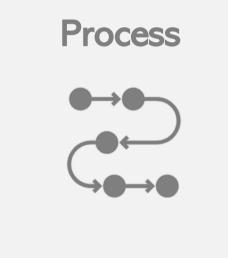
# Zoom-in on We.Service.Heerlen (WESH) Tax Challenges Explained





Constraints



Delegate tasks

Apply to perform



Buy products with coins



- Rewarding the performance of a task is considered waging by the tax authority. Therefore a wage tax should be applied as paid labour for every small single task.
- Therefore citizens are obliged to register as freelancers, in order to perform paid labour legally.
- An exception was given to the project to have citizens earn up to 1,500 euros/ Heitjes annually without taxing them or having them registered as freelancers.

#### **Income Tax**

- Citizens are obliged to register all of their paid labour at their annually tax registration, in order to have their income taxed.
- If someone is employed by a company, then the income tax is withheld from the salary by the employer.
- It remains solely required for citizens to register their annual income (in euros) from the performed tasks at the tax authority.



## **Local Currency**

- 't Heerlens Heitje is the local cryptocurrency for the city of Heerlen, based on blockchain technology.
- Citizens receive Heitjes from the municipality when a task is performed accordingly.
- Heitjes (1 Heitje = 1 euro) can be **spent in local shops** and at local bars, so the earned money will not leave the city.



Pay taxes on coins

**Check transactions** 



### Value-added Tax (VAT)

- In the Netherlands 21 percent VAT is added to the price of all of the products in shops and 9 percent to food and beverages (21 percent to alcohol).
- The local coins (Heitjes) have a fixed amount which the municipality pays directly to the shop of hospitality service owner.
- The Heitjes are cashed-in and handled as **shop vouchers**, so the VAT is paid by the municipality to the tax authority.

### Tax Allowances

- In 2020 a huge scandal occured in the Netherlands, where the tax authority used ethnic profiling, wrongfully accused fraudulence and cut allowances.
- This resulted in distrust of the tax authority and reluctance to register anything that could possibly cut citizens' allowances.
- The wage was dropped from 15 Heitjes an hour to 5 Heitjes, to have it considered as voluntary work, which bypassed the tax authority and tax registration.

