

Newsletter about taxes for independant sex workers

Everybody in the Netherlands pays taxes. When you work in the sex industry, you are required to pay taxes on your earnings. There are different types of taxes. In the case of sex work the Tax Administration (Belastingdienst) looks at your type of work and your level of independence. In this newsletter we focus on paying taxes when you work as a completely independent sex worker; you are a self-employed person.

Why do you have to pay taxes?

The tax-money that everybody has to pay is used to pay for everything in the Netherlands. You could see taxes as the major source of income of the government.



TIP

Traveling expenses are deductible. So always keep your train/bus/tram tickets or buy an OV-chip ticket that you only use for work. Recharge the OV-chip with money from your business account and save the receipts. If you travel by car for your work a part of every kilometer is deductible. The Tax Administration will want you to write down the kilometers you make for work.

When are you a self-employed person?

You are a ZZP'er when you are your own boss. You work in a window, receive your clients at home or you are an independent escort. In some cases you can work as an independent sex worker in a sex club or private house, a so-called 'closed sex business'. The Tax Administration will only accept this when you are really independent. This means that you are the one that decides on the price you ask, the hours you work and how you work. As a self-employed person you are entitled to certain deductions, but you will have to meet some requirements. The Tax Administration will only accept you as self-employed if you work at least 1225 hours per year; this is easy when you work three to four days per week. Another thing that counts within these 1225 hours per year, are the hours you use for doing your administration, your purchases for work and the hours you travel for your work.

When am I not a self-employed person?

You are not self-employed when you work for a boss or when you cannot decide everything about your work yourself. This is often the case when you work in a sex club or a private house (closed sex businesses), because you don't decide on your own price or how you work. In these type of workplaces you can choose between salaried employment or opting-in. Then the boss of the place you work is responsible for tax payments. He/she is also responsible for your earnings. The tax arrangement for closed sex businesses is under evaluation at the moment and the Tax Administration is considering to accept self-employment in these businesses. Therefore this Newsletter is only about self-employment.

What can I do if I am neither?

Suppose you only work every now and then. You don't make the 1225 hours a year, your earnings are low and you don't work in a sex club or private house. This means you are not a self-employed person and you don't work for a boss. In that case you have to specify your earnings as free lance earnings when you fill out your yearly income tax form. An accountant could do this for you, but you can keep a cash book for both your labor income and your labor costs during the year. You also pay sales tax, but when this amount is less than € 1345,- a year you could get a refund. You are then part of a tax-arrangement called 'small self-employed persons'. This isn't a very clear arrangement, so be sure to consult the person who does your administration about it.

In the Netherlands, a self-employed person without personnel is called a ZZP'er (in Dutch: zelfstandige zonder personeel)

Colofon

Edition of the PIC
(Prostitution Information Centre)



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Amsterdam

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Design:
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Are you going to work in a sex business that has the tax agreement 'opting-in' and you have questions about this? Or you have questions about other matters? Check out the following web-pages for more information:

www.opting-in.info/
(only in Dutch)

www.spot46.nl/info/en/
(also general information in English – about sexwork in Den Haag)

www.soaids.nl/en/prostitution/well-organised/selfemployed/introduction

(specific information for sex workers by Ministry of Social Affairs and Employment)
www.pg292.nl/tax-matters-and-legal-advice/?lang=en
(also general information in English – about sexwork Amsterdam)

www.prostitutiehulpverleningutrecht.nl/english/work/
(also general information in English – about sexwork in Utrecht)

It is no use going to the website of the Tax Administration and search for sex work, prostitution or opting-in. It is like searching for a needle in a haystack.

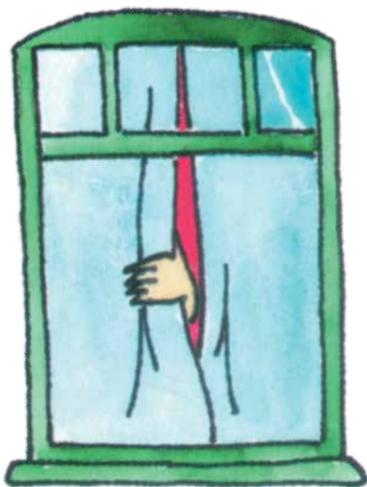
Contact the Prostitution Information Centre (PIC) when you can't find an answer to your questions anywhere else: pic@pic-amsterdam.com



How do I start?

Think of a company name. This can also be your own name. Every self-employed person has to register with the Chamber of Commerce. So that is where you start. You register as a self-employed person under the heading 'personal services'. Avoid words like prostitution, sex work or erotic services. If this is not possible then ask for protection of your personal data. When the Chamber of Commerce has a problem with your request you can ask for help and mediation with one of the organizations listed at the front of this Newsletter.

The Chamber of Commerce gives your personal data to the Tax Administration. They will send your BTW/VAT number by mail, together with information about filling in your tax-return form. In some cases you receive your BTW/VAT number immediately.



Find a reliable accountant that can do your taxes. If you have some experience with taxes you could do it yourself. It is not that difficult. But do not mess about! It has to be done properly. The yearly income tax is slightly more difficult, so it is best that you have someone do that for you.

If you had a good year it can help to make your yearly turnover into a nice report. You can hand over such a report to agencies that want to know whether you have a reliable income. It might come in handy when you want to rent or buy a house. If you are from outside the Netherlands and you only want to work for a few months, you will have to register in the town where you are going to work or temporarily live. When you don't stay longer than four months you register as a 'temporary citizen'. You will need an address of course.



With your citizen registration you can go to the Chamber of Commerce and register there. An accountant can help you with your taxes.

Buy a simple cash book. Keep score of all your business income and costs from the first day you start work. Update your cash book each and every day and keep your receipts in a separate folder. Do not lose them otherwise it all becomes a mess!

Pitfall: Do you have unemployment or other social benefits? Ask the benefits agency whether you are allowed to work and if so, how to make this known to the agency. Do this before you start working.

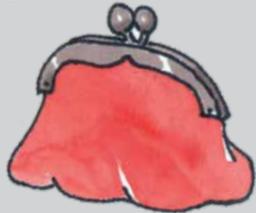
If you work full time as a self-employed person you will probably have to cancel your benefits. If you only work every now and then you will somehow have to demonstrate that you have extra income. In the case of working under 'opting-in' you will receive a monthly pay slip of the business you work at. Usually this is enough prove. In the case of working in a window best thing to do is consult your accountant.

When you are only going to ask the benefits agency about extra earnings, there is no need to talk about the type of work you are going to do. Keep it vague. That way you prevent the agency from stopping your benefits or starting an investigation because they mistrust your line of business.



TIP

Transfer a certain amount of money to your private account for your daily life; groceries etc. Do this weekly or monthly. Make sure you don't do your personal shopping from your business account, because then your administration does not add up anymore. Keep the cash from business earnings in a separate wallet. It is very tempting to do your grocery shopping with it.



Important

Did you decide to stop working as a self-employed sex worker? Do not forget to cancel your registration with the Chamber of Commerce and the Tax Administration.

You can cancel the Chamber of Commerce through their website.

It is best to write the Tax administration a short letter. Do not forget to mention in the letter your BSN-number (Citizen Service Number), your address and your date of birth.

If you do not cancel your taxes and subsequently do not hand in tax returns you might get into serious problems. You run the risk of being charged with spicy penalties in the amount of your estimated income.

When you have cancelled your Tax Administration registration you still have to fill out the return forms of the current

year. You are obliged to do so, even though you did not have a turnover. Just fill out '0' or 'nothing'.

In order not to mix up your business and your private spending's, it is best to have two separate bank accounts. A private account and a business account which are coupled to a savings account.

You deposit all year income on your business account. Of each € 500,00 you earn you put away € 150,00 on your savings account. This way you make sure there is always enough money to pay your taxes the moment it is due. When business is good, BTW/VAT can increase fast. So be aware!

If you cannot get a business account you could do the same procedures with two private accounts.

Which business costs can you claim?

or otherwise: What is tax-deductable?

Basically everything you need for your work and that you have kept a receipt from, except work clothes.



TIP

Ask your colleagues who does their administration. Be sure to go to an accountant that knows his or her business well.

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