



TAX GROUP MEETING

AUXERRE, FRANCE

MINUTES

Wednesday 13rd September 2017 to Friday 15st September 2017

I. What's new in your country ?

A. FRANCE :

1. **Withholding tax : postponed to 2019 (waiting for financial law)**

The withholding tax has been adopted in the fiscal law and it had to be effective in 2018. But after the presidential elections, a decision to postpone it to 2019 has been announced. We are waiting now for a confirmation in the financial law at the end of the year.

The aim is to levy the income tax directly at the source and to replace the payment of the tax a year after the income year.

Nevertheless, we are not completely sure yet that it will be effective because some members of Parliament want to abolish this reform. Furthermore, some candidates for the presidential election have also said they will abolish this reform...so we would know if it will be effective in 2018 after the presidential elections and the budget law that will follow.

What we know (if there is no change):

- *the employer will be the tax collector (for employees),*
- *there will be an advanced payment (monthly or quarterly) for the self-employed (and for the properties income),*
- *the current income of 2017 will not be taxed...but concerning self-employed, specific rules are foreseen in the event of an increase of more than 25% in the income of 2017 compared to the highest income of 2014, 2015 or 2016*

- *specific rules are foreseen so as to encourage homeowners not to delay spending on real estate (due to the exemption from current income in 2017).*

2. A reduction of the corporate tax (from 33 ^{1/3} % to 28 %) on a part of profit :

The finance law for 2017 integrates a reduction of the corporate tax from 33 1/3 % to 28 %. It will be effective for the fiscal year beginning on January 2017.

The Prime Minister announced another reduction of the corporate tax from 28 % to 25 % for four years period (in 2022).

Corporate tax rate on profit			
Fiscal year beginning on or after January	SMALL AND MEDIUM-SIZED ENTERPRISE qualifying for the reduced corporate tax rate of 15% (CGI art. 219, l.b) (1)	SMALL AND MEDIUM-SIZED ENTERPRISE not benefiting from the 15% rate, but fulfilling the criteria of the Community SME	Other companies
2017	15 % to 38 120 € 28% for the part between 38 120 € and 75 000 € 33 1/3 % above 75 000 €	28 % to 75 000 € 33 1/3 % above 75 000 €	33 1/3 %
2018	15 % to 38 120 € 28 % for the part between 38 120 € and 500 000 € 33 1/3 % above 500 000 €	28 % to 500 000 € 33 1/3 % above 500 000 €	28 % to 500 000 € 33 1/3 % above 500 000 €
2019	15 % to 38 120 € 28 % above 38 120 €	28 %	28 % if turnover ≤1 billion € 28 % to 500 000 € if turnover > 1 billion € ; 33 1/3 % above

(1) Companies with a turnover of less than € 7 630 000 for the financial years opened in 2017 and 2018 and would be less than € 50 million for fiscal years beginning on or after January 1, 2019.

Entreprises concernées	Tranches de bénéfice imposable	Exercice ouvert en 2017	Exercice ouvert en 2018	Exercice ouvert en 2019	Exercice ouvert en 2020
CA < 7,63 M €	0 à 38 120	15 % ⁽¹⁾	15 % ⁽¹⁾	15 % ⁽¹⁾	15 % ⁽¹⁾
	38 120 à 75 000	28 % ⁽²⁾	28 %	28 %	28 %
	75 000 à 500 000	33,1/3 %			
	> 500 000		33,1/3 %		
CA > 7,63 M € et < 50 M €	0 à 38 120	28 % ⁽²⁾	28 %	15 % ⁽¹⁾	15 % ⁽¹⁾
	38 120 à 75 000			28 %	28 %
	75 000 à 500 000	33,1/3 %			
	> 500 000		33,1/3 %		
CA > 50 M € et < 1Md €	0 à 500 000	33,1/3 %	28 %	28 %	28 %
	> 500 000		33,1/3 %		
CA > 1 Md €	0 à 500 000	33,1/3 %	28 %	28 %	28 %
	> 500 000		33,1/3 %		

⁽¹⁾ Sous réserve du respect des conditions fixées par l'article 219, I-b du CGI.
⁽²⁾ Sous réserve du respect de la définition de la PME prévue par le droit de l'Union européenne.

3. Tax credit in favor of the companies with employees :

The rate of the CICE (**Tax credit for the competitiveness and the employment**) would be carried from 7 % to 6 % for salaries paid as from January 1st, 2018. It would be cancelled in 2019 and it would be replaced by lower costs on wages.

4. Extension of the scope for the micro regime

The Prime Minister has announced an extension (turnover limits would be doubled) of the micro regime for 2018 for small companies.

Now, before the reform : limit turnover of 82 800 € for farmers

After the reform : limit turnover of 170 000 € for farmers

We are waiting for the fiscal law for the details.

5. Increase of the rate of CSG (social contribution on incomes) : to 15.50 % à 17.2 %

6. Modification of the taxation of capital gains

A flat tax (around 30 % including social contributions) would be effective in 2018 and it will concern dividends, interest, capital gains. We are waiting for the fiscal law at the end of the year.

7. Modification of the wealth tax : on real estate only

The actual wealth tax would be replaced in 2018 by a new specific real estate wealth tax (**building property only**). It would be a restriction of the tax base but the rate and the way of calculation wouldn't change. We have to wait the next fiscal law so as to have more information on this subject.

B. NETHERLANDS : (Please add your text)

Changes in taxation matters in the Netherlands

8. Income tax

The changes of the income tax in box 1 are very poor. The most important is that the basis is widening. The most important is that the labor deduction en regular deduction is decrease for an income above two times modal.

In box 3 we have in 2017 a change in the rate of fictional income of your property

- € 25.000 for free
- € 25.000 untill € 100.000 : 2,76% 0,86%
- € 100.000 untill € 1.000.000 : 4,6% 1,38%
- Above € 1.000.000 : 5,29% 1,62%
- The tax rate is 30%

9. Payroll tax

From the 1 April 2017 it's not allowed anymore to have a self-employed pension in your own Limited . The Limited can pay's the payroll tax in one's and get a reduction of 34,5% (2017), 25% (2018) and 19,5% (2019) or use an other possibility.

There a three possibility's to use this provision.

1. The amount of self employed pension will frozen and only rent up untill retirement of the receiver. From the moment of retirement the Limited pay a benefit to the receiver of the pension withholding the payroll tax
2. The amount of self employed pension will go done to he value of fiscal provision and the amount will be paid out to the receiver in a period of twenty years after retirement or the receiver can start maximal five years before retirement and spread the amount over a period of twenty five years
3. The Limited can pay's the payroll tax in one's and get a reduction of 34,5%, 25% and 19,5%. The receiver get de amount in one's and can use right away.

10. Corporate tax

- Untill € 200.000,- the rate is 20%
- Above € 200.000 the rate is 25%
- The amount of € 200.000,- will be increase to € 300.000 in 2019.

11. VAT

In 2018 the government will abolished the agricultural regulation system (flat rate system). Every farmer will be (from the 1 januari 2018) in the regular system of VAT. At the same time the government will scipp Tabel I post b 13 Wet OB. This has an effect of vat-rate of 6% for services of wage workers, cover fees, veterinairy services, services of accountants and tax advisers, and other kind of services for farmers. This rule was only applicable for agricultural entrepreneurs. Now the government abolished the agricultural regulation system it's not necessary anymore to have a low

VAT rate for this services, because every farmer can deducted the VAT on the products he buy or the services he use.

C. DENMARK : (Please add your text)

12. Valuation : change of system

Valuation for private farm and business part change due that it doesn't show the economical reality. More details about the property concerning details (details,...). For the private or the ground, there are taxes. But for the business farm, no tax.

13. Valuation : Hobby or professional activity

Being in the scope valuation system have tax consequences on the building or the ground. 5.4 hectares.

No precisions about the valuation method. Waiting for precision.

14. Financing privacy achievement

Self employed. Concern more lawyer or dentist. In order to put deficit suppose a significant work effort.

Investment in Solar plant in Germany, the question is to find the significant work effort.

15. Self employed

D. GERMANY : (Please add your text)

16. Income tax levely (moyenne triennale)

Text in progress. Waiting for a position of the parlement.

E. BELGIUM : (Please add your text)

II. What happens to farmers in financial difficulties ?

Each country prepare a short description on the rules and the process in case of economical difficulties for the next tax group meeting and the fiscal aspects (7th – 9th march).

Decision: Each country should sent to Guy a short description before 17th February.



III. Gift and Inheritance taxation within shift generation article

Article in a Danish newspaper in destination of farmers and consultants.
 Description of the rules and their use. In what situation it could be use ?
 Decision : Updating of the EFAC Tax report of 2016.

IV. Fiscal consequences of the introduction of phosphate rights

Presentation by Bert.

V. Update on the EFAC Board EFAC by Hans-Josef

October : Board Leuvin meeting. Items like European subsidies, production aspects, sustainable energy, ... and administrative aspects like Danish integration, EFAC statute,...

7th – 9th March : Plan meeting in Bilbao. Join meeting with the tax group – board efac – bioenergy group

Contact have been made with Norway and Poland, to join this meeting.

VI. Agenda : Items and subjects for next tax group meeting

1. Farmers in financial difficulties

Each country prepare before the meeting, a short description on the rules and the process in case of economical difficulties for the next tax group meeting and the fiscal aspects (7th – 9th march).

Decision : Each country should sent to Guy a short description before 17th February.

2. Feed back on gift and inheritance tax article

3. What's new in your country ?

Each country prepare before the meeting, a short description on the most important news rules or tax decision from courts.

4. European Court decision and regulation

Discussion and analysis of the court decisions that seems to have an impact in our activity.

For example :

Regulation : subsidies decision and state supports (article 107 Rome Treaty of 25-03-1957).

European Court decision : Definition of a service – split services

<http://curia.europa.eu/juris/document/document.jsf?text=&docid=194430&pageIndex=0&doclang=EN&mode=req&dir=&occ=first&part=1&cid=1448505>

VII. Secondary activities : tax aspects

Secondary activities at a farm

- Farmers tourism → farmers golf, farmers servival
- Tractor pulling
- Camping
- B&B in the farm
- Care farm
- Horse riding
- Horse pension
- Farm shop → own produced products or products from other producers
- Producing of cheese and other milkproducts
- Renting barns for storing boats and caravans
- Renting barns for storing different goods
- Producing green energie → windmills, solarplans en biogas installation
- Services in wintertime → cleaning the roads of snow

Camping or other activities

Consequences for VAT and incometax

Germany

Turnover until € 51.500 → Small commercial activities outside the farm activities or farm linked activities → in general flat rate system

Turnover above € 51.500 → secondary activities → regular VAT system

When the farmer use his normal farm equipment to do farming services for farmers then it is in the flat rate system.

France

Turnover until € 50.000 → Small commercial activities outside farm activities → flat rate system (or lesser then 30% of the farmer's turnover)

Turnover above € 50.000 → secondary activities → regular VAT system

When the farmer use his normal farm equipment to do farming services for farmers then it is in the flat rate system.

Denmark

Turnover → no split up → regular VAT

(Ground tax on a higher valuation)

Maybe for income tax reason the income will levied separate ?

Belgium

Turnover → no split up → regular VAT

Farming part → flat rate system

Secondary activities → small business regime. When farmer can't use the small business regime, than de farmer must use the regular system of VAT for total business

When the farmer use his normal farm equipment to do farming services for farmers then it is in the flat rate system.

Netherlands

Turnover → no split up in income

Sometimes there is a capital gain when the farmer start up the secondary activity

Missing the exemption of farmland in the future

VAT → split up farming activities and secondary activities

When the farmer use his normal farm equipment to do farming services for farmers then it is in the flat rate system till 1 January 2018. After 1 January 2018 also all farming services will be levied at 21%.