Customs and VAT

IN THE NETHERLANDS
Gateway to Europe

Serving European markets via the Netherlands

The Netherlands is often considered to be the ‘Gateway to Europe’.

More than 7,000 foreign businesses have decided that it is the best location from which to serve markets throughout Europe, the Middle East, Africa, and beyond, and have established operations there for that purpose.

Some of the characteristics that make the Netherlands an ideal location from which to serve the European market include:

- A central location within the European market;
- excellent sea and airport facilities;
- extensive infrastructure;
- international oriented business community;
- well-developed logistics industry;
- flexible, productive and highly educated multilingual labor force;
- an attractive tax environment.
## Customs and VAT

### Attractive tax environment

Since international trade significantly contributes to the Dutch economy, the Netherlands work hard to maintain an attractive business climate for companies operating on an international level.

It aims to facilitate business activities via the Netherlands through cooperation and flexibility, as well as streamlined and efficient VAT and Customs procedures, making the Netherlands an ideal location for pan-European supply chain activities.

### VAT deferral system (1)

Contrary to most other member states of the European Union, the Netherlands introduced a system that provides for the deferral of VAT at importation.

Under this system, import VAT due does not have to be paid. Instead, it can be deferred to the periodical VAT return, in which the import VAT is declared and – at the same time – deducted.

In practice there is no actual payment of import VAT, resulting in cash flow and interest-earning benefits.
VAT deferral system

Risk management related topics:

- Obligations to maintain a thorough VAT administration including access to relevant transportation and other VAT related documents;
- in-depth knowledge of Dutch VAT regulations;
- in-depth knowledge of EU VAT regulations;
- various liability related requirements;
- ability to track and trace physical flow of goods.
Customs and VAT

Bonded storage

Sourcing from outside the EU

Clearance upon arrival

“Free goods” storage

Clearance upon departure

Bonded storage
Companies can choose to store goods in a bonded warehouse, meaning that the goods do not undergo customs clearance upon arrival.

Bonded storage is particularly useful if you:
• want to delay paying import duty and/or VAT on your stocks of imported goods;
• want to delay having a customs treatment applied to imported goods;
• want to re-export non-Community goods (in which case import duty and/or VAT may not be payable at all);
• have difficulty at the time of import in meeting particular conditions (such as certain import licensing requirements).

The logistics service provider is required to keep track of all products that are stored and of every movement by keeping reliable stock accounts.

Once the goods are sold to the customer, they will be customs cleared and duties should be paid.
VAT zero-rated intra-Community supply of goods

Regular supply of free circulation (customs cleared) goods between two companies from EU member state A (i.e. the Netherlands) to EU member state B (e.g. Germany).

Consequences:

- Company A performs a VAT zero-rated intra-Community supply of goods from the Netherlands, whereas,
- company B performs a VAT taxable intra-Community acquisition of goods in the EU member state of arrival.

Example

**Importation:**
VAT deferral

**I-C supply:**
VAT zero rate

**I-C acquisition:**
19% VAT + 19% VAT -/-
nil

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Fiscal representation

**No Fiscal Representation**
- Complex regulatory environment
- Numerous forms and declarations
- In-house specialist(s) required

**Fiscal Representation**
- Single point of contact
- VAT registration
- Clear reports
Fiscal representation

**Standard VAT procedure**
1. Customer buys and imports from outside the European Union.
2. Goods are imported and cleared through Customs.
3. Import duties and import VAT is paid.
4. 1 month (or quarter) later:
   - Goods are still in warehouse, Dutch Revenue returns import paid VAT.

**VAT deferral**
1. Customer buys and imports from outside the European Union
2. Goods are imported and cleared through Customs.
3. Import duties and import VAT is reported, not paid.
4. VAT is reclaimed (+/-) directly, preventing cash out;
   1 month later:
   - Goods are still in warehouse.
Our services

We combine the best of two worlds, of two competences:

- In-depth knowledge of the demanding world of global logistics and
- a background in trade related tax and compliance matters.

With increasing global transportation and a growing complexity in supply chains and EU tax regulations, we can:

- Help you setting up the best suitable and profitable logistics structure from both a Customs and VAT perspective;
- help you manage Customs and VAT implications;
- offer Dutch VAT registration of your business, as well as fiscal representation with a general license in the Netherlands, which allows you to benefit from the VAT deferral facility at importation and all other VAT related transactions;
- cooperate with logistic service providers.
Questions?