freelancing recently?

START-UP DEDUCTION

Then you're in luck, because then you also qualify for the start-up deduction. This deduction is an increase of the self-employed deduction. The government tries with this tax break to encourage starting a business and thus increase the chances of a successful business. Starters may apply the starter deduction a total of three times in the first five years of their business. In that case, you increase your self-employment deduction by 2,123. Read more about the starter deduction [here](#).

You may not be entitled to the above schemes. But you are standardly entitled to the SME profit exemption when you

SME PROFIT EXEMPTION

are considered an entrepreneur for income tax purposes.

The SME profit exemption (mkb-winstvrijstelling) is a statutory deduction from your company's profits. This exemption is applicable to all entrepreneurs for income tax purposes who make a profit from their business, regardless of the number of hours they put into the business. This exemption allows you to deduct a percentage of your profits. For 2022 this is set at 14% of profits.

So in addition to all the deductions, you can also deduct 14% of the profit, and you don't have to pay taxes on that part.

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STEP 6 THE TAX CREDITS ARE CALCULATED AUTOMATICALLY

In the Netherlands, you are entitled to a general tax credit (algemene heffingskorting) and employment tax credit (arbeidskorting). The tax credits depend on the amount of your profit.

Once you have entered your taxable income, your tax credits will be calculated automatically.

7

STEP 7 THE ASSESSMENTS TO BE PAID OR RECEIVED

At a time when your tax credits are calculated, you will see what you have to pay in income tax to pay; this is called the assessment (aanslag). It is also possible that you will receive money back.

8

STEP 8 SIGN AND SEND

Check that you have entered everything correctly. Then your tax return is now ready to send.

9

STEP 9 CONFIRMATION FROM THE TAX AUTHORITIES

Step 9.1 | Get a confirmation

If you completed everything correctly, you will receive a confirmation from the Tax Authorities.

Step 9.2 | Pay your taxes

You will get the confirmation in your mailbox. This contains a checking account. Check if you entered everything correctly and transfer the money to the account.

CHAPTER 3

CHAPTER 3



GOOD TO KNOW

- When you have a mortgage for your home, it can affect your income taxes. Click [here](#) for more information.
- In addition to freelancing, do you work in paid employment? Then the extra income that you receive as a freelancer will be on top of the income that you receive from your employer. Want to know about this? Click [here](#) for more information.

TIPS >>>

Even if you haven't worked this year, you have to file income tax returns filed. If you do not do this, you will receive a penalty.

YOUNG ONES

DO YOU STILL HAVE QUESTIONS

Check our [helpdesk](#)

Fill in the [contactform](#)

Leave a [message](#)

Check the [Belastingdienst](#) website



GOOD LUCK!