

A woman with dark hair, smiling, wearing a yellow long-sleeved shirt and a grey apron with brown straps. She is holding a tablet computer. She is standing in front of a glass door or window, looking out. The background is a blurred interior of a cafe or restaurant with tables and chairs. The image has a purple and orange graphic overlay on the left and bottom.

KVK BOOK OF FINANCE FOR ENTREPRENEURS

Colophon

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Gé Sletterink

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"It is important to keep a grip on your finances. Especially if you are a self-employed professional, with fluctuations in your income and limited access to social security. Often, it is the lack of a clear division between private and business finances that causes problems. The Book of Finance can help entrepreneurs sort this out."

Arjan Vliegenthart, chairman-director Nibud

"The corona crisis hit many entrepreneurs hard financially. According to Statistics Netherlands, self-employed professionals without staff – zpp'ers – are at most risk of poverty. Crisis is a thing of all times, but the KVK Book of Finance for entrepreneurs helps entrepreneurs to gain insight and overview, and this increases the chances of lasting entrepreneurship."

Jacqueline Zuidweg, strategic adviser Geldfit Zakelijk

"Entrepreneurs are positive, and focused on their own business. They need to be in order to succeed. The downside of that is the tendency not to focus on risks you and your business may run. And those risks may change, think of extreme weather conditions. Make sure your insurances reflect that. Think about the insurances that can help you minimise the effects of those risks. The KVK Book of Finance helps you make informed decisions."

Harold Herbert, managing director Verbond van Verzekeraars

"As many financially sound Dutch citizens as possible, and as few as possible with problematic debts. That is our goal. It has been for the 58 years that Stichting BKS exists. For persons, families, entrepreneurs, and businesses. Together we can make the Netherlands financially sound."

Peter van den Bosch, chairman Stichting BKR

"Becoming an entrepreneur means taking responsibility for your work and income. That includes your income when you stop working eventually. If you are a self-employed entrepreneur, you have to arrange your own additional pension. And if you are successful, continue to grow, and hire personnel, you are also responsible for their pensions! You may have to join a pension fund. Read all you need to know about pensions in this Book of Finance."

Ger Jaarsma, chairman Pensioenfederatie

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Foreword

Not many entrepreneurs list finances and administration as their favourite subjects. But having your financial affairs in order is vital for keeping your business healthy.

This Book of Finance for entrepreneurs tells you what changes when you become an entrepreneur, and what you will be dealing with once your business is up and running. Tips and facts about insurances and financing options, for example. But also the requirements for setting up and managing your business records. For your tax returns, but more importantly, to get a grip on how your business is doing. Knowing what is happening financially allows you to change course, if necessary. In times of growth, or if your business hits a rough patch.

The Book of Finance is a practical guide that contains valuable information, provided by the Netherlands Chamber of Commerce (KVK), Nibud (National Institute for Family Finance Information), Geldfit Zakelijk, BKR (Dutch National Credit Register), Pensioenfederatie (Federation of the Dutch Pension Funds), and Verbond van Verzekeraars (Dutch Association of Insurers). Use it as a source of information, a reference, and an overview. Let us contribute to your success as an entrepreneur.

Greet Prins

Chair, KVK Board of Directors

1. Budgeting

Private and business

A budget is an overview of expected income and expenses in a given period. A budget is made up of several parts. For your business the budget consists of at least the investment budget, the financing budget, and the operating budget. It makes sense to add the liquidity budget to this list.

1.1 The private budget

The business has to yield (a part of) your income. It is important to draw up a private budget. That way, you can link your private expenses to the business profit you need to make.

As an entrepreneur, your income will differ from month to month. A large part of your expenses is fixed. You can draw up an overview of your expenses, based on your current spending profile. This overview will tell you how much turnover you will need to keep your private spending on the same level once you start a business.

The Nibud offers a useful [step-by-step plan](#) (in Dutch) to draw up your private budget. As net wages ('netto salaris'), budget the amount you will retain after the start of your business. The allowances ('toeslagen') depend on your overall income. You will read more about those in [chapter 6.3](#). List the net profit you expect to make from your business under other income ('overige inkomsten').



1.1.1 Get your records in order

Insight in your money matters starts with getting your records in order. Orderly records mean you will be able to find everything quickly. You can keep your private administration digitally or on paper. A combination is also possible: whichever method suits you best. The important bit is that you know where everything is. The Nibud has a useful [step-by-step plan](#) (in Dutch) to get your records in order. These tips will also help you:

Dos

- Make time once a week for doing your administration: read mail, documents, letters, and emails. It will help you decide how to act or react. Keeping your records consists of: paying, checking, reacting, storing, and deleting.
- Check the [MijnOverheid](#) (in Dutch) message box and other personalised, online 'My' environments (for example, the energy supplier, phone and internet provider, insurance company) as soon as you receive a notification. Adjust the settings for each personalised 'My' space so that you receive an automatic notification whenever a new message is posted for you. And install the [mijnoverheid.nl](#) message box app on your phone. It makes it easier to read your messages straightaway.
- Write down in an overview where you keep important documents: contracts, agreements, warranty cards, insurance policies. The [Nibud Bewaarwijzer](#) (in Dutch) helps you record important documents in an orderly way, where you keep important documents, and how you receive messages from organisations.

Tip

Save documents about the same subject in a uniform manner. So for example, if you receive your phone bill, do not print it on one occasion, store it digitally another time, and leave it in the 'My' environment the third time.

- Regularly backup your computer files and records on an external hard drive. Or opt for a secured storage facility in the cloud. That way, your data will never get lost, and you can access it 24/7 from all over the world.
- Check your [bank balances and all settlements](#) (in Dutch) at least once a week. It may be handy to install your bank's mobile app on your phone. Pay your bills on time by pre-planning, or make a reminder in your agenda.
- Agree with your partner on [who will keep and archive the records](#) (in Dutch), so that the other person can find the documents, if necessary. Make clear arrangements for passwords too, for instance for personalised, online 'My' environments, so that you can both log in and access the information.

Tip

Do you want to get more grip on your financial matters, or receive tips to stay financially fit the year round? The Nibud offers several free [email coaching](#) (in Dutch) programmes to help you. Check the Nibud website for more information.

Don'ts

- Leaving mail and emails unopened and unread for over two weeks.
- Forgetting to check the [MijnOverheid.nl](#) message box (in Dutch) and other organisations' 'My' environments on a regular basis.
- Losing track of your bank account balances.
- Paying bills too late or not at all, which leads to high collection charges.
- Throwing out warranties, quotations, and important documents. Tip: scan or photograph them with your smartphone, and store them in the cloud.

Keeping your private records in order only takes a couple of hours a week.

1.1.2 Overview of your current expenditure

The Nibud distinguishes fixed costs, reserves, and household spending. You usually have a contract for your fixed costs. For example, your rent or mortgage, energy, insurances, and subscriptions. Reserves are expenses for which you allot a certain amount per month. Think of furniture, clothing, house maintenance, and holidays. Groceries are examples of household spending.

Tip

Some expenses return every month, such as the rent or mortgage. There are also expenses that return once every quarter or year, such as some insurance premiums and the motor vehicle tax. In short: your monthly costs vary. It is a good idea to calculate an average monthly amount, based on all your expenses.

You will find many expenses on your bank account statement in the online environment or app of your bank. Fixed costs, for example, and all your electronic 'pin' transactions. Do you find it hard to estimate your household spending? Write down your expenses in a cash book for a couple of months. It will give you an idea of your average household spending per month. The reserves amount is harder to determine. Most people need to save up for new furniture, devices and household appliances, and home maintenance. The Nibud website offers the '[BufferBerekenaar](#)' (buffer calculator, in Dutch), a handy tool to calculate in five minutes how much money you should save so that you can afford to pay for unexpected, major, necessary expenses.

Use the '[Nibud Persoonlijk Budgetadvies](#)' (personal budget advice, in Dutch) to put your finances in order. Get an overview of your expenses within ten minutes. And you can compare yourself to others in similar circumstances.

1.1.3 Weighing expenses

Expectations about saving are often unrealistic. Many starting entrepreneurs think they can get by on a lower income than they are used to without a problem. Unfortunately, these expectations prove false all too often. Many expenses are fixed, such as your rent or mortgage, loan payments, municipal taxes, and children's school costs. These are all fixed amounts that you cannot save on.

There are also expenses you can save on, but it takes months for the effects to show. For instance energy savings: you only get a final bill once a year. And some savings are only postponed costs. You may decide not to buy new clothes for a while, but you will have to replace your coat or shoes at some point. It is best to use your current spending pattern as the basis to determine how high your business income should be.

1.1.4 Expenses

You can categorise your expenses. The following paragraphs list the different types of expenses. You can find information on several expenses and compare the amount you spend with national averages on the Nibud website, under '[Vergelijkingsbedragen](#)' (comparison amounts, in Dutch). You can apply for government allowances for some expenses. The Nibud tool [Bereken uw recht](#) (Calculate your entitlements, in Dutch) quickly shows you which national and municipal schemes and allowances you may be eligible for.

Rent

Do you rent a house and is your rent too high relative to your income? You can apply for housing benefit. How much depends on your income and your rent. Calculate how much housing benefit you are entitled on www.toeslagen.nl (in Dutch).

Local taxes

Residents with a low income can apply for (partial) exemption of municipal and waterboard taxes. Depending on the income, entrepreneurs can also be exempted. Ask your municipal council or waterboard for more information.

Gas, water, and electricity

How much you spend on natural gas depends on the type of house you live in. Your water and electricity costs mainly depend on personal behaviour. Energy prices are high. That is why you can apply for extra support, such as the Energy Cost Contribution scheme TEK, the price cap on energy and the energy allowance. Energy-intensive businesses may receive a TEK contribution towards paying their energy bills between 1 November 2022 and 31 December 2023. Businesses that fall into the category 'small user' (kleinverbruiker) and households can make use of the temporary price cap on gas and electricity, that is in place until 31 December 2023. Small users pay a maximum tariff for up to 1,200 m³ gas and 2,900 kWh electricity. If you use more than that, you pay the contractual tariff for the excess usage. Municipalities have an annual energy allowance for low-income households (see paragraph 6.4).

Television, internet, and telephone

These services are often provided as a combination or all-in-one package deal. The costs are at least €55.50 per month. If you want to add a landline phone to your package, it will cost you an extra 1 or 2 euros per month.

Healthcare insurance

In the Netherlands, everyone aged 18 or over must take out healthcare insurance. All insurance companies cover the same healthcare costs in their basic insurance policy. You pay the first €385 in costs yourself. This is the mandatory deductible excess ('eigen risico'). You can opt for a higher deductible excess of max €885. You will pay a lower monthly premium if you do. Check the discount you receive for different deductible excess amounts, and what to pay attention to when choosing your deductible excess. You can take out additional cover for other treatments. Children under 18 are always insured without charge under the basic insurance cover, and often for additional cover as well. Ask your healthcare insurer about this. Those with a lower income can apply for the care allowance or 'zorgtoeslag'. Calculate if you are eligible, and for what amount, on www.toeslagen.nl (in Dutch).

Besides this basic insurance, you pay for medical costs with the income-dependent Health Care Insurance Act contribution ('bijdrage Zorgverzekeringswet', or Zvw in Dutch). Employers pay this contribution for their employees. Entrepreneurs pay this 'bijdrage Zvw' to the Tax and Customs Administration ('Belastingdienst') themselves. The Tax Administration will send you an assessment, telling you how much to pay.

You pay 5.43% on your taxable business profit. Is your total income (taxable profit plus other sources of income) over €66,956 (2023)? You do not pay a Zvw contribution on the income above this amount.

Insurances against damages

Everybody needs to take out household insurance to cover damages from fire or burglary and third-party liability insurance. Homeowners are required to take out building insurance, car owners third party liability insurance (WA).

If you do not have the money to pay for a funeral service, you can take out funeral insurance.

Education and training expenses

Most schools charge a (voluntary) contribution from the children's parents. The money may be spent on computers, learning materials, a book funds, the library, or extra tutors. Some schools request a separate contribution for materials and tools. Most schools provide an information booklet that tells you the height of the voluntary contribution, and what the school spends the money on. If you would like to have more information on educational expenses, download the Nibud e-book Geldwijzer Kinderen & Scholieren (Money Guide for Children and School Pupils, in Dutch).

Childcare

Parents of children of up to 12 years of age who use official, registered [childcare facilities](#) (day care, childminders, or out-of-school care) may be entitled to [childcare benefit](#) ('kinderopvangtoeslag'). This applies to entrepreneurs as well.

You can get childcare benefit for a maximum of 230 hours per month per child in 2023.

The childcare benefit you receive depends on your and your partner's combined income, the hourly rate charged by the childcare facility, and the total of monthly childcare expenses. You can calculate to how much childcare benefit you are entitled on www.toeslagen.nl (in Dutch).

Car expenses

There are fixed and variable [car expenses](#). Fixed costs include insurance, motor vehicle tax, and amortisation. Maintenance and fuel are variable costs.

Clothing and shoes

The higher the income, the higher the spending of a household on clothing. On average, you need at least €59 per month.

Household goods

Putting aside money for big expenses, for example on furniture, is a good idea. Use the '[BufferBerekenaar](#)' (buffer calculator, in Dutch) to calculate in five minutes how much money you should set aside to be able to pay for large, unexpected, necessary expenses. Think of household appliances replacements, repairs, maintenance, but also medical bills.

If you are not setting money aside at the moment because there is nothing left at the end of the month, see if you can save on anything. Put the money in a separate savings account, so you cannot spend it on anything else.

House and garden maintenance

If you rent a home, you spend a couple of tenners per month on jobs around the house, such as painting, small repairs, and garden maintenance. A general guideline for the annual cost of upkeep if you own your home is about 1 per cent of the property value. If you own an apartment, you pay a contribution to the VVE (Homeowners' Association) via your service costs.

Tip

Read about [ways to set aside money](#) (in Dutch) that do not immediately affect your everyday spending.

Healthcare costs that are not covered by insurance

The insurance does not cover all types of healthcare costs. You have to pay for some drugs, contact lenses, special dentistry, or physical therapy yourself. And then there is the deductible excess ('eigen risico') of €385 to consider. Do you expect you will be needing healthcare to the sum of at least your deductible excess? It may be an idea to pay the care insurance company upfront, in instalments. You will be refunded, should it turn out you do not require the entire amount in healthcare.

Leisure spending

Money spent on holidays, weekends away, going out, buying a book, hobbies, or sports is called leisure spending. The amount can vary.

Household expenditure

Household expenditure is what you spend on food, personal care, cleaning products, and pets, among other things. If you have no idea how much you spend on this, try keeping a [cash book](#) (in Dutch) for a couple of months. After one or two months you will have a fair idea of your spending. You can find all your card payments in your mobile or online banking environment.

The 'Geldplan zzp' (Financial plan zzp) helps you get your money affairs in order. [Use this free tool](#) (in Dutch) to get tips that apply to your situation.

1.2 Your business budget

A business budget is made up of several partial budgets. The investment budget and the financial budget together form the balance sheet of the business. You list which investments you need to make to start, and who will finance them. The operating budget reflects the expected expenses and income over a certain period. The liquidity budget tells you whether you have enough funds to meet your payment obligations at any given moment.

1.2.1 The investment budget

The investment budget is an overview of the minimum of business assets and funds required to start your business. Look ahead at least one year. An investment is a purchase that your business will be working with for several years, and which costs over €450. The main difference between investments and costs (see chapter 2) is that you split the costs of an investment across several years. Every year, you book a part (for example, 20%) as costs. This is called amortisation. Of course, you need to have the money to make the purchase. The investment budget is divided into fixed assets and current assets.

Fixed assets

Fixed assets are business resources that are part of the business for more than one year. Such as machinery, transport equipment, tools, and inventory. The collective name for these resources is material fixed assets. But there are other, intangible investments: goodwill, or permits transferred to the new owners of a company. The collective name for these resources is immaterial fixed assets.

Current assets

Current assets are business resources that are used by the business for less than a year. For example, directly available cash and bank balances (liquid means), outstanding financial claims (debtors), stocks, and start-up and opening costs. Start-up and opening costs are expenses you make before there is a turnover, such as notary costs, registration with the Netherlands Chamber of Commerce, your cost of living during the first months, market research, consultancy costs, business cards, and stationery.

You list all costs without VAT on the investment budget. You do of course have to pay VAT to your suppliers. You list this VAT under 'pre-financing VAT' in the investment budget.

Most entrepreneurs can set off the VAT they pay against the business costs. In the investment budget, you list all your investments ex VAT. See also the section on VAT in chapter 4.

The following example shows you how to draw up an investment budget.

Investment budget

Fixed assets	
Machinery	€
Vehicles	€
Inventory	€
Current assets	
Cash / bank	€
Debtors	€
Stock	€
Start-up and opening costs	€
Prefinancing VAT	€
Unforeseen	€
Total	€ +

Investment budget tips

- Substantiate the amounts with quotations.
- Request quotations from different suppliers, so you can compare.
- Take unforeseen costs into account.

Tip: Do you have specific questions about the investment budget?

Contact the [KVK Financing Desk](#): +31 (0)800 1014 (free) or [contact us online](#).

1.2.2 The financial budget

In your financial budget, you work out how you are going to pay for the investments mentioned in the investment budget. You can use private equity (also called private capital), outside capital, or a combination of the two. Read more about this in [chapter 3](#), Financing.

Private equity

The part of the investments you pay for yourself is called private equity. This may be money you have available from savings, or business assets you have already purchased (for example tools or a computer in your possession). When you apply for financing, so-called subordinated loans or venture capital, for example from family, count as private equity.

Do you have a bv (private limited company)? In that case, share capital comes into play. Share capital is money paid by the shareholders for their shares. It makes them co-owners. External parties can invest in the company as well by buying shares. Share capital remains available for a long time; you list it as equity.

Outside capital

Outside capital is the money business financiers (banks and suppliers, for instance) are willing to loan to you. There is a difference between short-term debts (current account advances, supplier's credit, taxes due) and long-term debts (such as a mortgage or a long-term loan for your inventory).

Tips

The Golden Balance Rule

Stick to the Golden Balance Rule: try to finance your fixed assets (possessions you have for more than one year) using equity or long-term outside capital. Use short-term outside capital for financing current assets (possessions you use for less than one year).

Solvency

Your solvency ratio is a financial coefficient that expresses the ratio between your private equity and the total required capital. In other words, it shows you how much money you have, compared to how much money you need to run your business. Solvency shows you how financially healthy your business is in the long run. It gives you a better insight into your ability to pay short-term and long-term debts. An external financier expects a starting entrepreneur to bring private equity into the business, at least 30%. In some sectors, like the hospitality business, it can be as high as 50%.

The following example shows you how to draw up a financial budget.

Financial budget

Private equity	
Savings	€
Business assets contribution	€
Outside capital (long-term)	
Long-term bank loan	€
Subordinated loan	€
Outside capital (short-term)	
Current account	€
Supplier's credit	€
Total	€ +

Tip: Do you have specific questions about the financial budget?

Contact the KVK Financing Desk: +31 (0)800 1014 (free) or [contact us online](#).

1.2.3 The operating budget

You use the operating budget, or profit and loss account, to see if the business makes a profit. You make an estimate of the turnover. Then, you calculate the costs for keeping the business running. You can use the outcome to calculate if your business will make a profit or a loss.

The following example shows you how to draw up a operating budget.

Operating budget (all amounts are exclusive of VAT)

Turnover	€	
Deduct: purchase value turnover	€	-
Gross profit	€	
Amortisations	€	
Housing	€	
Promotion	€	
Transport	€	
Administration	€	
Personnel costs	€	
Interest and banking costs	€	
Insurance	€	
Other costs	€	
Deduct: Total costs	€	-
Net profit	€	-

There are two methods for drawing up an operating budget:

- Calculate from the expected turnover. Fill in the turnover and calculate all the costs. The sum below the line will tell you if the net profit is enough.
- Calculate from the net profit goal. Fill in the net profit you wish to achieve, and calculate bottom-up how much turnover you need to get there.

There is a turning point in your operations, where loss turns into profit. It is called the break-even point, and it is usually expressed in a number of products or services sold.

The operating budget is about finding out how viable your turnover estimate is. You substantiate this by performing market research, customer analysis, and competitor analysis, and by describing your customer approach and unique selling points. You can use the tools 'Locatiescan' (location scan, in Dutch) and Company Counter to help you research your market.

Tips for drawing up your operating budget

- Substantiate the amounts with quotations.
- List the amounts without VAT in your operating budget. After all, VAT is not a source of income or a cost for your business.
- The net profit is the basis for the calculation of your taxes.
- The list item amortisation is not an expenditure, but the cost allocation of a previous investment.
- The sum of the net profits + the amortisations form your cash flow. This is the amount available for payments to providers of outside capital, making reservations for future investments, and as entrepreneurial income for an 'eenmanszaak' or vof (sole proprietorship or general partnership). In a bv, a private limited company, the entrepreneur is on the payroll as manager/director of the bv, and receives a salary. This salary is one of the costs of the bv, and is listed on the operating budget under staff costs.

Tip: Do you have specific questions about the operating budget?

Contact the KVK Financing Desk: +31 (0)800 1014 (free) or contact us online.

1.2.4 The liquidity budget

You draw up a liquidity budget to follow the money. In it, you list the expected income and costs per month or quarter. You budget how much money actually is, or will be, in your bank account. This gives you an insight of whether you have enough money to pay your bills and meet your obligations at all times. But also, to see if there is room for an investment, such as a new computer. The liquidity budget shows you where you have to make adjustments, or arrange additional financing. This example shows you how to draw up a liquidity budget.

Liquidity budget (all amounts including VAT)

Bank balance 1 January		€	
Income:	Payments by customers (debtors)	€	
Costs:	Payments to suppliers (creditors)	€	
	Wages	€	
	Rent of premises	€	
	Lease costs	€	
	VAT due	€	
	Interest	€	
	Loan repayments	€	
Total costs		€	+
Income minus costs		€	
Bank balance 31 January		€	

Tip: Do you have specific questions about the liquidity budget?

Contact the [KVK Financing Desk](#): +31 (0)800 1014 (free) or [contact us online](#).

Liquidity budget (all amounts including VAT)	1/1	1/2	1/3	1/4
Bank balance start of the month	€ 100	€ -232	€ 36	€ 354
Plus: Payments by customers (debtors)	€ 50	€ 650	€ 700	€ 300
Minus: Payments to suppliers (creditors)	€ 150	€ 150	€ 150	€ 150
Wages	€ 50	€ 50	€ 50	€ 50
Rent of premises	€ 100	€ 100	€ 100	€ 100
Lease costs	€ 25	€ 25	€ 25	€ 25
VAT due	€ 30	€ 30	€ 30	€ 30
Interest	€ 2	€ 2	€ 2	€ 2
Repayments	€ 25	€ 25	€ 25	€ 25
Bank balance end of the month	€ -232	€ 36	€ 354	€ 272

It is customary for your business bank balance to go up and down through the course of the year. You do not always sell the same number of products, and not all your clients pay in the same way. A liquidity budget shows you in which months you may expect to have financial space for extra spending, or when it is better to wait doing an investment.

Tips for your liquidity budget

- Be aware of the payment terms of customers who pay on account. On average, people pay their bills after 45 days.
- Factor in holiday periods: if your business closes during the holidays, you will have no assignments during that time. And so, no payments by customers afterwards.
- Some payments are periodical, you cannot put them off. For example: taxes, rent, telephone costs, and wages.
- Include the VAT on all amounts (as opposed to the operating budget, where you exclude VAT).
- The liquidity budget also lists VAT payments to the Tax Administration, just like repayments to financiers.

1.3 Budgeting: do it yourself

Taken together, the budgets form your financial plan, an important part of your business plan. Depending on the type of business you run, you sell products, provide services, or a combination of the two. How do you determine a good hourly rate? And what is a good price for your product?

1.3.1 Business plan

Your budgets form your financial plan, a part of your business plan. Writing a business plan is not legally required, but you need one if you want to apply for financing for your business. And, of course, it provides you with valuable insights

Write down your research findings in a business plan template. The plan gives you an overview, and it is easy to make adjustments to it. Dutch credit foundation Qredits provides a free online business plan template in English. Many banks also provide business plan templates.

1.3.2 Hourly rate

Setting your hourly rate can be tricky. Too high, and you might scare off customers. Too low would mean you do not value your qualities enough, and you may end up with insufficient income. Although you are free to determine your own rate, based on your costs and income requirements, your rate must also be in step with the market. Look at competitor's rates, and remember that unique qualities warrant a higher hourly rate.

Hourly rate or fixed price

Many entrepreneurs charge an hourly rate. Your client pays you per hour. When you agree a fixed price, you make an estimate of the number of hours you will need to do the work, and quote a price for that. Even if you end up spending more hours on the job, that is the price the customer will pay.

Additional costs

Apart from your hours, you may have additional costs you make on behalf of your client. Think of travel costs. You normally charge these costs, but be sure to agree upon this before you start. Name the costs that are, and are not, part of your hourly rate in your general terms and conditions. That way, you can charge unexpected costs.

Tips for setting your hourly rate

- Use a variable hourly rate. You can charge more for a rush order. And if an assignment runs for a long time, you may charge a lower rate. Recalculate your hourly rate on a yearly basis. The costs of living go up each year and you grow more experienced as an entrepreneur.

Hourly rate calculation: an example

1. Billable hours

To make a good calculation, you start by estimating the billable hours.

A five-day working week means	260 working days per year.
For holidays and vacations, deduct	30 days
That leaves	230 days for working.

If you count eight hours per working day, that comes down to 1,840 hours. But not every worked hour is a billable hour.

As a starting entrepreneur, you can count on 50 to 60% billable hours. The rest is spent on matters like acquisition, travel, and administration. 50% of 1,840 hours is 920 billable hours per year. These are the hours in which you have to earn the business costs plus your private income.

2. Business costs

Business costs are, among other things, bookkeeping or accounting costs, interest paid on business loans, business insurance premiums, and amortisation costs. The entrepreneur in our example has a total of €11,150 in costs this year.

3. Private income

For the sake of our example, we will use a required private income of €1,750 per month. Per year, this amounts to €21,000. Put aside money for trips and holidays, for example 8%. The required total private income now comes to €22,680. Add to that the income tax you have to pay; see [chapter 4.2](#) for the tariffs.

Tax credit and, if you are eligible, entrepreneurs allowance diminish the amount of taxes you have to pay, but factor in around 30%. As a self-employed entrepreneur you also pay 5.43% income-dependent healthcare contribution. The maximum income with which you have to pay this contribution is €66,956 in 2023.

Required private income + holidays	€ 22,680	64.57%
Income tax (indication)	€ 10,537	30%
Income-dependent healthcare contribution	€ 1,907	5.43%
Required business result	€ 35,124	100%
Business costs	€ 11,150	

The turnover you need to realise, € 46,274 : 920 billable hours means a minimal hourly rate of € 51 ex VAT. Depending on the type of service you provide, you charge 21% VAT, 9% VAT, or you use a VAT exemption or reverse-charge scheme.

Read more about [determining your hourly rate](#) on [KVK.nl/english](#).

Tip

Are you discussing your hourly rate with your client? Use the moment to present them with your [general terms and conditions](#). The general terms and conditions are a binding agreement on paper between you and your client. You must present your client with the general terms and conditions before you close the deal for your assignment or purchase. If you present your client with your terms and conditions together with the invoice, they are not legally binding.

1.3.3 Determine your product price

You want to charge the right price for your product. Of course you take into account your costs and VAT. Maybe you are also looking at competitors. How much do they charge? Or are you focused on how much demand there is for your product? Find some pointers for calculating your product price.

Your business has costs. These are partly fixed costs. They have little to do with your product, and are hard to influence. Costs like the amortisation on machinery, the rent for your business premises, or the interest on your loans. By dividing the total of your fixed costs over the number of products you realistically expect to sell, each sold product contributes to earning back the costs incurred for fixed costs.

You also have variable costs. These change if there is an increase or decrease in purchasing or production. They stay the same per product. A good example of these variable costs are raw materials or products you purchase.

Besides earning back the cost price of your product, you also want to make a profit. The total of your business profit or margin should be enough to minimally cover the expenses from your private budget.

The fixed costs + variable costs + profit margin make up the sales price ex VAT.
You charge your customer this amount plus VAT. Depending on the type of product, the VAT rate is 21%, 9%, or 0%.

Tips for setting a price

- Market price: find out how much others charge for a product, and use a similar price. This only works for comparable products.
- Customer value: you can also make your price dependant on the value the product has for your customer. An artist can make the price of their artwork depend on how much an art lover is willing to pay. Market research will tell you more about how much customers are willing to pay for a product.
- Find out if your sector organisation can help you determine a price. Find your sector organisation on Business.gov.nl.

Entrepreneurs are not allowed to agree between themselves what they will charge.
You have to determine your price yourself.

2. Operating costs

Costs, expenses and investments

Whether you like it or not: as an entrepreneur you spend money on your company. Sometimes a small amount, for example for stationery and business cards. Or a large amount, for example, if you buy a business property or an expensive machine. Which expenses make up the operating costs? And what exactly are investments? Is there a difference between investments and expenses?

2.1 Difference between costs and expenses

In common language, the terms 'cost' and 'expense' mean the same thing. But in business, these terms have different meanings. Expenses are amounts that you pay to someone else. Real money goes out. Costs are amounts that reduce your profit in a certain period.

An example: (all amounts excluding VAT)

External financing	€ 10,000	
Investment in machine	€ 10,000	<- expense
Value after use of 5 years	€ 1,000	
Annual depreciation $\text{€ } 9,000/5=$	€ 1,800	<- cost
Interest year 1: 7%	€ 700	<- expense & cost
Repayment in 5 years, per year	€ 2,000	<- expense
Sale of machine	€ 1,000	



2.2 Costs and taxes

The costs are important when determining your profit. Costs reduce the profit and therefore also the tax you pay on it.

2.2.1 Deducting costs

As an entrepreneur, you decide what you spend your money on. But not all costs you incur are fully deductible from the company profit. Sometimes the costs are partly private, and you have to split them up. You may then only deduct the business part of these 'mixed costs'. An example of mixed costs is the telephone bill at home. Some of the phone conversations are business-related. You may not deduct expenses that are not related to your business, for example, your health insurance.

Tip

When setting up the administration of your company, list which costs you can and cannot deduct.

Sometimes you cannot deduct the full costs in 1 year. When you spend upwards of €450 on a business asset that you will be using for several years, we call it an investment. You divide the purchase price of the investment over several years and include it as a cost. We call this depreciation or amortisation. An example of such an investment is a computer.

Finally, some costs are only deductible if they exceed a threshold amount, unless you choose to deduct a fixed percentage of all costs incurred. These costs include business lunches, conferences, and study travel.

Tip

The Dutch Tax and Customs Administration has a table (in Dutch) that shows per cost category what percentage of the costs you may deduct when determining business profit.

Business premises

Are you renting your business premises? Then you can deduct all costs for this business premises. In addition to the rent, these include, for example, the costs of energy, insurance, and the depreciation on office furnishings. Do you use a commercial building that you own? Then check if the property counts as your private capital or your business capital. Do you only use the property for business? Then you must list the property as a business asset. You may deduct the costs associated with the property. You can also write off the property. A possible increase in value upon sale of the property in the future is a profit for your company. Do you use the property both for business and privately? Then you can choose if you want to declare the property as a business asset or as private capital. You declare a property as a private asset in box 3 of the income tax return. Costs associated with the property cannot be deducted. An increase in value in the future is tax-free.

Workspace in your home

Do you use part of your home as a workspace for your business? The costs associated with this can sometimes be deducted. Use the Home business deductions calculator ('Rekenhulp Werkruimte in de Woning', in Dutch).

Means of transport

Many entrepreneurs need a car for their business. Sometimes to deliver or get goods or to visit customers, sometimes for commuting. When you buy a new delivery van as an entrepreneur, an exemption from the private vehicle and motorcycle tax ('belastingen op personenauto's en motorrijwielen', bpm) and a lower rate for motor vehicle tax may apply.

If you do not drive a delivery van but a passenger car, there are two options:

- You drive your own car (car is part of your private capital).
- You drive a company car (the car is listed on the balance sheet of the company).

Tip

Use the '[Company car or private car](https://kvk.nl/english)' calculation tool on [KVK.nl/english](https://kvk.nl/english). It is only available in Dutch.

You have to make this choice separately for both income tax and VAT. But is not a completely free choice. It depends on how you use the car. If you drive less than 500 kilometres privately, the Dutch Tax and Customs Administration will classify the car as a business asset. All costs associated with the car are business expenses that you can deduct from your income tax. Do you drive more private kilometres? Then you can choose between a business asset or private property. You make this choice once per car, in the first digital income tax return after purchase.

Is the car private property? Then you may deduct 21 cents per business kilometre from your profit. The costs you incur for the car are not deductible.

You can make a different choice for VAT than for income tax. Do you classify the car as business assets for VAT purposes? Then you are allowed to deduct the VAT you pay on car fuel and maintenance from your company profit. You will need an accurate registration of your driven kilometres. Read more about the private use of your company car. The Dutch Tax and Customs Administration also has [more information](#) (in Dutch). They also have a [VAT calculation tool](#) (in Dutch).

2.3 Private contribution

Sometimes you already own items long before the business starts. For example, a computer, tools or smartphone. Are you going to use these assets for business? Then you can choose to list these assets on the balance sheet at present value. Your company then becomes the owner of the assets and can write them off. However, you can no longer offset the VAT that you have paid on these items. Costs you incur for the company (including those in the months immediately preceding the start) are deductible. Sometimes the VAT can also be offset with these costs. So keep the receipts for these purchases.

3. Financing

Finding money

Starting a business usually means investing. You can calculate how much financing you need with the financing budget. The spending objective determines which form of financing is suitable. In addition to equity, the company can also raise outside financing to meet its capital needs. This chapter discusses the various financing sources.

Each financing source has advantages and disadvantages. Depending on the risk that a financier runs, there is an expected return requirement. The higher the risk for the lender, the higher the interest you pay. Sometimes you also have to offer additional collateral, such as your debtor portfolio. Speed also has a price: money in your account within a few days often means a hefty interest rate..

3.1 Own contribution

Before you look for external financing, it is wise to look at the options for your own contribution. Do you have your own money, or do you own goods, business assets, or a building? Then you can use part of this capital to finance your business. The asset then becomes business property. Do you invest or start without external financing? Or by limiting business costs and personal expenses as much as possible? That is called bootstrapping. Working with what you have. Maybe it suits your way of working. Are you starting a bv (private limited company)? Then you can lend private money to the bv, but the bv can also issue shares against payment. These shares can be issued to you, but also to outsiders. They become (co-)shareholders in the bv and acquire voting and/or profit rights. The money paid for the shares constitutes equity in the bv.



3.2 Schemes and subsidies

What do you need financing for? For specific goals such as innovation, international business, energy transition, or personnel, there are government schemes consisting of subsidies and tax schemes. You can contact European, national, provincial and municipal governments for these schemes. Some tax schemes for starters are discussed in chapter 4.2 Income tax.

An example of a government scheme is the SME credit guarantee scheme (BMKB). You can get a guarantee for part of the credit. As a result, you can borrow more from an external lender than you would, based on your collateral. The bank and other financiers can appeal to the government for the SME credit guarantee scheme. [Read more about subsidies and schemes.](#)

3.3 Outside financing

When applying for external financing, you must convince the lender that your business is viable. This means that it must yield enough to live on and that you can repay the credit. You usually present your business using a business plan. You can read more information about the business plan in chapter 1.3.1.

Until a few years ago, bank financing was the obvious option for external financing for many starters and existing entrepreneurs. Various new forms of financing have emerged in recent years.

3.3.1 Microfinancing

Microfinance is a form of credit up to a maximum of €50,000 provided by the Qredits Microfinance Foundation, among others. With the credit, you will receive guidance from a coach. Qredits also offers additional financing: the SME loan ('MKB Krediet') for an amount of at least €50,000 to a maximum of €250,000. You will find various tools for entrepreneurs on the Qredits website.

Fintech financiers increasingly offer a solution for small loans. These (online) lenders assess the information you provide via algorithms and can therefore act very quickly.

3.3.2 Bank financing

Banks provide different types of financing.

Loan

A bank loan is used to finance machines or other business assets. Repayment of the loan usually coincides with the depreciation of the business asset and is done in predetermined instalments, per month or quarter. You pay interest on the part of the loan that has not yet been repaid. The purchased business asset is often given as collateral, as security for the bank.

Overdraft

With a current account credit, you are allowed to be overdrawn or to have a negative balance on the company account up to a certain amount. This credit can be useful in the event of a short or strongly fluctuating credit requirement. You pay interest on the overdraft. Current account credit is an expensive credit solution for structural financing. Sometimes the lender periodically limits the maximum overdraft.

Mortgage loan

With this form of credit, the bank receives the right to your mortgage. This gives the bank extra security. If you do not make your payments, the bank may sell the immovable property associated with the mortgage (for example, a home or commercial property).

3.3.3 Factoring and debtor financing

You may not always have enough cash on hand to pay your expenses. For example, because you let customers pay your invoices too late. Factoring or debtor financing can offer financial room. With factoring, a bank or factoring company gives you a credit or advances an invoice amount. Factoring is possible from an invoice amount of €1,000 and one invoice. You do not have to apply factoring to all invoices.

[Read more about factoring.](#)

3.3.4 Crowdfunding

Crowdfunding is a type of financing where you collect money from the crowd, the public. Many people are willing to invest a (small) amount in your business or project. Crowdfunding often involves amounts of €25,000 to €250,000. Higher amounts are becoming more common.

The main forms of crowdfunding are:

- loan
- convertible loan (ultimately convertible into shares)
- shares (as an investment: compensation depending on the result)
- non-financial consideration (product, service, right to participate, etc.)
- donation

A combination of these forms is also possible. Because there is direct contact between the investor and the entrepreneur, there is no financial intermediary. The collection often goes through a crowdfunding platform (in Dutch). To see if crowdfunding suits your organisation, you can complete the KVK Crowdfunding Scan (in Dutch). Crowdfunding provides you with more than just financing. You are already creating brand awareness during your search for financing. Also, you bind existing customers to your company or project, and you have already reached new customers. The crowdfunding process is also the best way to test whether there is a need for your product or service. Sector organisation Nederland Crowdfunding has launched the website nederlandcrowdfunding.nl (in Dutch), with practical information for both entrepreneurs and investors.

3.3.5 Family, friends, and fans

Do your family or friends want to lend you money to help you launch your business?

This type of 'informal' or private loan may be a good solution for you. Borrowing money from family or friends is also called a private loan because it is not offered to the public. When arranging a private loan with family or friends, be sure to include the agreements in a contract. You can create this contract together. It should include the following details:

- the names of borrower and lender
- the loan amount

- the interest rate (or other compensation)
- how the loan will be delivered
- how the loan will be repaid
- the duration of the loan

You should also record:

- what happens if the loan is not repaid
- (interim) cancellation
- early repayment
- whether you can use other types of credit during the loan period

Please note: It sometimes happens that family or friends want to provide you with the loan without interest. The Dutch Tax and Customs Administration sees the interest benefit that you receive as a gift. Does this exceed the gift exemption (in Dutch)? Then you have to pay tax on the exceeding amount.

Borrowing money from acquaintances? Record the agreements properly in a contract. Because you are borrowing from someone with whom you have a close relationship, you must make this decision carefully. If your business is temporarily struggling, you may not be able to repay the loan for a few months. This may affect your relationship. Before you arrange the loan, consider if your relationship can withstand this.

3.3.6 Credit unions

A credit union is a not-for-profit cooperative that focuses on lending by entrepreneurs for entrepreneurs. Members of a credit union jointly determine the policy, elect the board, and are joint owners.

The credit union receives funds from members of the cooperative and/or commercial parties. They then lend these funds to other members of the cooperative without the intervention of a bank. This gives credit union members and involved commercial parties the opportunity to invest together in a particular industry or region and to share the investment risk. Borrowers within the credit union receive support from

a coach to increase the company's chance of success. Usually, the coach is one of the entrepreneurs who is also a member of the credit union. So, a credit union consists of members who finance, but also members who receive financing. Credit unions focus on SMEs in the Netherlands who cannot receive financing from the usual lenders. Within this general target group, each credit union chooses its specific target group, usually a specific industry or region. Credit unions provide linear loans from €50,000 to €250,000 with a term of between one and ten years. Credit unions can be financed by purchasing perpetual member certificates or bonds issued by the credit union.

Perpetual means that there is no fixed end date on which you must repay. An up-to-date overview of existing credit unions in the Netherlands and credit unions information can be found at the sector associations:

- '[Vereniging Samenwerkende Kredietunies](#)' (Association of Cooperating Credit Unions, in Dutch)
- '[Kredietunie Nederland](#)' (Credit Union Netherlands, in Dutch)

3.3.7 Business Angels or informal investors

Business Angels are private individuals who invest in your company from a purely business-related perspective. They are also known as private or informal investors and usually only invest in bvs (private limited companies). A Business Angel mainly invests in (pre)starters and entrepreneurs in the early growth phase of their company. Such an investment is usually a loan or equity investment and amounts to between €50,000 and €250,000. A Business Angel can come from your own network. Many are connected to an angel network. More information about angels networks can be found on [Business Angels Networks Netherlands](#) (BANN, in Dutch).

More than just money

Besides money, a Business Angel also contributes knowledge and experience and makes their personal network available. Especially in the beginning, a Business Angel is very involved in the day-to-day running of the business. As the company grows stronger, a Business Angel gradually withdraws.

There are more options for non-bank financing. Discover them in the overview of [alternative financing](#).

3.4 Credit from your benefits agency

Are you starting from unemployment benefit? Under certain conditions, a credit via the paying agency is possible. More information about starting with (keeping part of your) benefit can be found in [chapter 6.2](#).

3.4.1 Starting on disability benefit

Starting entrepreneurs who have fewer opportunities for work due to (partial) disability for work can apply for a [start-up loan](#) for their own company based on the reintegration decision. The condition is that as a disabled person you receive a ZW, WIA, WAO, Wajong, or WAZ benefit and that you have a business plan that shows your plans are feasible. Whether the credit is granted depends, among other things, on the viability of the business you want to start. The credit facilities of the start-up credit (and a possible preparation credit) are equal to the social benefit options under the Decree on Social Assistance to the Self-Employed ('Besluit bijstandverlening zelfstandigen', Bbz). You can get more information about [starting on a disability benefit](#) at Business.gov.nl.

3.4.2 Starting on social assistance benefit

Are you planning to [start your own business on social assistance benefits](#) ('bijstandsuitkering')? With permission from the municipality you can prepare for a business while receiving intensive guidance and/or training, for a maximum of twelve months. During that period, you will keep the social assistance benefit. In addition, you can apply for an interest-free loan for the necessary preparation costs for your company. The (maximum) amount depends on your municipality. In this preparation phase, you have no job application obligation. The municipality will assign you a business coach who will help you prepare your business plan. The municipality pays for this coach. The interest-free loan becomes interest-bearing from the moment you start your business. If your plans turn out to be unfeasible the credit will be cancelled.

3.4.3 Starting on unemployment benefit

The Bbz scheme offers the possibility to apply for a loan from the municipality. The condition is that you start your own company from an (imminent) unemployment situation and that you have a business plan. As a starter, you can apply for an interest-bearing Bbz loan of a maximum of €45,670 (1 January 2023). You must submit a Bbz application to the municipality where you live.

Bbz also for established entrepreneurs!

The Bbz scheme can also offer financial support to established entrepreneurs. The condition is that you cannot go to an ordinary bank and that the family income, other than the income from the company, is lower than the social assistance standard that would apply to your family situation. Other conditions include:

- You are not entitled to a pension.
- The business operations meet all legal requirements.
- You have a fully-fledged business (on an annual basis you work at least 1,225 hours for your company).
- You work in the business yourself; you have control over it, and you bear the financial risks.

You usually receive the support as a loan. The maximum amount is €248,064 to be repaid within ten years. Depending on your situation, you can receive the support as a gift (maximum €12,403 on 1 January 2023). You must apply for Bbz to the municipality where you live.

3.5 Financing mix

Increasingly, entrepreneurs do not use one but several types of financing side by side to arrive at the total investment amount. We call this a financing mix, stack financing, or hybrid financing. The financing mix consists, for example, of a current account credit from the bank and money that you collect through crowdfunding.

3.6 Use instead of possession

Possessing a business asset may not be very important or necessary. An option is to use an asset and pay per month or per use. You do not need any financing if you do not purchase anything and what you do not own, you do not have to maintain.

3.6.1 Leasing

Leasing has two main forms: financial and operational lease. Financial lease is a purchase on instalments which makes it a form of financing. Because you have economic ownership (you run the economic risks), the lease object is listed on the debit side of your business balance sheet. A debt equal to the lease amount is listed on the credit side. In addition, the lease object is periodically depreciated. The monthly repayments reduce the debt.

Operational lease is a subscription where you are the sole user of an asset and usually pay a monthly fee. With operational lease, you are not the owner and you do not bear the economic risk. Also, the lease object is not listed on your balance; after all, you do not run the economic risk. You periodically pay a lease instalment that you process in the administration of your company. Leasing company cars has been a well-known method for quite some time. Leasing is used for capital-intensive goods such as computers, machines, and other operating assets. [Read more about leasing.](#)

3.6.2 Shared ownership

There are various assets that we buy, but only need a few times a year. Perhaps you can buy these goods together with colleagues or neighbours and use and maintain them together. Or do not all buy the same item, but items that complement each other: whoever needs it borrows it, with or without payment. In addition to the sustainability aspect, it is also more beneficial for the owner and the user. Fixed costs become variable with this method. It is important to make good agreements on paper.

Tip: Do you have specific questions about financing options?

Please contact the [KVK Financing Desk](#): 0800 1014 (free of charge) or [contact us online](#).

An overview of the sources of finance mentioned

Possibility/Source	Type	Form	Product	Collateral needed?
Investing yourself	Founder	Equity/ Outside financing	Private loan, contribution in kind, or investment in shares	No
Government	Credit provider High-risk investor Subsidy provider	Equity/ Outside financing/ Gift	Loan, subordinated loan, bond, guarantee, investment in shares, subsidy	Sometimes
Microfinancing	Credit provider	Outside financing	Loan	Yes
Bank	Credit provider	Outside financing	Loan, current-account overdraft, mortgage	Yes
Factoring company	Credit provider	Outside financing	Deposit	Yes, debtor or invoice
Crowdfunding	Client Credit provider High-risk investor	Equity/ Outside financing	Depends on the platform: loan, subordinated loan, convertible loan, bond, investment in shares	Sometimes
Family and friends	Credit provider High-risk investor	Equity/ Outside financing	Private loan or investment in shares	No
Credit union	Credit provider	Outside financing	Loan	Sometimes
Business Angel	High-risk investor	Equity	Investment in shares	No
Venture Capital fund	High-risk investor	Equity	Investment in shares	No
Lease company	Credit provider	Outside financing	Loan	Yes, leased asset

Tip

Download [Financing is a formula](#).

4. Taxes

Payments and tax relief

Depending on your legal form and activity, different taxes apply to you, such as income tax, corporate income tax, and turnover tax (VAT). Do you conduct business abroad? Then you may also have to deal with import duties and specific provisions regarding VAT.

Types of tax	Sole proprietorship	General partnership (vof)	Private limited company (bv)
Turnover tax (VAT)	Depending on the goods or services supplied, you are exempt, or you charge the 0%, the reduced or normal rate to your customers. You deduct the VAT paid by you and pay the balance.		
Income tax (incl. premium social security)	Calculated on net profit (box 1)	Calculated on net profit per entrepreneur (box 1)	Calculated on salary director, DGA (box 1)
Corporate tax	Does not apply	Does not apply	Calculated on net profit bv
Dividend tax	Does not apply	Does not apply	Calculated on profit pay out shareholders (box 2)
Import duties	Depending on the imported product and its origin the tariff is determined. Within the EU import duties do not apply.		



4.1 VAT

Value added tax (VAT) is also known as turnover tax. VAT is an indirect tax. This means that the end user of goods or services pays the tax. As an entrepreneur, you add the VAT to the price of your product or service to your customer.

Do you mainly sell to entrepreneurs? Then the date on the invoice determines the moment when you have to pay VAT ('factuurstelsel', in Dutch). If you mainly sell to private individuals, you pay the VAT in the period in which you receive the payment from your customer ('kasstelsel', in Dutch).

4.1.1 Entrepreneur for VAT

If you work independently and have an income, you are usually an entrepreneur for VAT purposes. Do you work in a general partnership (vof) or professional partnership ('maatschap')? Then the partnership is the entrepreneur for VAT.

4.1.2 VAT rates

There are several VAT rates, depending on what you supply. Some services are exempt from VAT. For example, general practitioners and bank services. Providing certain foodstuffs and books, and the services of, for example, the hairdresser and the bicycle repairman are taxed at the low rate of 9%. For everything else, the standard rate of 21% applies. Product deliveries to entrepreneurs abroad are subject to the 0% rate, under certain conditions. When providing services to entrepreneurs abroad, the VAT is usually reverse-charged to the customer.

Check the applicable VAT rate (in Dutch) for your deliveries on the site of the Dutch tax and customs administration.

4.1.3 Deduction of input tax

If you provide services that are not exempted, you can reclaim the VAT you paid on business expenses. This is called deduction of input tax ('voorbelasting'). Because of this scheme, VAT does not cost you anything as an entrepreneur.

4.1.4. First VAT return

After your company has been registered in the Business Register, you will receive a letter from the Dutch Tax and Customs Administration. This states whether you are an entrepreneur for VAT and how and when you must submit a VAT return. In that VAT return, you deduct the input tax from the VAT that you have charged to your customers. You pay the difference or get it back. The first return is usually done on paper. After that, the returns are done digitally. You will receive a username and password from the Tax Administration. After logging into a secure environment, you will see an overview of your tax returns and statements. Self-employed professionals can also log in with DigiD. You can also file a tax return using your own tax return or administration software.

For VAT purposes, you are an entrepreneur from the first moment you do something for your company. You may deduct the VAT on costs and investments that you paid before registration. So, carefully save the receipts.

4.1.5 Contributing personal items

You may have owned goods long before the business starts. Think, for example, of a computer, tools, or mobile phone. As soon as you start using these assets for your business, you can add these assets to the balance sheet at their value of that moment. Your company then becomes the owner of the assets and writes them off. However, you can no longer offset the VAT that you have paid.

4.1.6 Small Businesses Scheme (KOR)

Does your turnover excluding VAT not exceed €20,000 per calendar year? Then you can make use of the small businesses scheme ('kleineondernemersregeling', KOR). Then you do not charge VAT on your deliveries, but you are also not allowed to settle VAT on purchases and costs (withholding tax). If you take part in the KOR scheme, this is for at least three years or until you exceed €20,000 in turnover per calendar year. You can apply for the KOR if you have a VAT number. Make sure to check in advance whether the KOR is interesting for you.

You can find more information about VAT and the KOR on [Business.gov.nl](https://business.gov.nl).

4.2 Income tax

Income tax is the tax that you pay as a natural person on your personal income. Depending on the source of your income, it is taxed in one of the three so-called 'boxes'.

Box 1: Income from wages and property

In box 1, all personal income from employment, benefits, and the ownership of a home is taxed. Here you deduct the mortgage interest paid for your home, and also the entrepreneur allowance, and the SME profit exemption. The balance of income and deductions is taxed in this box in two brackets:

- Income up to €73,301: 36.93%
- Over the exceeding amount: 49.50%

In the second bracket, deductions are deductible for a maximum of 36.93% (Rates in 2023 for non-AOW beneficiaries)

Box 2: income from a substantial interest

In box 2, the income from a 'substantial interest' is taxed. You have a substantial interest if you are shareholder in a bv or nv for at least 5%. Profit distribution from a substantial interest is taxed with a combined tax burden of 26.9% in total. (The salary of a director, like other employees, is taxed in box 1.)

Box 3: income from savings and investments

Income from savings and investments is taxed in box 3. You pay tax if the value of your assets on 1 January of the calendar year is more than the tax-free allowance of € 57,000 per person (in 2023).

The first € 57,000 tax-free

A return is assumed on amounts exceeding € 57,000:

Bank balance and cash	0.36%
Investments and other assets	6.17%
Debts	2.57%

You pay 32% tax on the assumed return (2023).

(return percentages are not final yet. The definitive percentages will be published in 2024).

4.2.1 Entrepreneur for income tax

After your registration in the Business Register, the Netherlands Chamber of Commerce will pass on your details to the Dutch Tax and Customs Administration. You will receive a letter that confirms the registration. After approximately ten working days you will receive a message from the Dutch Tax and Customs Administration whether they consider you as an entrepreneur for income tax purposes. They base this assessment on, among other things, the investment in time and money, the number of customers, and the risks you run as an entrepreneur.

Are you not considered an entrepreneur for income tax purposes? Then you are considered 'enjoying results as a recipient of income from other activities' (in Dutch: 'resultaatgenieter'). Your result is calculated as if you were an entrepreneur. You can deduct the costs you incur for these work activities. For costs like the purchase and use of a car and the use of a building, the same rules apply as for entrepreneurs. You are not entitled to entrepreneur's allowances such as the private business ownership allowance or the working partner's abatement. The result after deduction of costs is taxable income in box 1.

You can also agree with your client that they withhold and pay wage tax/national insurance contributions and the Health Insurance Act (Zvw) contribution from your wages. This is called opting in. You cannot settle costs in this situation, but the client may provide reimbursements.

Are you an entrepreneur for income tax purposes? Use the [online tool 'OndernemersCheck'](#) (in Dutch) on the website of the Dutch Tax and Customs Administration.

4.2.2 Entrepreneur's allowance in income tax

The entrepreneur's allowance ('ondernemersaftrek') reduces your taxable income. This means you pay less tax. To make use of the entrepreneur's allowance you must be an entrepreneur for tax. In a partnership, any partner or managing partner can qualify for the entrepreneur's allowance if they meet the conditions.

Private business ownership allowance

For the private business ownership allowance, you must run a business yourself and work at least 1,225 hours per year for that business. You can count all the hours that you spend on the company. It is advisable to record these hours. The private business ownership allowance amounts to €5,030, or the amount of your profit as a maximum. For people entitled to the AOW state pension, the self-employed private business ownership allowance is half of this amount. The private business ownership allowance will be gradually reduced further in the coming years.

Tax relief for new companies

The tax relief for new companies ('startersaftrek') is an increase in the private business ownership allowance. You can apply the tax relief for new companies three times in the first 5 years of your entrepreneurship. The starter's deduction is €2,123.

Tax relief for new companies in case of occupational disability

Are you entitled to a disability benefit? And do you not meet the hours criterion of 1,225 hours, but do you meet a reduced hours criterion of 800 hours? Then you can apply the tax relief for new companies in the event of disability three times in the first five years of your entrepreneurship. The deduction amounts to €12,000 if you have not used this tax relief before, €8,000 if you apply the deduction for the second year, and €4,000 in the third year. Here too, the tax relief cannot be higher than your profit in the relevant year.

The working partner's abatement

The working partner's abatement ('meewerkaftrek') is an amount that you can deduct if your partner works at least 525 hours unpaid in the company. The amount depends on the profit and the number of hours worked. It cannot be more than 4% of the profit. You must meet the hour's criterion yourself.

4.2.3 SME profit exemption

Every entrepreneur for income tax purposes can apply the SME profit exemption. Even if you do not meet the hours criterion. The SME profit exemption is a tax deduction on the profit. The exemption is 14% of the profit after deduction of the entrepreneur's deduction. Please note: if your company incurs a loss, the SME profit exemption reduces the tax loss. In that case, the exemption is disadvantageous for you.

4.2.4 Reduction of maximum deduction rate

Does your income fall under the high-income tax rate? Then take into account that the advantage of the entrepreneurial deduction and the SME profit exemption will be gradually phased out in the coming years. This also applies to your mortgage interest deduction and other personal deductions. These costs will only be deductible at 36.93% in 2023: the low-tax bracket tariff.

4.2.5 Tax credits

Have the taxes been calculated in boxes 1 to 3? This is followed by the settlement of the tax credits ('heffingskortingen'). There are various tax credits. The tax credit you are entitled to depends on your income and your personal situation. Examples are the general levy reduction, the general tax credit, the income-related combination tax credit, the young disabled person's tax credit and the green investment discount. See the [overview of all tax credits](#) (in Dutch).

What does the reduction in the self-employed deduction and the lower deduction percentage mean for you? Find out with the 2022 [income tax calculation tool](#) (in Dutch).

4.2.6 Averaging

If your annual income shows large fluctuations, until 2023, you could submit a request for 'averaging' ('middeling') to the Dutch Tax and Customs Administration. Your income over three elapsed calendar years was then added and divided by three. This gave you an average taxable income over the past three years. Large highs and lows in your income canceled each other out. A highly taxed profit would then end up in a lower

bracket. The averaging scheme has been cancelled. If you started averaging in 2022, you may continue to do so over the years 2022, 2023, and 2024. [Read more about averaging](#) (in Dutch) on the website of the Dutch Tax and Customs Administration.

4.2.7 Model agreement under the DBA Act

When you start working for a client as a freelancer, you must determine together whether there is an employment relationship. In many cases it is clear that this is not the case. When in doubt, you can use a model agreement, but it is not mandatory. [Read more about false self-employment](#).

The enforcement of the Employment Relationships Deregulation Act ('Wet deregulerend beoordelen arbeidsrelaties', wet DBA) has already been postponed several times, except for persons with malicious intentions. Do you already use a model agreement? Then you can continue to do so. Are you not, but do you want to make good agreements? Always use an approved model agreement. You can find the [model agreements](#) (in Dutch) on the website of the Dutch Tax and Customs Administration. There you can also find the latest information about the status of the DBA Act and any upcoming changes.

Do you work according to the agreement? Then there is no employer-employee relationship. In that case, your client does not have to withhold payroll taxes*. You work as a self-employed professional and are not insured for employee insurance schemes (WW, ZW and WIA). You will not receive a benefit in the event of unemployment, illness or incapacity for work.

*Payroll tax ('loonheffing') is not a separate, additional tax, but an advance on the income tax. An employer must withhold payroll tax from an employee's wages.

Using a model agreement says nothing about how the Dutch Tax and Customs Administration sees your income. This is only assessed when you have filed your income tax return.

4.3 Corporate tax

Corporate income tax is the tax that a legal entity pays on its profits from the company. A private limited company (bv) or public limited company (nv) are subject to corporate income tax. Associations or foundations that operate as a business are also subject to corporate income tax.

The profit is taxed in two steps:

- 19% on the profit up to € 200,000
- 25.8% on the exceeding amount

(Rates 2023)

A general partnership (vof) is not subject to corporate income tax. Each partner pays their own income tax on their profit share.

The profit that remains after payment of corporate tax is net profit, as long as it remains within a legal entity (usually a bv). Is any dividend paid to a natural person? In that case, the legal entity must withhold 15% dividend tax.

A natural person with 5% or more of the shares has a substantial interest. The dividend payment is taxed in box 2 with 26.9% income tax, with settlement of the withheld dividend tax.

The Book of Finance is primarily intended for the entrepreneur with a sole proprietorship or general partnership. Legal entities, such as the bv, nv, association, and foundation, are not discussed in depth. [Find more information about legal structures](#).

All tax rates, percentages and amounts for 2022 (in Dutch) can be found [here](#).

A deferral arrangement for the payment of taxes was introduced during the corona period. Since October 2022, you have to pay these deferred taxes in instalments. [Find information about these schemes](#).

5. Your administration

Keeping and maintaining business records

Entrepreneurs are required to keep records, but good business records are also important for you yourself. Your administration gives you insight into your business. Have the expectations you included in the budgets actually been fulfilled? Proper business records give you information to check on the health of your business. This can help you to prevent financial problems.

5.1 Outsourcing or keeping your own records?

You can, of course, keep your own records. You will then have quick and perhaps more insight into the current state of your business. You can also opt to outsource (part of) the administration to an accountant or bookkeeper/accountancy office. They will set up your administration in an optimal manner, help you with advice, and are up to date on your various tax options. In general, a bookkeeper or accountant will earn back their costs for you. Read more about the differences between a [bookkeeper](#) and an [accountant](#).

All accountants are obliged to be members of the '[Nederlandse Beroepsorganisatie van Accountants](#)' (The Royal Netherlands Institute of Chartered Accountants, NBA). Bookkeepers/accountancy offices with a quality mark can be found on at www.noabkeurmerk.nl (in Dutch).



5.2 Administrative requirements

What do you have to keep track of? All the information about your business that you record on paper or in digital form, is part of your administration. This includes, for example:

- cash records (including informal notes) and receipts
- financial notes, such as the purchase and sales ledger
- interim control calculations
- received quotations and invoices
- copies of sent offers and invoices
- bank statements (digital)
- contracts, agreements, and other arrangements
- agendas and appointment books
- correspondence
- software and data files

Always check incoming invoices carefully. Do the price and quantities invoiced correspond to the agreement or offer? Also be alert to invoices for goods or services you never ordered. Read more about acquisition fraud and phantom invoices on [KVK.nl](https://www.kvk.nl).

Some income tax deductions (the private business ownership allowance and the working partner's abatement, see [chapter 4.2.2](#)) depend on the number of hours you spend on the business. Therefore, keep track of how many hours you, and if applicable your tax partner, spend on the business.

Do you use a car for your business? If so, keep a kilometre record. For more information, see [chapter 2.2.1](#).

5.3. From quotation to payment

In case of direct delivery to a private person, you are not required to issue an invoice. They will usually pay in cash or by debit card. The (cash register) receipt then serves as the proof of payment.

You are required to issue an invoice to business customers. This must be done at the latest on the 15th of the month following the month in which you delivered the goods or services.

Do you deliver goods or services on order? If so, you might draw up a quotation in advance. Here you specify what you are going to deliver and at what price. Your customer then decides whether they accept this delivery.

5.3.1. The quotation

In your quotation, you describe what you and your potential customer have agreed on. This covers the products or work you will deliver, the planning, and the costs. This prevents any confusion later on. Communicate to your customer that you are always happy to draw up a quotation for them. You can find a [sample quotation on KVK.nl](#) (in Dutch).

Do you make use of general terms and conditions? If so, make sure that your customer knows the contents of these before you confirm an order or job with them. Always include a copy of your general terms and conditions with a quotation and explicitly refer to them in the quote. A reference to general terms and conditions on your website is usually not enough.

5.3.2 The invoice

The layout of your invoice is up to you, but it must contain the legally required details. If your invoice does not comply with the rules, your customer may not be able to offset the VAT paid as input tax. The mandatory details are:

- Your full name and that of your customer's. State the legal name. The trade name is also permitted, if this is registered in the KVK Business Register in combination with their address and residence.
- Your full address and that of your buyer. State the address where the business is actually based. Mentioning only a PO box number is not sufficient.
- Your VAT identification number (VAT ID).
- Your KVK number.
- The date the invoice was issued.
- A unique serial number.
- A description of the goods or services you have supplied.
- The number of goods or services supplied.
- The date on which the goods or services were delivered, or the date of an advance payment.
- The amount you charge, excluding VAT.
- The VAT rate you charge.
- The VAT amount.

For how to draw up an invoice with these details, refer to this sample invoice.

Entrepreneurs in the taxi and public transport sector, in the hospitality industry, and those who supply goods or services exempt from VAT do not have to comply with all invoice requirements.

In some situations, different rules (in Dutch) apply for invoices.

Including your bank account number is not mandatory, but advisable if you want to receive your payment quickly. Clearly state when the invoice must be paid and what the payment reference is.

5.3.3 If your customer does not pay

You have likely agreed on a payment term in the contract with your customer or client.

You can also record the payment term in your general terms and conditions. This is also where you can include a retention of title. Have you not received your payment within the period agreed? Take action!

1. Call

Depending on your relationship with the customer, it is advisable to call first. You can then ask whether they were satisfied with the service and whether the invoice is in order. With this personal approach, you can find out why they have not yet made the payment. Always make detailed notes of such phone calls.

2. Payment reminder

The payment reminder is a first formal step after the payment term has expired without payment. This is a friendly reminder, sent a few days after the payment term expires. Make sure the reminder states that you will charge the legal interest in case of non-payment.

3. Demand

If your customer has still not paid after the deadline in the reminder, you send a demand for payment. This is a formal letter in which you refer to the delivery, the invoice, any telephone calls made, and the payment reminder. Set a deadline of 14 days and mention collection charges and legal action if payment is not made by then. Send the demand both by registered post with acknowledgement of receipt and by ordinary post. Keep copies of the letters.

4. Consider a bailiff or debt collection agency

Have you not succeeded in collecting the claim yourself, despite your best efforts? Then consider calling in a bailiff or debt collection agency. These are companies that collect debts on your behalf. A collection agency sends letters requesting payment, but has no means of enforcing payment. A bailiff, however, can impose forceful measures.

Use the flow chart '[From quotation to money in your account](#)' to get a grip on the process from quotation to payment.

Take your experiences with your customer's payment behaviour into account when processing next orders. For example, only deliver to poor payers against (partial) prepayment or calculate extra costs. You can also consider placing a maximum on the invoice amount your customer can have outstanding. You will only deliver again after previous invoices have been paid. And of course, you can also decide to refuse customers who pay poorly.

5.4 Business bank account

As an entrepreneur, you are not required to open a business bank account. However, it is wise to use a different bank account for your business than your private account. This allows you to keep business and private money flows clearly separated. In case of larger cash flows, the bank will ask you to open a business account.

Banks carry out a name check on transfers. So make the name of the bank account the same as your (company) name.

5.5 Storage period business records

According to the main rule, you are obliged to keep your records for seven years.

This applies in any case to the so-called basic data:

- the general ledger
- the accounts receivable and accounts payable records
- the stock records
- the purchase and sales records
- the payroll administration

Data on immovable property must be kept for at least ten years.

The retention obligation also applies to computer programs and files. So make sure that these programs and files can be available during an inspection in the future.

6. From turnover to entrepreneur's income

For today and tomorrow

A business is not a hobby. It has to generate income. The previous chapters dealt with company budgets, business costs, and taxes. In this section, we will pay more attention to generating income. For today, but also for tomorrow.

6.1 From turnover to entrepreneur's income

Your entrepreneur's income comes from your business' turnover. Before this is available to you privately, there are a few steps to take.

6.1.1 Cash is king: debtor management

Turnover is not money until it has been transferred to your bank account. Try to send your invoice as soon as possible after the delivery of your product or service. Also keep your customer to the agreed payment term. In case your client fails to pay in time, send a reminder or give them a call to find out why payment is delayed.

6.1.2 The entrepreneur comes after costs, taxes, and repayments

Not all money that comes in is profit. Your business has costs, and then the income tax needs to be calculated. From the net amount that remains, you may have to pay off financiers. It is also advisable to reserve money for when things are not going as well or for when you want to grow. What remains after that is available for your income. And that can only be determined in retrospect, after you have made all the payments and the taxes have been determined.



6.1.3 Private withdrawals

To be able to live each month, you take money or goods from the business for private use. We call this private withdrawals. In your accounts, these private withdrawals are deducted from the 'equity' item. The 'equity' item increases again with the profits of your business.

6.1.4 Part-time business

More and more starting entrepreneurs combine their business with a salaried job. It might just be a nice supplement to their salary, or perhaps a first step towards complete independence. Always check your employment contract for any limits to activities permitted next to your job, and share your plans with your employer before you start.

The part-time entrepreneur has no separate legal status. For turnover tax purposes (see [chapter 4.1](#)) the threshold for being considered an entrepreneur is low. Maybe you can make use of the [small businesses scheme](#). For income tax purposes (see [chapter 4.2](#)), parts of the entrepreneur allowance and the SME profit exemption may be applicable. You owe income tax over your taxable profit (or taxable result) from your part-time business.

The tax rate that is applicable to you depends on the amount of your other income. Add both together and apply the table under [4.2 Income tax](#) to the total amount. The wage tax already withheld by your employer will be deducted from the income tax to be paid.

Read more about [part-time entrepreneurship](#) on [KVK.nl/english](#).

Are you self-employed and pregnant? Perhaps you qualify for the [maternity allowance for self-employed persons \(ZEZ benefit\)](#).

6.2 Income support

Are you starting your business while receiving a benefit? Always consult with the body that issues that benefit before registering your business. If you receive an unemployment or incapacity benefit, this is the Employee Insurance Agency (UWV). If you receive a social security benefit, this is the municipality. Under certain conditions, you can temporarily keep (part of) your benefit.

6.2.1 Income support for starting from an unemployment benefit (WW)

Do you want to start your own business while retaining your (partial) unemployment benefit (WW)? This is only possible if you receive prior permission from UWV. Once you have permission, there are various options. For example, you can start your business with a start-up period, reduced benefits based on the hours dedicated to the business ('urenkorting'), or without retaining your WW benefit. Each of these options are subject to conditions. You can get more information about starting from a situation of unemployment from [UWV](#) (in Dutch) or [this article](#).

6.2.2 Income support for starting while receiving a social welfare benefit

Are you considering starting a business while on social welfare? The 'Besluit bijstandverlening zelfstandigen' (Decree on Social Assistance to the Self-Employed, Bbz) offers three possibilities:

- Guidance: guidance for a maximum of 1 year to prepare for your start. You retain your benefit.
- Supplementary benefit: a supplementary benefit for your livelihood for a maximum of three years.
- Operating capital: a loan for investments in your company (€45,670 in 2023).

Your application must show that the business you want to start is viable. Different conditions apply to each situation. Ask the municipality where you live for more information: they can assist you.

6.2.3 Income support for starting from an occupational disability benefit

Do you see a chance to start a business within the boundaries of your own abilities, while receiving an occupational disability benefit? Then the income from the business will be deducted from your existing benefit. You can also receive a reimbursement for necessary accommodations, such as a sign language interpreter. [UWV](#) (in Dutch) may provide you with a loan for the preparatory phase and the start-up phase. Are you starting from a benefit such as the Invalidity Insurance Act (WAO) or Invalidity Insurance (Self-Employed Persons) Act (WAZ)? Under certain conditions, you can receive an income supplement for a maximum of four years.

Are you starting a business on a benefit? Always discuss this with the body that issues your benefit.

6.3 Allowances

Depending on your situation and income, you may qualify for a contribution towards your costs relating to healthcare, children, and rent. Such a contribution is called an allowance or benefit.

There are four types of allowances/benefits:

- Healthcare allowance: a contribution towards the costs of your healthcare insurance
- Child budget: a contribution towards the costs you make for your children
- Housing benefit: a contribution towards your rental costs
- Childcare allowance: a contribution towards the costs of childcare

The income of your partner and co-residents is also taken into account when calculating any benefits you may receive. For the first three benefits, your assets are also taken into account. You can apply for these three benefits until 1 September of the following calendar year. You must apply for the childcare allowance within three months after the month in which you are first entitled to the allowance. Otherwise, you will miss out on part of the allowance. Find out what you are entitled to. Make a [trial calculation](#) (in Dutch).

An allowance is granted to you provisionally on the basis of the (income) data you provide. The definitive entitlement is calculated afterwards, on the basis of the data then known to the Tax and Customs Administration. You will receive the definitive calculation about nine to twelve months after the end of the calendar year. Try not to underestimate your income, because you might then receive more than you are entitled to. In that case, you will have to pay it back later.

6.4 Municipal income schemes

Every municipality has schemes that allow you to pay less for local charges (municipal levies and regional water authority taxes), for example. Many municipalities also have collective healthcare insurance, a contribution to school costs, and a discount for sports and/or cultural activities. The schemes and conditions differ per municipality. Whether you are entitled to a scheme depends, among other things, on your income level. Ask your municipality if you are entitled to any of these. It is not the case that self-employed persons are automatically not entitled to such schemes.

Municipalities support low-income households in paying their energy bills with a compensation of at least €1,300. The income threshold for this compensation will be no less than 120% of the legal social minimum. Municipalities may set a higher income threshold and compensation amount. Persons on social benefits (bijstand) will receive the energy compensation automatically. Other households, for example self-employed professionals with a fluctuating income, must apply for it themselves. The energy compensation does not affect any benefits or other compensations you receive.

6.5 Your income when you are not able to run your business

When you start a business, you might not think about your income in case you have to stop working because of your health or old age. Nevertheless, it is good to think about this at the start of your business. That way, you avoid unpleasant surprises. Here is a list of the most important possibilities.

6.5.1 Occupational disability

As an entrepreneur, you are in a less protected position than someone who is employed. You have the freedom to decide for yourself whether you want to protect yourself against loss of income through incapacity for work. There are various possibilities for this. You can also choose to cover the risk yourself.

Occupational disability insurance (AOV)

You take out disability insurance (AOV) with an insurer. You pay a monthly premium, which is income tax deductible. If you become occupationally disabled, you will receive a monthly benefit. Over this benefit income tax is withheld. The amount of the benefit depends on the degree of your disability and the insurance cover you have chosen.

You choose:

- The amount of the benefit. You can choose a fixed amount paid out, for example €1,500 per month, or a percentage of your average income.
- The excess period. You can choose to cover the first period of illness yourself. This could be 1 month, or even 6 months.
- The ceasing age of your AOV. You can choose to end the term of your occupational disability insurance before your state pension age.
- The disability criterion. You can choose for a payment in case you cannot perform your current profession anymore (occupational disability) or for less strict requirements to work (suitable work or common work).

Through your choices, you may be able to reduce your premium. You can ask the help of a financial advisor who will look at your personal situation. This way, you can be sure that you make a choice that suits you.

You will usually have to fill out a health declaration when you want to take out an AOV. Based on this statement, the insurer will offer you an insurance proposal. Sometimes you have to provide extra information or need to undergo an examination.

Check whether you can take out occupational disability insurance under collective conditions through a trade or professional organisation, and whether that is beneficial for you. Interest groups for the self-employed also offer this possibility.

Private safety net insurance ('private vangnetverzekering')

For a small group of self-employed persons it is not possible to take out a regular occupational disability insurance (AOV) because of medical problems. The private safety net insurance (in Dutch) is meant for this group. The condition for this insurance is that you cannot take out a regular AOV for medical reasons and that you have been self-employed for less than 15 months.

Voluntary continuation through UWV

If you were employed before you started as an entrepreneur, it is possible to take out voluntary insurance for the Sickness Benefits Act and occupational disability insurance (AOV) at the UWV. This is possible until 13 weeks after you terminated your job with your last employer or when your unemployment benefit stops. An advantage is that no medical examination is required. UWV informs you about the amount of the benefit, the monthly costs, and the additional conditions. Go to UWV for more information about the voluntary continuation (in Dutch).

Voluntary insurance collectives ('schenkkringen')

Loss of income due to illness or disability can also be compensated by joining a voluntary insurance collective. These usually consist of 20 to 50 self-employed people who organise themselves as an association. In such a voluntary collective, it is important that members trust that people will only call on the funds when really necessary. This is reflected in the size of the group (no more than 50 people) and in the fact that the people get to know each other. In the association you make agreements with each other to save money individually on your own account with the collective.

In case of illness, you will receive a donation from the accounts of other members for a maximum of two years. The amount of the donation depends on the amount that you yourself pay into the account as a monthly contribution. Does another self-employed person become ill or disabled? Then you must make a monthly donation from your account.

The deposits to your account with the association is not tax deductible. Received donations are untaxed, under certain conditions.

You can opt for a combination of a voluntary insurance collective and an occupational disability insurance (AOV) with, for example, a two-year waiting period.

On the website '[Van A tot zekerheid](#)' (in Dutch) you can read more about the different disability insurances.

Cover your income risk for situations in which you cannot do business.

6.5.2 Social Assistance to the Self-Employed scheme (Bbz) in case of illness

Self-employed persons who have not made arrangements for loss of income in case of illness or incapacity for work will, in principle, receive no income. The Decree on Social Assistance to the Self-Employed ('Besluit bijstandverlening zelfstandigen', Bbz) can provide a safety net in such a situation in the form of an additional payment on top of your income. The Bbz supplements your income to the minimum level. It is quite possible that your income will be (much) lower than what you are used to. There are various private insurances that supplement your income to a higher level. Does the benefit from the insurance make it so your income exceeds the minimum level? Then you will no longer receive a Bbz benefit. You are entitled to a benefit if you meet the conditions of the Bbz. You can get more information about supplementary income insurance in the event of illness from your insurer.

Read more about the conditions for eligibility for a [\(temporary\) Bbz benefit](#).

6.6 Pension

There are various provisions for your income late in life. A combination of these provisions is often necessary for a financially secure old age. It is also important to make arrangements when you start your business. This prevents you from having to work longer because your pension is not (yet) properly arranged. The government provides the AOW: a basic insurance for everyone who lives or works in the Netherlands.

As of 2023, you can no longer make use of the retirement reserve FOR ('oudedags-reserve'). This tax scheme allowed you to reserve part of your profit for later. You can take out certain insurances to ensure a higher income after your retirement, or you can save or invest. Finally, it makes sense to look at the expenditure side of the budget. Take your own home, for example: if the mortgage is (largely) paid off by the time you stop working, you will have lower housing costs. You then have more money available to spend on something else.

The [Pensioenschijf-van-vijf](#) (in Dutch) of Nibud gives you insight into your income and expenses when you retire.

6.6.1 AOW: basic pension insurance

The basic pension insurance is provided through the General Old Age Pensions Act (AOW). Everyone who lives or works in the Netherlands is automatically insured for this. Even if you have no income, you build up AOW. In many situations, for every year that you have lived and worked abroad in the 50 years prior to your AOW pension age, you will receive 2% less AOW after your AOW pension age. To make up for this shortfall, you can take out voluntary insurance or buy in the lost years. More information: the [Dutch Social Insurance Bank \(Sociale Verzekeringsbank, SVB\)](#).

Since 1 January 2013, the AOW entitlement age is no longer 65 for everyone. The age at which the AOW benefits will start shifts. The AOW age is now 66 and 10 months, and will increase to 67 in 2024. After this, the AOW age will be linked to life expectancy. [Calculate your expected state pension \(AOW\) age here](#) (in Dutch).

From the day you reach your retirement age, you will receive the AOW pension. The amount of AOW is derived from the minimum wage. A single person will receive a maximum of 70% of the minimum wage; persons who are married or living together will each receive 50% when they reach the AOW pension age. For calculating the exact amounts, see the [SVB website](#).

You may have worked in paid employment before. Then it may well be the case that you have already built up pension over that period. At [Mijnpensioenoverzicht.nl](https://mijnpensioenoverzicht.nl) you can find a total overview of your AOW and any pension you may have accrued already. You can log in using DigiD.

6.6.2 The retirement reserve: reserve part of your profit for your pension scheme

Until 2023, you could reserve a certain percentage of your profit for your pension scheme via the retirement reserve ('oudedagsreserve'). Building a retirement reserve did not mean that money was actually put aside for you. The reserve is mainly a tax deferral. This meant a tax advantage in the short term. The tax over the retirement reserve will still be charged to you later. So, the retirement reserve is not a tax exemption in the sense of a deductible item.

You may keep the retirement reserve you have built up in its 'old' form. You can also consider buying an annuity from an insurer. The retirement reserve then decreases with the value of the annuity. As soon as the annuity pays out, the insurer will deduct the income tax owed. You will then have to settle any remaining retirement reserve yourself later on. The income tax rate to be paid later is probably lower than what the company profit would have been taxed at present without the retirement reserve.

Upon termination of the business, the retirement reserve will be cancelled. The amount of the retirement reserve will then be added to your profit and taxed. This also applies upon the death of the entrepreneur. If the partner of the entrepreneur continues the company, they can take over the retirement reserve and postpone taxation. Whether the use of the retirement reserve might be beneficial for you, is difficult to indicate. Tailored personalised advice is important. A financial advisor can help you with this.

For more information on the retirement reserve, please visit the website of the Tax and Customs Administration (in Dutch).

6.6.3 Mandatory participation in sector pension fund

In many sectors, employees are obliged by their employer to participate in a (sector) pension fund. In a number of sectors, compulsory membership also applies to you as an entrepreneur. You must register for participation yourself. You can find an overview of these sectors at [KVK.nl](https://kvk.nl).

In recent years, there has been more focus on false self-employment: zzp'ers who are actually employees, and on platform economy workers (providing services through apps). New legislation is in the making. Is there an employment situation? Then check whether a mandatory pension fund is in place. If there is, you can claim a pension. Do you employ staff? You also need to check whether there is a mandatory pension fund. If there is not, you may offer your employees a different pension scheme.

As an entrepreneur, you may encounter 2 types of pension funds:

1. A sectoral pension fund, for (part of a) sector. Your business may fall under the mandatory pension fund obligation, even if you work as a zzp' er.
2. An occupational pension fund for certain types of professions, such as GP's, notaries, medical specialists, pilots, rowers, midwives, apothecaries, or physical therapists.

Check which sectors and professions have mandatory pension funds.

6.6.4 Voluntary continuation

Were you previously employed by a company with a pension scheme? And, as an entrepreneur, is your participation in a pension scheme not compulsory? Then in many cases you can continue the pension scheme voluntarily (for a maximum of ten years). The advantage of this is that the pension accrual is continued and there is coverage in case of death and occupational disability. You then pay both the employee and employer share of the premium. Ask your pension fund about the possibilities. Pension funds use a legal term of nine months maximum and sometimes shorter for an application. Keep this in mind and apply in time via the application form used by your pension fund.

6.6.5 Private pension insurance, saving, or investing

The AOW provides an income at the minimum level. If you are just starting out with your business, it is virtually impossible to determine what amount you can add to the retirement reserve each year. This can make the level of your income after retirement very uncertain. On the other hand, you do not have to run out of money immediately if your income is lower after retirement. You will only be short when your income is too low to live on. How much money you need depends on your wishes. Do you want to travel a lot after you retire or stay at home in your own garden? Will you eat out more, do you want a holiday home or will you live on a smaller scale? Often, your expenses will also change when you stop working. If you own your own home, chances are that the mortgage will be paid off by the time you stop working. Perhaps you will trade in your car for a smaller one, because you will not have to travel as often or as far.

The following questions will help you to determine whether you will have a deficit after retirement:

- How much do you need each month to make ends meet? List all your expected expenses, from fixed costs to desired holiday and leisure expenses.
See [section 1.2](#) for an overview of all expenditure items.
- How much income will the AOW provide?
- Have you already built up a pension somewhere?
- Does your partner have an income?
- Do you have savings that you can use after you retire?
- Will the mortgage be paid off when you retire?
- Will your assets increase through an inheritance?

There are various possibilities to supplement your income after retirement. For example, you can take out an annuity insurance (with an insurance company) or open a blocked savings account (with a bank). You then pay the insurance company or bank a sum periodically, or in one go (a lump sum). You choose the moment when the annuity insurance or savings account is converted into a periodic pension payment. For annuity insurances and bank savings, tax rules apply. The annual amount you pay to an insurance company or bank is in principle tax deductible. Based on your pension gap,

you determine which amount is tax deductible. Your pension gap is calculated by means of a so-called annual allowance calculation. You build up an individual pension in a manner that offers tax benefits. In addition to the tax benefit while building up a pension, you do not pay any capital gains tax over the annuity insurance or bank savings account in box 3 of the income tax.

After reaching your state pension age, you can continue to deposit amounts up to a maximum period of five years. You buy an annuity with the money you have saved. There are fixed-term annuities, annuities that end when you die, and annuities that pay out to your next of kin when you pass away. Specific tax rules apply for the duration and amount of the periodical pension payments from annuity insurances and bank savings. For instance, there is a maximum limit to the amount of a temporary pension payment. Income tax will be withheld over the periodical payments.

Finally, you can build up savings or invest towards your pension yourself. In that case, the saved amounts are not tax deductible. There is also no exemption on the capital gains tax of box 3 income tax. A financial advisor can help you make the right choice.

6.7 Care for your survivors

Suppose you suddenly pass away. What will happen to your business then? And will your surviving relatives not run into financial problems? Think about making a (business) will and taking out life insurance. At KVK.nl you can read about how you can leave your surviving relatives and your company behind in good shape. Your surviving relatives may be entitled to an ANW benefit. This government benefit pays a maximum of 70% of the minimum wage. Conditions apply.

6.8 Casualty insurances

The previous sections dealt with insurances and schemes that pay out money to provide for your income. Business operations also come with risks that can have major financial consequences for you and your company. Risks that you cannot or do not want to cover yourself can be insured. We mention a number of them here.

6.8.1 Damage due to fire, burglary, or extreme weather

Not only as a private person, but also as an entrepreneur you can be confronted with damage caused by fire, burglary, or extreme weather. Fire and flood damage in particular can have a huge impact on your business. There are various [insurance policies](#) that you can take out to cover damage caused by fire, burglary, and extreme weather. The most important are:

- Buildings insurance, for damage to the premises
- Goods and inventory insurance, for damage to machinery, tools, and furnishing
- Business interruption insurance, for the continued payment of fixed costs when your business is shut down due to damage

Buildings insurance is often required by lenders when you take out a loan.

Extreme weather increasingly has consequences for businesses too. Besides damage to goods and buildings, extreme weather sometimes leads to delivery problems and loss of customers. Damage can also affect your surroundings and the environment.

Make sure that the aforementioned insurance policies cover damage caused by extreme weather as well. Risks change, but so does the range of available insurances. For example, there are more and more insurance solutions for local flooding. For more information, visit the [Dutch Association of Insurers](#) website or ask your advisor.

6.8.2 Liability and legal assistance

Wherever work is done, mistakes can be made. This can have major financial consequences, for example if someone gets injured. As an entrepreneur, you can be held liable for this damage. You can also insure yourself for this.

- Liability insurance. Your private liability insurance (AVP) does not cover the risks of your business activities! There are several options for covering the damage that may be caused when carrying out your work:
 - business liability insurance (AVB)
 - professional indemnity insurance (BAV)
 - directors' liability insurance

Find out which liability insurance best suits your situation.

- Legal expenses insurance for entrepreneurs. Covers the costs of legal advice in the event of a business conflict.

6.8.3 Cyber risks

Digital security is an important part of your business operations. Cybercriminals are engaged in spreading computer viruses, digital extortion, and abuse of personal data. But even system errors or your own mistakes can lead to digital issues. This can lead to disruption of your business or production process. The privacy of you and your customers is at stake and there may be legal consequences. The [General Data Protection Regulation](#) obliges you to report any possible 'leaks' of personal data. On the website [veiliginternetten.nl](#) (in Dutch) you can explore the vulnerabilities of the digital business environment. [Cyber insurance](#) cannot prevent a cyber incident, but it can help reduce the negative organisational and financial consequences. Cyber insurance often also provides practical and legal assistance in resolving problems after a cyber incident. [The Centre for Crime Prevention and Safety](#) (in Dutch) has developed a tool to help you objectively determine what cyber risks you are running and what appropriate preventive measures you can take. The Dutch Association of Insurers website offers information on cyber risks, prevention, and cyber insurance on their [website](#)

6.8.4 Car

You are obliged to insure your car at least for third-party liability (WA). The damage you cause to others with the car is then insured, but not your own damage. The WA+ limited hull insurance also covers damage to your own car caused by storm, fire, theft, lightning, or flood. The most extensive insurance is the WA+ full hull, which covers all damages, including to your own car (all-risk). With a passenger accident insurance, you have coverage in case you or a passenger becomes disabled or dies in an accident. Roadside assistance insurance can come in handy when the car breaks down on the road.

With your own transport insurance you can insure against damage to goods and products that you transport as an entrepreneur. This is usually not a standard part of the car insurance.

7. Preventing financial problems

Signalling risks in time

The corona and energy crises have hit many entrepreneurs hard financially. You may wonder whether you should stop or continue with your business. It makes sense to keep a close eye on your numbers, and thus limit the risk of financial problems. We give you three tips below.

Tip 1: Plan and look ahead

Previous chapters have already pointed out that you need to prepare a good budget in advance. Both for private purposes and for business items. What do you need each month to cover your expenses? If you were thorough with your business plan, you will also have considered the first few months after starting - or restarting - your business. Do you expect turnover to increase slowly or quickly? Will you be able to meet your current obligations during those months? If not, do you have a financial buffer to compensate for low income? It is also worthwhile investigating in advance what possibilities you have for reducing your expenses quickly if turnover remains below expectations for a longer period of time.

Tip 2: Set aside money when you can

It is important to calculate in advance what you need to set aside, especially for future tax assessments. You should preferably use a separate savings account for this that you do not need to use for other expenses. A good bookkeeper or accountant is important here. Make sure that you can pay the costs of their services as well, so that the work is carried out according to plan and there are no arrears in tax returns.



Tip 3: Call in advice

A bookkeeper or accountant can also be a valuable advisor. For example, it is useful to discuss when you can expect your first tax assessments. Finally, it is important to go through the agreements you are going to sign (for business rent, financing, suppliers) thoroughly first. If necessary, discuss them with someone you trust, who has the relevant know-how. Know what you are committing to by signing. What are the consequences if your business does not turn out like you expected? Can you then terminate agreements prematurely? Perhaps not things you want to dwell on when preparing your business. But as an entrepreneur, it is important to think three steps ahead and also consider worst-case scenarios.

7.1 Help in case of financial problems

If you run into financial difficulties despite your best efforts, seek professional advice as soon as possible. You can contact Geldfit on 0800 8115. Or go to geldfit.nl/zakelijk, and take the business test (in Dutch). You get a direct result: which options are available to you, and online advice. Geldfit will also connect you to a financial expert in your area who can help you. Do you have problematic debts? Contact the debt relief agency in your municipality for this purpose. The debt relief counsellors will discuss with you whether (and under what conditions) a solution to your financial problems is possible if you want to continue the business. All residents of a municipality, including entrepreneurs, are entitled to debt assistance. This is free of charge. If you do not feel comfortable going to the municipality for help, you can turn directly to a specialised organisation and discuss the conditions under which they can help you.

There are also unreliable organisations that can get you into even deeper trouble. So, always ask whether the organisation is a member of the NVVK (the sector association for debt assistance and social banking) or at least follows its code of conduct.

If continuing the business generates more money to pay off your debts than stopping the business and you want to continue your business, this is the first option that is examined. The 'Besluit bijstandverlening zelfstandigen' (Decree on assistance for self-employed persons) ([see also under 6.2.2.](#)) can, under certain conditions, help to provide the necessary financing for this.

Are you experiencing financial problems? [These organisations](#) can help you. You can also look for solutions in the [debt flowchart](#).

7.2 Liability

Avoid letting financial problems with your business affect your personal finances and those of your partner, to the extent possible. Suppose things go wrong with your business, will you or your partner be left with debts? What about your partner's liability?

7.2.1 Marital or registered partnership property agreements

You can partly prevent problems by strictly separating your business and private assets and debts. Of course, it is best to arrange this before you start your business.

As of 1 January 2018, a change in matrimonial property law has been introduced. If you (have) enter(ed) into a marriage (or registered partnership) after this date, each partner retains the assets (including any debts) already present before the marriage. For marriages entered into before 2018, all assets of the partners fell into the so-called 'community of property'. Since 1 January 2018, a 'limited community of property' enters into effect after the marriage. Both partners retain what they already owned before the marriage, the so-called private assets. But what you acquire after the marriage date falls into the (limited) community of property.

This includes, for example:

- periodic income (minus joint expenses)
- jointly acquired items
- increase of balance on private accounts
- a business that is started during the marriage
- debts incurred during the marriage, unless these arise from goods or matters outside the community of property

If one of the partners has a business that was started before the marriage, a reasonable compensation has to be paid to the community for the knowledge, skill, and labour that the entrepreneurial spouse has used for the benefit of the business. This may not be easy to determine. When the value of the business increases, a part of it also falls into the limited community of property. The interpretation of this is left to practice. It depends on the circumstances.

The new legislation can lead to complications for partners with a business. In order to avoid unpleasant surprises, it is advisable to seek expert advice in good time.

When entering into marriage, it is still possible under the new law to register a prenuptial agreement. You can also register a prenuptial agreement in an existing marriage (to which the law prior to 1 January 2018 still applies).

7.2.2 Settlement clause

A settlement clause is often included in prenuptial agreements. At the end of an agreed period, you settle what one partner has earned more than the other. For example after a year. Or at the very end of the relationship, at divorce or death. Debts do not fall under the settlement clause and cannot be settled.

Have you agreed on periodical settlement? Then make sure to actually take care of this settlement. If you fail to do so, the prenuptial agreement or partnership agreement has no effect.

Prenuptial agreements only work if you accurately follow the conditions set in the agreement.

7.2.3 Cohabiting (living together)

If you live together, your (business) creditors cannot seize your partner's possessions. This does not apply to joint possessions, such as the household effects. It is therefore important to record a few things on paper if you share your home and are going to start a business. By means of a private deed, you can register that certain goods are the property of your partner. This means that your (business) creditors cannot seize those goods. You can register a private deed via a notary or record it in some other way to prevent its contents from being questioned later. It is also wise to keep receipts so you can prove who bought (and paid for) the goods.

7.2.4 Co-signing for obligations

Of course, the protection of prenuptial or partnership agreements, or any private deed, ends as soon as your partner is jointly liable for a certain claim. This is the case when they have co-signed the agreement. If you borrow money for your business, many banks make this a condition. So think carefully before you get your partner to co-sign a contract. Also, when choosing the legal form of your business, think carefully about what the consequences could be. This is particularly true of a general partnership. Have you, for example, properly established what expenses the individual partners can each incur? What are the consequences for liability if you or another partner leaves the company prematurely?

There is probably already a lot involved in starting your business, but it is also important to investigate these aspects thoroughly at the start. If you have little knowledge of these things yourself, make sure you get informed by an expert.

7.3 Divorce

A divorce can also have consequences for your company. Were you married or did you enter into a registered partnership before 2018 and have you not drawn up a prenuptial or partnership agreement? Then you are bound by a general community of property. All assets and all debts are joint property and must be divided with your partner in the event of a divorce. The value of the company is also part of this. Personally received gifts and inheritances can be excluded.

Did you have a prenuptial or partnership agreement drawn up, but have you not actually applied the settlement clause in the agreement? The consequence is that, at the end of the marriage, you will have to settle your accounts with each other as if you had married in community of property. While maybe that is what you wanted to avoid. So, the advice is to make sure you implement the settlement clause.

The new matrimonial property law applies to marriages or registered partnerships concluded as from 1 January 2018. A reasonable compensation for knowledge, skill, and labour of the entrepreneurial partner belongs to the limited community of property. This also goes for a part of the value increase of the company. How this might work out in your situation is difficult to determine. Expert advice and accurate records are two important starting points.

7.4 Starting a business with existing financial troubles

Do you already have financial problems before you start your business? Assess carefully whether the business can offer a solution to these problems. If you have agreed on payment arrangements, you must check in advance whether you will get sufficient income right away to meet those obligations on time. If not, there is an increased risk that your creditors will start collection procedures. This makes any continuation of the business very difficult.

Due to additional costs, the original debts will likely increase and finally your money and goods can be seized. Here, too, it is advisable to seek advice from an expert in advance.

7.5 Credit reference agencies

Credit reference agencies collect data on the payment behaviour of consumers and entrepreneurs.

7.5.1 Credit registration for private persons

According to the Financial Supervision Act ('Wet op het financieel toezicht', Wft), credit providers must be affiliated with a credit registration system. The purpose of credit registration is to protect you against excessive lending and problematic debt situations. The National Credit Register (BKR) is a foundation that safeguards this. By registering data, BKR helps credit providers to assess whether a new credit is appropriate for your financial situation.

BKR does not give advice and does not decide whether you will actually get the credit you have requested. In all cases, this is determined by the credit provider based on its own assessment. The information credit providers request gives a factual overview of all your credits and your payment behaviour on them. The information comes exclusively and directly from the organisations affiliated with the BKR Foundation. BKR has no information from third parties, such as information from data traders or public internet profiles of individuals or groups of people.

Who is registered?

More than ten million people are known to the National Credit Register (BKR). A registration can work to your advantage when you are trying to get financing for your business. If you pay on time, a credit provider sees that your payment behaviour is in order.

The registrations can be roughly divided into three groups:

3. Some 93% of people have a **positive registration**. This gives you a good reputation. You are given a positive registration if the BKR data show that you have borrowed before (have borrowing experience) and that your payment or repayment behaviour was correct.
4. Persons with a **registration showing payment problems in the past**. In the case of this registration, the credit provider investigates the reason for the payment delays in order to get a picture of the problems that were involved.
5. Persons with **payment problems that have not (yet) been repaired**. A credit provider will not grant them a new loan.

You can judge from your own registration whether it might create an obstacle for you. You can request your registered details via bkr.nl (in Dutch). If you request your details, you will see all the loans starting at €250 that you currently have and have had in the past five years. You will also see any payment arrears you currently still have or have had in the past five years, or what else has happened to your loan. For example, if you have agreed a payment arrangement with your credit provider.

Does something seem incorrect in your BKR registration?

Please contact the credit provider that did the registration. Only the credit provider can correct the mistake or amend your data.

What credits does BKR register?

BKR registers all loans of more than €250 that you use for longer than 1 month. This applies to all agreements, in accordance with the Financial Supervision Act (Wft). This also includes store cards and credit cards for which you can repay in instalments, telephone credits, revolving credits, and the option of being in the red on your current account. Also, business credits for which you are personally liable, late payments on your mortgage, private car leases, and debt settlements are registered.

When a payment arrears is registered depends on the credit that you have. Before that happens, you will have received payment reminders from your credit provider. And an announcement stating that your payment arrears will soon be reported to BKR. That way, you get time to solve a payment problem before a registration is made.

Who can consult the Central Credit Information System (CKI)?

Only you, an administrator, and organisations affiliated with BKR can view your credit records. Affiliated organisations are credit providers such as banks, lease companies, credit card companies, telecom providers, and mortgage lenders.

5 tips

1. Ask for your own registration(s) before you apply for financing. Then you will have insight into the current state of affairs in advance. Requesting your data is free of charge.
2. If something in the registration is incorrect, contact your credit provider. That credit provider will pass on the information to BKR.
3. Avoid a negative registration by paying on time. If you do not pay on time, your credit provider will send you payment reminders. If you then pay in full, you will avoid a negative registration. Before the credit provider notifies BKR of your arrears, you will receive advance notice.
4. Do you have a negative registration, and do you want to apply for a new loan? Explain to the credit provider yourself what the background of the situation is. That is always better than the credit provider finding out without you mentioning it.
5. Bear in mind that a negative registration will remain visible for up to five years.

Because of a BKR registration you might have trouble getting a new loan. That might make it tempting to do business with a finance company that does not fall under the Financial Supervision Act (Wft). For example, via foreign providers who also operate in the Netherlands. Bear in mind that conditions may apply that are not entirely clear beforehand (the infamous 'small print'). The credit provided may be a solution in the short term, but in the long term it may make the problems much bigger.

7.5.2 Data traders with information about persons and companies

Well-known commercial credit information agencies are, for example, Altares Dun & Bradstreet and Graydon. They collect and combine available data about companies and the entrepreneur behind them. These include information from the Business Register; annual accounts; court publications on bankruptcies, debt rescheduling, and suspensions of payment; unusual relocation behaviour; and payment experience of suppliers and collection agencies.

Based on the information obtained, a score is calculated, which is the so-called rating. With this advice on creditworthiness, the applicant of the report decides whether they consider the company investigated to be creditworthy enough to do business with. You can partly influence the rating yourself. Of course, by improving your payment behaviour, but also by supplying financial documents (with an auditor's report) about your company. Credit reference agencies sometimes ask you for this too. Of course, you do not have to cooperate, but be aware that this can have consequences for your rating. There are costs associated with requesting credit reports. Sometimes you get the first report for free. You could use this to obtain information about your own company or an important client.

8. Dealing with financial problems

Adapting and making choices

As an independent entrepreneur, you determine the course of your business yourself. You take into account what is happening in your environment and respond to changes. You adapt your business or your product, for example. But not everything is under your control. Think of the corona crisis, which might sometimes have left you with few choices. Or a sudden price increase from your supplier that you cannot pass onto your customer.

8.1 Recognising the signals of financial problems

If you have customers who do not pay and are maxing out the overdraft on your bank account, these are clear signs of acute financial problems. By recognising signals early on, you can take directed action.

Signals within your own business

Calculate and compare key figures, such as solvency and liquidity, on a regular basis. They give you an indication of how your business is doing. To do this, you need up-to-date records. If they are not up to date, that is also a signal.

Do you regularly earn less from your business than you need for your private life? This can lead to worries and stress for you and your housemates and can cause private



problems. Perhaps people around you are expressing concerns about you. Take these signals seriously and take action.

External signals

If your financier approaches you for additional information about your finances, that is also a clear signal. They might have picked up on difficulties in your financial situation. Try to maintain open contact with your financier, even when times are tough.

Does a supplier only want to deliver to you against cash payment or prepayment? Perhaps you have not honoured the agreed payment terms for previous deliveries. Or maybe your supplier has requested credit information about your business. Rebuild trust with your supplier by keeping to agreements. In this way, you will also achieve a positive credit rating with the credit reference agencies.

Client signals

Developments in your client's life can provide valuable signals to prevent problems for you. Life events such as divorce or moving house mean a new financial situation and possibly changed payment behaviour. Stretched payment terms can be a sign of payment problems. Also watch out for quick changes of personnel and irregular orders or unusual order quantities. Minimise your financial risk by reducing your supplier credit or asking for advance payment.

8.2 Mapping your situation

To decide what next steps you can take, you need to understand your business. Completing the Business Model Canvas (BMC) helps you gain insight into the strengths and weaknesses of your business. It also helps you distinguish yourself from your competitors.

Map out your financial position yourself or with the help of a bookkeeper, accountant, or other advisory organisations (in Dutch). This should be based on income and expenditure, possessions, and debts. Include all obligations in your overview. Divide that into amounts you should have already paid, amounts you have to pay now or very soon, and amounts you know you will have to pay in the future. Think about debt

repayment obligations, amounts to be repaid from corona support schemes, and amounts from rental and lease agreements. Also include the amounts you still need to receive from your customers, the debtors.

8.3 Do you want to continue your business and is that possible?

Your financial position and the market potential of your product are important for the future of your business. They reflect the viability of your company. But just as important is the answer to the question of whether you want to continue your business. Be honest with yourself and include your family in this assessment.

Use the KVK step-by-step plan to find out what you can do in your situation to get out of financial trouble. For example, look for additional financing (in Dutch) or adjust your business model (in Dutch). You can also work on solving your debts. There are various options for this, such as an amicable settlement, the Court Approval of a Private Composition (Prevention of Insolvency) Act (Whoa), and the Natural Persons Debt Restructuring Act (Wsnp). With Wsnp, your business cannot always continue to exist. You can read more about these debt relief schemes on KVK.nl.

Do you doubt whether your company can continue? The step-by-step plan for Continuing or ending your business helps you with the considerations you need to make for this difficult choice. Do you not want to continue or do you not see any possibilities to continue your business? Then ending your business in a controlled way can be a wise choice, even if you do not feel like giving it up. If you stop with your business, you can still work on solving your debts through one of the debt settlement schemes.

Would you like to discuss your situation? Contact the Geldfit Zakelijk advisers on 0800 8115. They can help you find the right support for your situation. Or call the KVK Advice Team on 0800 21 17 (free of charge).

9. In conclusion

This KVK Book of Finance for entrepreneurs provides a lot of initial information about financing and money matters. Where possible, links are provided for more in-depth information.

Are there still questions left unanswered? Or do you now have new questions? There is a good chance that you will find an answer on the websites of our KVK Book of Finance partners:

bkr.nl (in Dutch)

geldfit.nl

[KVK.nl/English](https://kvk.nl/english)

nibud.nl

pensioenfederatie.nl

vanatotzekerheid.nl (in Dutch)

Do you have a question about financing or money matters? Ask the [KVK Financing Desk](#) on 0800 1014 or use the [online form](#) (in Dutch).

Give us your feedback

We would like to know what you think of the KVK Book of Finance for entrepreneurs.

[Leave us your comments now](#) and help us improve the Book of Finance.



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