Deloitte Tax LLP
Global Employer Services

GES NewsFlash

The Netherlands — Amendments proposed in Dutch 30%-ruling

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The Dutch 30%-ruling

Employees from outside the Netherlands, who are attracted by a Dutch employer or seconded to the Netherlands, can apply for the Dutch 30%-ruling when they meet certain conditions. This is a favorable tax regime for expats that enables the employee to receive 30% of his remuneration tax free. The 30%-ruling is applicable to foreign employees who are considered to have specific skills that are scarce on the Dutch labor market, but also to employees who left the Netherlands years ago and return to work in the Netherlands again.

Limitations in the new Dutch 30%-ruling

The Dutch State Secretary of the Ministry of Finance has suggested several adjustments in the Dutch 30%-ruling in order to restrict the use of the ruling. The adjustments are expected to be officially presented in November and are expected to go into force at the end of 2011.

Specific skills test replaced by salary standard

An expat will only be eligible for the new Dutch 30%-ruling if the gross annual salary exceeds a fixed salary standard. The former specific skills test that included the education level and working experience will be replaced for an alleged fixed annual salary standard. The expectation is that this fixed salary is set at a minimum of at least EUR 50,000.

Maximum period

The 30%-ruling as we know it can be granted for a maximum period of 10 years. Any previous stays in the Netherlands during the past 10–15 years will shorten the total period. The state secretary is planning to take into account any previous stays in the Netherlands during the past 25 years instead of the past 10–15 years. As a consequence, many former Dutch residents who return to the Netherlands within 25 years will not be able to apply for the 30%-ruling anymore.

Cross border workers

Because the 30%-ruling was used by many cross border workers from Belgium and Germany, the Dutch government wants to exclude all cross border workers from participating in the 30%-ruling. Therefore, all cross border workers who live within 150 kilometers of the Dutch border, will not be able to apply for the 30%-ruling anymore based upon the proposed changes.

Expansion of the new Dutch 30%-ruling

People who have studied in the Netherlands for a PhD with a Dutch university can normally not apply for the 30%-ruling when they start working for a Dutch company because they were already living in the Netherlands. Because the Dutch government wants these employees to stay in the Netherlands and work for a Dutch company, all foreign people who have lived in the Netherlands to get their PhD will now be able to apply for the Dutch 30%-ruling. The salary standard for these expats will be lower than the regular fixed salary standard for the new 30%-ruling.

Consequences of the amendments

Due to the changes in the 30%-ruling, former Dutch residents and cross border workers will most likely no longer be able to apply for the Dutch 30%-ruling. For people who have a PhD with a Dutch university and start an employment with a Dutch employer, the possibility to apply for the 30%-ruling will be expanded. In the announcement, no attention is paid to employees that currently have the 30%-ruling. However, it is expected that these employees will not be affected. Companies might want to consider having employees started earlier in the Netherlands than 1 January 2012.

Deloitte's view

The amendments in the Dutch 30%-ruling will have extensive implications for cross border workers. We doubt that the Dutch government can exclude cross border workers from having the 30%-ruling based on their place of residence. From a European point of view, these cross border workers might be discriminated by the Dutch government.

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