DUTCH TAX RELIEF & SUBSIDY SCHEMES FOR ENVIRONMENTALLY FRIENDLY INVESTMENTS

SeaGoingGreen
TAX RELIEF SCHEMES FOR ENVIRONMENTALLY FRIENDLY INVESTMENTS (VAMIL & MIA)

The Dutch government offers several tax relief options and subsidies of which you can profit by investing in sustainability. Investments that the government rewards can be found on the Environmental List (Milieulijst in Dutch), which is part of the MIA/Vamil schemes, and which lists the investments that really do make a difference to the environment. Not only does the environment benefit but the entrepreneur too, gains from tax relief on a major part of the investment costs.
GREEN PROJECTS REGULATION

With the Green Projects Scheme, the government wants to encourage sustainable and innovative projects. As a "green" investor you get a tax benefit from the government, which allows the bank to offer you a loan at a lower interest rate. If you want to borrow money for a sustainable project, you might be eligible for the Green Projects Regulation. The largest and best-known banks with a green fund are ABN-AMRO, ASN Bank, ING, Rabobank and Triodos bank.

TAX DEDUCTION FOR CAPITAL EXPENDITURE OF ENERGY

If you invest a minimum of 2,500 euros in energy-saving assets or the generation of sustainable energy, you may be eligible for the Energy Investment Allowance (EIA). You may then deduct an extra amount from the taxable profit on this investment, you will not pay any tax over this. For 2017, the percentage that you can deduct was 55%. In addition, you also save on energy bills by investing in energy-saving assets and sustainable energy.
MIA AND VAMIL

The MIA scheme, offering a tax refund on environmental investment, and the Vamil scheme providing for voluntary depreciation on environmental investment, are two different schemes run by the Ministry of Infrastructure and the Environment, or I&M for short, and the Ministry of Finance. The aim of both of them is to encourage Dutch entrepreneurs to invest in their business operations in an environmentally friendly way. The MIA scheme allows you to deduct up to 36% of the cost of an environmentally friendly investment from your fiscal profit while the Vamil scheme lets you decide for yourself when to write off 75% of your investment costs. You determine how fast or slow that will be. That in turn offers you an advantage in terms of liquidity and interest. For the other 25% of your investment costs you follow the regular investment rebate. Do you want to know what investment is eligible for the MIA and/or Vamil scheme? Just take a look at the latest Environmental List where you will find all the investments eligible for the MIA scheme, the Vamil scheme or both.

MIA/VAMIL SCHEMES: FOR ALL ENTREPRENEURS

All Dutch entrepreneurs paying income or corporate tax are eligible to apply for the MIA/Vamil schemes. They are particularly interesting for entrepreneurs in the agricultural sector, shipping and industry, but also for entrepreneurs investing in sustainable transport and sustainable buildings.
THE ENVIRONMENTAL LIST

The Environmental List contains 310 items of investment, or capital assets as they are referred to, which cause less environmental damage and are often in advance of the legal requirements. If you invest in these, you will be one step ahead of your competitor when legislation and regulations are tightened up and at the same time you will benefit from an attractive tax refund. The most recent Environmental List is on the MIA/Vamil website and has a handy search facility. The Environmental List is not available in English.

ANNUAL UPDATE OF ENVIRONMENTAL LIST

The Environmental List is annually updated. Investments that fit less well in the MIA/Vamil schemes’ objectives on account of advancing technology insights are removed and new innovative investments are added. The I&M ministry bears in mind latest policy topics such as biodiversity and climate change in making changes to the Environmental List. Businesses (suppliers and entrepreneurs) can propose that a particular capital asset should be included on the list. To be eligible the environmental investment must at least:

- Provide an obvious environmental benefit
- Be innovative or must still have a small market share in relation to the alternative
- Be more expensive than the environmentally unfriendly alternative.
MIA AND VAMIL APPLICATIONS

Applications for the MIA and Vamil schemes are straightforward. You only need to fill in a single digital form. You don’t have to send in any further information. No statement from an accountant is needed for a MIA and/or Vamil scheme application.

Briefly what happens is this: a business that makes a capital investment in a piece of equipment on the latest Environmental List must report the investment to Rijksdienst voor Ondernemend Nederland (RVO.NL) within three months of the date of the investment. A detailed step-by-step instruction (in Dutch) can be found on the website www.rvo.nl/miavamil under the heading ‘MIA en Vamil aanvragen’.

EXAMPLES OF ENVIRONMENTAL INVESTMENTS

Road transportation:
- Electric bus for transportation of persons.
- Electrically powered vehicle intended for exclusive electric transport on public roads or on company grounds, possibly including the following components: a solar panel fixed to the vehicle and a charging station.
- Electric van intended for the transport of goods or persons on public roads.

Shipping:
- Lithium battery for shipping vessels.
- Sustainable propulsion for a vessel (for example a dual fuel motor).
- Very durable engine for a vessel (for example a fuel cell system).
The Dutch government has just announced new funds being available for subsidies relating to investments in sustainability initiatives. The cabinet has written out a competition for circular economy ideas worth 80 million euros. Companies and municipalities can submit plans today to reduce and reuse waste in the Netherlands. The Cabinet pulls in a total of 80 million euros to the best climate ideas to carry out as a matter of urgency. The money goes to projects that are initiated this year or next year. That speed is necessary because of the Urgenda-verdict. The Court has decided regarding this case that in 2020 the Netherlands has to emit 25% less CO2 compared to 1990. Although that goal will not be reached, the Government takes measures to get somewhat close to that goal.
So far the Government spent 8 million euros annually on the 'circular economy'. Additionally, they spent 22.5 million once-only last year, and now another 80 million euros will be added. “I hope we can fund as many good ideas as possible”, says State Secretary Stientje van Veldhoven (Environment). “As far as I am concerned, the sky is the limit. I want to challenge businesses and governments to propose projects that reduce as much CO2 as possible.”

At the end of June it was announced that the Cabinet has set aside about 500 million euros for extra Urgenda-measures. This results in a reduction of 4 megatons of CO2: less than half of the 9 megaton needed in order to comply with the Urgenda verdict. Besides the money that now goes to the "circular economy", the millions are spent amongst others on the shutting down of a coal-fired power station in Amsterdam and public campaigns regarding energy savings.
‘ACCELERATED CLIMATE INVESTMENTS SCHEME’

Amongst the funds, 28 million euros is made available for so called 'accelerated climate investments in the industry'. It is meant for entrepreneurs who want to take CO2-saving measures within their company, of which the effectiveness has been proven, but are experiencing high investments costs of which the payment period is more than 5 years.

Companies can apply for this subsidy from August 1st 2019 onwards, until June 30th 2020. They can let their project idea be tested first by the RVO, to see if it is applicable for this or other subsidies. The subsidy requests will be processed on a first come, first serve basis.

Some of the most important conditions from the scheme can be listed as follows:
• An individual company from the industry that carries out a project at its own expense and risk can apply for a subsidy. Industry means 'the whole of companies’ that:
  ◦ Produce material goods, whereby raw materials are processed and where there is a high degree of mechanization and automation, referred to in the Standard Business Classification of the Central Bureau of Statistics, main group C, or
  ◦ Distribute energy, mentioned in the Standard Business Classification (SBI) of the Central Bureau of Statistics, main group D, or
  ◦ Waste and waste water processing, mentioned in the Standard Business Classification of the Central Bureau of Statistics, main group E.
• The project must deliver CO2 reduction and must fit in with the scheme’s theme description. With CO2 it is meant: CO2 or CO₂ equivalent.
  ◦ CO₂ equivalent: the amount of CH4, N₂O, HFCs, PFCs and SF6, which, in accordance with the factors determined in the scheme, produces the same greenhouse effect as a mass unit of CO₂.
• The investment must have proven itself in 3 or more comparable projects in the Dutch industry. Or a project for which a subsidy application can already be submitted on the basis of the DEI+. With the Accelerated Climate Investments scheme, we want to encourage implementing techniques that have proven to be effective or successful but have a payback time that is too high.
• The project needs to be implemented in or before 2020, otherwise it cannot contribute to the CO2 reduction targets in 2020.
• The payback period of the investment would be more than 5 years without a subsidy.
• The investment is not a certain or unconditional measure that is already included in an energy efficiency plan (EEP). This is because the company participates in the LTA3 / MEE covenant or the Addendum on the MEE covenant.
• The quality of the project is sufficient.
• The grant to be granted is €125,000 or more.
• The project can not be started until one has applied for a grant. You may therefore not have entered into any obligations for the project before you submit the grant application.