



A WBSO/RDA application – and then..

PH-PAV

Guidelines for the use of the WBSO and RDA schemes in 2015

*>> Focus on sustainability,
innovation and international*

You have been granted a WBSO tax credit and, where relevant, an RDA. This imposes a number of obligations on you: for example, you must keep administrative records and must submit a statement of the actual number of R&D hours worked and the costs and expenditure to Netherlands Enterprise Agency (RVO.nl). This brochure summarises your obligations.

R&D administrative records

Have you been granted a WBSO tax credit? If so, you must keep administrative records. Make sure that you keep these administrative records from the very beginning of a project, even if you have yet to receive your R&D Declaration. Appropriate R&D administrative records provide a clear and concise insight into the nature and content of the project, the progress in and the scope of the work that has been carried out. The work you carry out must be in agreement with the projects approved by RVO.nl.

Your administrative records can contain a variety of documents or digital documents:

- minutes of meetings and reports;
- drawings;
- correspondence;
- photos of prototypes, test results, measurement reports and calculations;
- etc

Your R&D administrative records also list the number of R&D hours worked by each employee each day and on which specific project. Make sure that your R&D administrative records are in agreement with the employees' leave and sick leave records.

A model you can use to keep records of the actual R&D hours worked is available at www.rvo.nl/wbso.

RDA administrative records

Have you been granted an RDA on the basis of your costs and expenditure? If so, you are under the obligation to keep administrative records of the costs and expenditure on each R&D project and the associated payments. The method you use to keep the administrative records for each project may be as compatible as possible with your company's customary method.

Your RDA administrative records can contain a variety of documents or digital documents:

- quotations;
- confirmations of orders;
- invoices;

Tips for appropriate R&D administrative records

- Make sure that your R&D administrative records at least comply with the statutory requirements.
You may exercise your discretion in the organisation of your administrative records, provided that they comply with these requirements.
- Do a number of your companies work jointly on one R&D project? If so, each company must keep administrative records of its work on each project.
Do a number of your companies within one tax entity work on an R&D project for which they received joint approval? If so, one set of administrative records will be sufficient. However, these administrative records will then need to list the work each company carries out on each R&D project.
- File the documents for each R&D project in a structured manner.
- Make sure that each document states the date and the author.
- Prepare brief summaries at regular intervals.
- Keep records of interim information: this information is also of importance alongside the end result.
- Make records of the actual R&D hours worked within ten working days. The remainder of your R&D administrative records must be completed within two months after the end of each quarter.
- The administrative records must be available during an inspection, where relevant.

Tips for appropriate RDA administrative records

- Do a number of your companies work jointly on one R&D project? If so, each company must keep RDA administrative records which list the costs and expenditure incurred by each company and its payments.
- Do a number of your companies within one tax entity work on an R&D project for which they received joint approval? If so, the administrative records will need to list the costs and expenditure incurred by each company in each R&D project.
- File the RDA documents for each R&D project in a structured manner.
- The administrative records must be available during an inspection, where relevant.

What do you need to retain?

- The R&D and RDA administrative records (the retention period is seven years). Copies of the applications, R&D Declarations and RDA Decisions.
- The correspondence with RVO.nl about your applications.
- Corrections to and/or supplementary R&D Declarations and/or RDA Decisions, where relevant.

Note

- You must also state the actual number of R&D hours worked and the costs and expenditure incurred when these are above the approved amounts.
- R&D hours are the R&D hours worked by employees directly involved in the project.
- R&D hours do not include hours spent on travelling, visiting trade fairs and congresses, keeping the administrative records for the project, the hours worked by secretaries, students working on their final project, trainees or marketing managers, or the hours spent on installing equipment, etc.
- RDA costs and expenditure do not include costs and expenditure that are not for the benefit of in-house R&D.
- proof of payment.
Have you been issued a RDA Declaration on the basis of the standard amount? If so, you do not need to keep supplementary administrative records. Records of the actual number of R&D hours worked will be sufficient.

Statements

You are under the obligation to submit statements of the actual number of R&D hours worked for R&D Declarations issued until 2015 (by no later than 31 March 2016). You use your R&D administrative records to verify, once again, which members of staff are actually employed by your company, as employees, and the actual number of R&D hours they have worked on the approved projects in the period covered by the R&D Declaration.

Have you also been issued a RDA Declaration on the basis of your costs and expenditure? If so, you are under the obligation to submit a statement of the actual costs and expenditure. You use your RDA administrative records to determine the costs and expenditure on each project you have incurred and paid during the period covered by the RDA Declaration.

How do you submit a statement?

You can submit your WBSO and RDA statements simply via the Internet. You must submit your statement by no later than 31 March 2016 or, when your last decision for 2015 was issued in 2016, three months after the date of issue of the last decision. If you do not submit statements or submit them in time then RVO.nl may impose a fine. You will receive notification of any such fine in 2016.

Tip: Submit the Citizen Service Numbers at the same time

Are you going to submit a statement for 2015? If so, then submit the Citizen Service Numbers (BSNs) of your R&D employees in 2015 at the same time. RVO.nl will use these Citizen Service Numbers to calculate the R&D hourly wage for your WBSO application for 2017, where relevant. Submit the Citizen Service Numbers via www.rvo.nl/digitaal-indienen/eloet. When you also submit Citizen Service Numbers then in October 2016 you will receive information about the calculated R&D hourly wage for 2017.

Correction R&D Declaration

When the actual number of R&D hours worked is lower than the number specified in the application then you will receive a correction R&D Declaration for the lower number of hours which states the corrected amount. You then adjust your payroll tax or income tax return by this corrected amount, where relevant.

Correction RDA Decision

When the actual number of R&D hours worked and the costs and expenditure are lower than the numbers and amounts specified in the application then you will receive a correction RDA Decision which states the correction amount. You then adjust your corporate income tax or income tax return by this correction amount, where relevant.

Deducting the financial benefit from your tax return

You adjust your payroll tax return with the R&D withholding tax credit in the tax return periods to which the R&D Declaration relates. Once you have received your R&D Declaration you may adjust the tax return for the remaining tax periods. You may deduct a maximum of the proportionate amount of the unutilised tax credit from the tax return in each tax period. When the R&D withholding tax credit has not been fully utilised by the end of the period covered by the R&D Declaration then you may, by the submission of correction statements, deduct the remainder from the tax return periods within the period covered by the R&D Declaration in which you paid payroll tax. When the R&D withholding tax credit still has not been fully utilised then you may deduct this from other tax return periods within the same calendar year that fall outside the period covered by the R&D Declaration. This latter is permitted from 2014.

You do not need to base the deduction on the actual number of R&D hours worked. Are the actual number of R&D hours worked lower than the approved number of hours? If so, you need to take action only after the end of the calendar year by submitting a timely statement of the actual hours worked and, where relevant, by making an adjustment in accordance with the correction R&D Declaration issued following your statement. You can also opt to deduct only part of the R&D hours specified in your R&D Declaration. Are you a self-employed entrepreneur, and have you spent 500 hours or more on R&D? If so, you may deduct your R&D tax credit from your income tax return.

The approved RDA consists of a deductible item for your profit tax. If you have not recorded a profit then you, as a person liable to pay income tax, may spread the RDA over the taxable profit in the three previous years and the nine following years. When you are liable to pay corporate income tax then you may spread the RDA over the previous year and the nine following years. Examples of the adjustment of your tax return are enclosed in the WBSO/RDA Manual (a PDF is available in the 'Publications' section of www.rvo.nl/wbso).

RVO.nl carries out inspections

RVO.nl may visit you to make (retrospective) inspections of your R&D work, R&D hours worked and, where applicable, costs and expenditure against your R&D and, where relevant, RDA administrative records. RVO.nl takes account of information collected by the Tax and Customs Administration when carrying out these inspections. When RVO.nl identifies errors in your R&D and/or RDA administrative records then you will be issued a correction to the R&D withholding tax credit and/or RDA. RVO.nl may also impose a fine on you. The Tax and Customs Administration inspects your tax returns and determines whether you have correctly deducted the amounts specified in your R&D Declaration and/or RDA Decision, where relevant.

Avoid the following mistakes

- Missing or incomplete R&D/RDA administrative records.
- Records of the R&D hours not kept by person, day and/or project.
- Records of the costs and expenditure not kept by project.
- The work you carried out is not in agreement with the projects approved by RVO.nl.
- Costs and expenditure have been included which are not related to the approved projects.
- A statement of the actual hours worked and the costs and expenditure has not been submitted or has not been submitted in time.
- Hours outside the application period have been included or hours have been transferred between R&D Declaration periods.
- R&D hours worked have been recorded on days on which employees were on leave or sick leave.
- R&D hours worked by trainees or students working on their final project have been included in the R&D hours.
- The R&D employee is not on the payroll.

May I, as an entrepreneur, transfer costs and expenses between projects and periods?

You are allowed to transfer costs and periods covered by the RDA between projects and between periods covered by the RDA Decisions in the same financial year. You receive one correction RDA Decision a year. The amount stated in this correction RDA Decision is never more than the total specified in the earlier RDA Decisions issued to you. However, you are required to submit a statement of the actual costs and expenditure for the period covered by each RDA Decision.

Note: when your RDA Decision is based on a standard hourly wage (€ 15 per hour when the average number of R&D hours per calendar month is 150 hours or less) then the actual hours worked determine the amount of your correction RDA Decision, where relevant. Consequently, transfers are not then permitted.

FAQs

What do I do if an R&D project was unsuccessful?

You can include the actual R&D hours worked in your records (and make use of the WBSO) irrespective of whether the project achieved the desired result. Consequently, you also keep R&D and RDA administrative records for your unsuccessful projects.

The R&D work has been cancelled: what should I do?

After the end of the calendar year, you are under the obligation to notify RVO.nl that you have not worked any R&D hours. RVO.nl will then issue a correction R&D Declaration.

May I, as an entrepreneur, transfer hours between approved R&D projects?

You are not allowed to transfer hours between the periods covered by different R&D Declarations. You are allowed to transfer hours between approved projects within the period covered by an R&D Declaration. When, for example, you spend less time on a specific project you may transfer the remaining hours for that project to one or more other approved projects (within the same R&D Declaration) when you require more time for those projects.

WBSO

The WBSO is an initiative of the Ministry of Economic Affairs. RVO.nl, part of the Ministry of Economic Affairs, implements the scheme. Companies can deduct their WBSO tax credit from the tax they pay to the Tax and Customs Administration.

RDA

Companies that carry out research and development work can benefit from the RDA (Research Development Allowance) as a supplement to the WBSO. The RDA is a Ministry of Economic Affairs tax scheme for innovative entrepreneurs that is intended to promote innovation in the Netherlands. Entrepreneurs can reduce their R&D costs with the extra deductible item offered by the RDA. Entrepreneurs can, for example, deduct the cost of prototypes, test rigs or research equipment.

More information

More information is available from the WBSO and RDA websites: www.rvo.nl/wbso or www.rvo.nl/rda

Contact

Telephone +31 (0) 88 042 42 42 (open on working days from 8:30 to 17:00) You can call this number with any questions about submission via eLoket.
klantcontact@rvo.nl
www.rvo.nl

Tax and Customs Administration

Financial settlement

If you have any questions about the deduction of the WBSO and/or RDA then you can contact the Tax Information Line (telephone number 0800 0543) or your company's tax office.

Innovation Box

The Innovation Box, introduced on 1 January 2010, is intended to provide entrepreneurs a tax incentive for innovative research. Information about the Innovation Box is available on the Tax and Customs Administration's website. The website also includes a list of contact persons you can approach with any questions about the use of the Innovation Box.

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Other schemes that may be of interest

Energy Investment Allowance (EIA)

Benefit from tax advantages when investing in energy-efficient systems and technology, and in sustainable energy
www.rvo.nl/EIA

Environmental Investment Allowance (MIA) and Discretionary Depreciation of Environmental Investments Scheme (Vamil)

Benefit from tax advantages when investing in environmentally-friendly systems and technology
www.rvo.nl/miavamil

Innovation credit

Credit for the financing of highly promising innovative projects
www.rvo.nl/innovatiekrediet

Loans for Small and Medium-Sized Enterprises (BMKB)

Bank loans with favourable conditions
www.rvo.nl/bmkb

SME+ Innovation Fund

The SME+ Innovation Fund offers support to innovative entrepreneurs on the basis of three financing instruments: Innovation Credit, the SEED Capital Scheme and the Fund-of-Funds.
www.innovatiefondsmkb.nl

Other support for entrepreneurs
www.rvo.nl/ondernemingsfinanciering or
www.rvo.nl/ondernemersfinanciering