



THE 30%-RULING

**Ruling with regard to incoming
or posted employees**

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The 30%-ruling

Due to various reasons foreign employees may be recruited from abroad for a position in the Netherlands or Dutch employees are seconded to work in a foreign country.

Employees with a temporary workplace in the Netherlands, or in another country, will possibly be confronted with extra expenses. These costs are called extraterritorial expenses. These expenses include but are not limited to expenses of double housing, a language course or a visit to the country of origin. In short, extraterritorial expenses are expenses which an employee would not have had when he would remain working in the country of residence.

The 30% reimbursement ruling (also known as the 30%-ruling) is a tax advantage for highly skilled migrants moving to the Netherlands for a specific employment role or for seconded Dutch employees. Normally, the actual extraterritorial expenses can be reimbursed by the employer, but for this, the actual costs have to be proved. To lessen the administrative burden for employees and employers, the 30%-facility came into existence.

When the requirements are met, the employer can grant a tax-free allowance equivalent to 30% of the gross salary subject to Dutch payroll tax. This reimbursement is intended as compensation for the extra expenses that international employees

may have when moving to a new country for work. Extraterritorial costs are specifically exempted from the Expense Allowance Scheme and may be reimbursed to the employee without tax and without a final levy for the employer.

To determine if the 30% facility can be used, there are two categories of employees with different conditions:

- An employee recruited from another country to the Netherlands, **incoming employees**.
- An employee seconded to a foreign country by a Dutch employer, **posted employees**.

There are no specific costs for employers to apply the 30% ruling. Schipper Accountants can be of assistance in case of any questions regarding the possibilities. In addition, we can help with the preparation of the request and any adjustments that have to be made to an employment agreement.

The 30% facility for incoming employees

Expats who have been recruited from abroad for a position in the Netherlands may be eligible for the 30% tax ruling. In order to qualify for the 30% ruling the following requirements have to be met:

- The employee has to transfer to or be recruited from abroad by a Dutch employer.
- The employer is a withholding agent for Dutch payroll taxation.
- The employee was residing, for at least 16 of the last 24 months, outside the Netherlands at a distance of more than 150 kilometers from the Dutch border before the employee began his employment in the Netherlands.
- The employee has to have specific experience or expertise that is not or is rarely available in the Netherlands. As such, the annual taxable salary have to be at least € 41.954 (2023). This is the salary excluding the untaxed compensation for extraterritorial costs of a maximum of 30%.

In addition to the 30% facility, the employer is allowed to reimburse the school fees. This is only allowed in case the school fees are for an international school or for an international department of an ordinary school.

Furthermore, If the 30%-ruling is granted, the employee can opt for the 'partial non-residency status' in the Netherlands. If so, the employee is considered to be a non-Dutch resident tax payer for Dutch personal income taxation. As a result, only the Dutch income from employment should be included in the personal income tax return. Any income from a substantial interest or income on assets (such as savings) will not be subject to Dutch taxation. Furthermore, an employee may switch a foreign drivers license to a Dutch drivers license without any additional requirements such as taking a drivers exam if the 30% ruling is granted.

For example:

An employee's annual gross salary is € 80.000. The employee meets the requirements and a 30%-ruling is granted.

	Without 30%-facility	With 30%-facility
Gross salary	€ 80.000	€ 80.000
30%-compensation	€ 0	€ 24.000
Taxable wage	€ 80.000	€ 56.000
Minus: taxation	€ -30.160	€ -17.640
Plus: 30%-compensation	€ 0	€ 24.000
Net earnings	€ 49.840	€ 62.360

The financial benefit of using the 30% facility is € 12.520 (€ 62.360 minus €49.840). As indicated, since additional expenses (such as school fees) can also be reimbursed tax free, the actual benefit for the employee might even be higher than depicted above.

The 30% facility for Dutch employees transferred abroad

The facility for Dutch employees seconded abroad applies to employees sent to Africa, Asia, Latin America and some East-European countries.

To be able to apply for the 30% facility an employee needs to remain in the foreign country for at least 45 days, during a period of 12 months. Determining this benchmark, periods in a foreign country of less than 15 days are not taken into account. Once the employee has passed the 45 days-criterium, the 30% facility can also be applied if the employee remains in a country as indicated above, if the employee remains in such country for at least 10 days.

The period of 12 months can be started any time. A travel day qualifies as one of the 45 days as well, unless it is an travel day in the Netherlands. A day in the weekend, which is spend abroad in the specific country may be included in the determination of the number of days.

However, the employee needs to have an employment relationship and the employee needs to still be qualified as an tax resident of the Netherlands, otherwise the 30% facility cannot be provided.

For example:

An employee is sent to China on the 1st of February 2021 for a period of 50 days. After this, the employee returns to the Netherlands. In October the employee is sent to another country again, to Chili for 11 days. Because the employee passed the 45-days-criterium already, the 30% facility may also be applied for the 11 days in Chili. As such, the 30% facility can be applied to all wages the employee earned during these 61 days abroad.

There is no requirement regarding the taxable salary the employee should earn or specific activities that have to be performed. As such, the 30% facility for Dutch employees working abroad has less requirements and thus applying the 30% facility for employees abroad is considered less complicated.



Would you like some more background with respect to this regulation, or do you have any other question, please feel free to contact our tax consultants.

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Schipper Accountants can be of assistance in case of any questions regarding the application or requirements for this facility. In addition, we can help with the preparation of the request and any adjustments that have to be made to an employment agreement.

About Schipper

Schipper Accountants offers business services and personalized advice to small and medium sized enterprises in the southwest of the Netherlands. With our full-service approach, we support organisations with a full range of services, including accountancy, tax consulting, auditing, pension advice, personnel services and corporate finance.

At Schipper we are committed to your business and stand next to you as a sparring partner, trusted adviser and personal confidant. Optimal customer focus is at the heart of everything we do. Today, we have several branches and a team of approximately 350 employees. Together, we passionately support our clients with a wide range of business services, insights and advice.



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