

Your personal or business tax residence: Why is your bank asking for this?

As of 2017, the Dutch government will be cooperating with more than 90 countries to combat tax evasion by automatically exchanging the financial data of companies and individuals on a yearly basis. As a result, all financial institutions in the Netherlands are legally obliged to verify whether their customers may be liable to pay tax abroad effective from 2016. New customers, and existing customers when there is a reason for this, will be asked to submit a statement concerning their personal or business tax residence. Banks will therefore ask you to complete a questionnaire and to return a completed signed copy.

The below information describes what banks are doing to collect the legally required information and how this affects you.

The role of your bank

The obligation to exchange tax information between countries is established by law. As a result, your bank, just like any other financial institution in the Netherlands, is obliged to always ask new customers for a statement of their personal or business tax residence, including the tax identification number of their country of residence or business. This rule differs for existing customers. In that case, the bank must ask you for your personal or business tax residence if there is a specific reason to do so. For example, in case of a move to another country or when you open an account for which additional information is required.

How do you know what your personal or business tax residence is?

Every country has laws that determine when you are a personal or business tax resident there. These laws and regulations differ by country. In the Netherlands, the Tax Authorities determine your place of residence or your company's place of business for tax purposes. Key considerations for making this assessment for private individuals include: where you reside or live most of the time; where your partner and/or your children live; where you work; where your family doctor is located and where your insurance policies are domiciled. Most people live at a single address. However, if you have two or more fixed addresses, one or more of which are abroad, then you may be considered to live abroad as well for tax purposes. In most cases this does not mean that you pay double taxes. This is because the Netherlands has concluded tax treaties with a large number of countries. Your tax advisor can provide you with additional information on this.

Key considerations for making this assessment for organisations include: where the key business decisions are made; where the directors work and meet; and where the accounts are kept. The organisation's legal form also plays a role. Whether your organisation (in addition) is also domiciled in another country for tax purposes, depends on the laws in that other country and the different facts and circumstances. If you do not know what your tax residence is, where your organisation is domiciled for tax purposes and/or what the tax implications are, contact the Tax Authorities or your tax advisor for information.

What to expect from your bank

In certain instances, your bank will ask you to issue a statement concerning your personal tax residence or the business tax residence of the organisation for which you act as the authorised signatory/signatories. For example, the bank may ask for this when you open an account, you have a foreign address or telephone number, or when your organisation is established in accordance with foreign law.

For certain organisations, the bank will also ask for the tax residence of the ultimate beneficial owner(s).

If you refuse to extend your cooperation to this request for information, the bank is unfortunately prevented from opening an account for you or your organisation.

If you have a foreign personal or business tax residence, the bank will supply this information to the Tax Authorities. The latter will supply your information to the relevant country.

Additional information

The website of the Dutch Banking Association (Nederlandse Vereniging van Banken (www.nvb.nl)), and the website of the Tax Authorities (www.belastingdienst.nl) contain additional information about the personal or business tax residence.

The OECD's website (www.oecd.org; search on: rules governing tax residence) contains additional country information.