UvA JobService BV

Information on payroll taxes and payroll tax reduction

Payroll taxes consist of the following: wage tax, national insurance contributions, employed person's insurance contributions, income-dependent contribution pursuant to the Health Care Insurance Act (Zvw). JobService withhold wage tax on the wages. Wage tax is an advance levy of income tax. JobService withholds wage tax and pays this tax to the Tax and Customs Administration. You may find in certain situations that your total annual income is taxed too low. Some are stated below.

Several employers

If you have several employers, it is important that at the start of a new contract you not only consider how to apply your tax credit, but also whether your income from JobService is being taxed at source in a tax bracket that is too low.
This is because tax is withheld at source according to the taxable income per employer and your different employers are not allowed to know what your income elsewhere is. This may mean that your total taxable income for the year is considerably higher, so that in total too little income tax has been withheld at source. This situation will be rectified in your annual income tax return.
You can of course anticipate this by taking into account that your tax assessment at the end of the year will be higher. You may also choose to pay more tax as an extra advance levy. If you wish to do this, you can ask the employer with whom you have a contract for a limited number of hours to place you in a higher tax bracket.

Annual Income Special Rate too low?

A special tax rate applies to holiday pay and year-end allowance. The employee's special tax rate is based on the payroll tax of the previous year. If your payroll tax in the new year is much higher than the previous year, you may find a tax bracket applied that is too low and you may receive an additional tax assessment for income tax. You can choose to adjust the percentage of the special rate. This is particularly relevant if your annual income in the previous year was less than €19,390. In this case, the special rate for your deductions may be set at 7.94%. However, if your income in the following year is higher, or you work more hours which leads to a higher income, it could be that your rate should have actually been set at 36.65% or higher.

Payroll Tax Information form, payroll tax reduction set to 'Yes'?

If your annual income is €7,074 or less [1] and you set the tax credit to **Yes**, then JobService will not withhold wage tax and national insurance contributions. This may be the situation you want at the moment. However, this may change in the course of the year. If your total income at the end of the year is higher than this sum, the Tax and Customs Administration (*Belastingdienst*) will assess you for the extra tax due in retrospect.
The following considerations may play a role in your decision whether or not to apply the tax credit:

- ✓ If you have a large contract with one employer and a small contract with another employer, you can opt to use your tax credit for the first employer and not the second.
- ✓ If you have about the same size of contract with both employers, you are advised not to use the tax credit for either of them.
- ✓ If at the beginning of the year you have a contract for few hours and a short duration, you are advised not to use the tax credit for this.

Unfortunately, it is not possible to change the tax credit status retrospectively.

Calculating your income tax

All your earnings are added together for the purposes of your income tax assessment.
Your total annual income is taxed according to the following brackets[2]:

Bracket 1. Up to	€ 20,384	36.65 %
Bracket 2. From	€ 20,384 to €34,300	38.10%
Bracket 3. from	€ 34,301 to €68,507	38.10%
Bracket 4. from	€ 68,5078	51.75%

[1] Reference date January 2019
[2] For employees under the state pension age (Box 1)

UvA JobService BV

Request to pay more tax as an extra advance levy

Amsterdam

Date: ……

The undersigned hereby requests that

- ☐ income tax bracket ... be applied to their monthly salary as an advance levy

- ☐ The special rate percentage (for holiday pay, year-end allowance etc.) be raised from …….% to …….%

Start date: ……

BSN number (citizen service number) : ……

Name Signature

…… ……

Please note: If you would like more information, we advise you to contact the Tax and Customs Administration yourself. You can call their hotline – the *BelastingTelefoon* – on 0800-0543 from Monday to Thursday from 8:00 to 20:00 and on Friday from 8:00 to 17:00