

## VAT RAISED



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*Foto: [Harry Heuts](#)*

Dear readers,

Yesterday I was asked by Ms [Janet Harwood](#), Vice-Principal of Preschool and Primary at UWC Maastricht, to write articles for you that concern legal issues which might be of interest. Since I am not an expat myself, I don't have first-hand experience. However, if you have suggestions on topics I should write about, please let me know.

### **VAT tariff raise**

Janet suggested that my first item should be about the raising of the Belasting Toegevoegde Waarde (BTW) from 19% to 21%. BTW may not mean much to you, but in English it is called Value Added Tax (VAT) and anytime you buy something in the European Union you pay VAT.

The new VAT-tariff will apply as of October first 2012 (10-01-2012). So if you want to buy a new television(or toothbrush) do so beforehand. Otherwise the same product will cost you more.

### **VAT tariff raise and your home**

Since my main work has to do with real estate and the transfer of ownership, I now want to focus on this area in connection to the issue of the VAT-tariff raising. There are two mayor items that I think could be of interest to you.

### **A: Buying a new home with VAT**

Normally, when you buy a home in The Netherlands, you don't pay VAT. Just a transfer tax (in Dutch: overdrachtsbelasting) which is at present 2% of the price of your new home, but 6% if you buy commercial or another kind of real estate.

But when you buy a home that is to be newly built, VAT has to be charged to you by the builders. (Actually it should be included in the price quoted to you.)

Since the completion of a new home takes several months, the Dutch government has decided on a lenient policy when it comes to newly built homes and the raising of the VAT tariff per October first.

This lenient policy entails that if you have signed the contract with the builders before April 28th 2012, the builders can continue to charge you the then applicable tariff of 19% VAT. Even if you pay the builders in installments and these installments are due after October first.

### **B: VAT and rebuilding/building an extension to/installing a new bathroom or kitchen**

The second item concerns anyone who already owns a home, but has contracted with builders to extend their home, for instance by adding a kitchen or building a new garage.

In general when you want mayor (re)building work done, both you and the builder sign a contract in which you undertake to pay in installments. Every time part of the work is finished you receive an invoice from your builders and VAT is added to the agreed upon installment.

Normally this would mean that on all the installments due on or after October first 2012 you would have to pay 2% more, only because the government decided to raise the VAT tariff from 19% to 21%. For these situations the same lenient policy as mentioned before applies.

This also means that your builders can keep on charging you 19% VAT on all the installments due on or after October first 2012.

**But beware:** this leniency does not apply to renovation works such as replacing gutters, etcetera. But it does apply when something new is created that did not exist before. Installing a new kitchen and/or bathroom is not considered to be renovation, so the VAT tariff should be 19%.

**Warning** I hear rumours that builders are using the new Vat-Tariff of 21% to pressure the owners of homes to pay installments now. In that way, so it is said, the owner can still pay 19% VAT and save 2%.

When you pay installments before they are actually due, the builders still have work to do. If they go bankrupt before their work is finished, you are left with the problems: no more money in your bank-account and an unfinished job!

If the work undertaken by the builders concerns something other than renovation (repairing of windowsills or gutters) but the building of something new (an extension of your home, a garage or a new kitchen or bathroom), the builders argument does not cut wood. Even on the installments due after October first they can (and should) charge you 19% VAT.

If you want more information in Dutch for you builder, refer them to the site [Bouwend Nederland](#).

Yours sincerely,

[Mr Ernst Loendersloot LL.M.](#)

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More information can be found at [www.ntrs.nl](http://www.ntrs.nl)

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Met vriendelijke groet,

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Wilt u meer weten, kijk dan op [www.ntrs.nl](http://www.ntrs.nl) of bel 043-3509950.

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