

## VAT factsheet Purchasing medical products in the Netherlands

July 2015

### Are you incorrectly paying 21% VAT?

Healthcare institutions are under pressure to keep their costs as low as possible. Since VAT increases costs for healthcare institutions, it is of vital importance that the correct VAT rate is paid on purchases. A large number of medical products are subject to the reduced VAT rate of 6%. However, we know from experience that not all suppliers and service providers apply the correct VAT rate. The recent plans to abolish the 6% rate for inter alia medical products appear to be discarded. For now it is therefore still possible to benefit from the 6% rate

### When does the 6% rate apply?

A product's commercial name and appearance, rather than its use, attracts attention at first sight. To be able to apply the 6% rate, the specific medical function is particularly important. This must be translated into the requirements for application of the reduced VAT rate.

We have extensive experience in translating the specific medical function into the conditions for applying the reduced VAT rate. In many cases we see that the 6% VAT rate can be applied more broadly than initially thought. Recently, for example, we have been able to conclude an advantageous agreement with the Dutch Tax Authorities concerning the application of the 6% VAT rate on endoscopes. This leads to a purchasing advantage for (healthcare) institutions.

### Purchases from abroad

The application of the correct VAT rate is also important when buying from abroad. As a Dutch purchaser you are often obliged to self-assess for Dutch VAT in respect of such supplies, which is often not or only partly recoverable. In this respect it is also important to determine whether you are paying too much VAT.

On the other hand, the Dutch Tax Authorities can impose severe penalties if the reduced VAT rate is wrongly applied. As a result of the Dutch VAT that you may be obliged to report and pay to the Dutch Tax Authorities, a foreign supplier may ultimately not be cheaper than a Dutch supplier. We recommend that you take this into account during the offer process.

### How can Meijburg & Co be of service to you?

We have extensive experience with regard to the VAT rates on medical products. Our tax knowledge and practical experience in this field is combined with an efficient approach. We would be pleased to help you analyze the VAT paid on purchased medical products, for example by means of a reduced VAT rate scan.

### Characteristics of the reduced VAT rate scan:

- identification of the main opportunities and risks;
- examination by means of interviews as well as into the characteristics and use of medical products;
- concise report of the findings;
- overview of (possible) further steps to be taken;
- clarity in advance about the costs.

## Contact

If you are interested in the reduced VAT rate scan or want to examine in more detail whether your company may be paying too much or too little VAT, please contact one of the following specialists from the Healthcare market group or your regular advisor within Meijburg & Co.

### Marjolein Nusmeier

T: +31 88 909 39 68

M: +31 6 21 81 12 27

E: nusmeier.marjolein@kpmg.com

### Marieke Herber

T: +31 88 909 31 56

M: +31 6 54 79 25 01

E: herber.marieke@kpmg.com

### Annette Pol-Habing

T: +31 88 909 39 58

M: +31 6 46 41 05 86

E: pol-habing.annette@kpmg.com

### Nienke van den Blink

T: +31 88 909 18 13

M: +31 6 27 65 02 57

E: vandenblink.nienke@kpmg.com

The information contained in this publication is of a general nature and does not address the specific circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2015 Meijburg & Co, Tax Lawyers, is an association of limited liability companies under Dutch law, registered under Chamber of Commerce registration number 53753348 and is a member of KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.