

## The 30% ruling for employees coming into the Netherlands

If you come to work in the Netherlands, you may face additional relocation costs: the so-called **extraterritorial costs**. Your employer is allowed to pay you an untaxed allowance for the extraterritorial costs that you incur. Instead of reimbursing the extraterritorial costs that are actually incurred, your employer may opt to reimburse you for the extraterritorial costs by offering you 30% of your salary (including allowance) tax-free. For this, it is not necessary to prove any expenses. This ruling is known as the 30% ruling or facility. This ruling is a tax benefit for highly skilled foreign employees working in the Netherlands.

To apply for the 30% ruling, Middle Point can help you submit an application to the Dutch Tax Authorities. Middle Point has years of experience in applying for the 30% ruling for its employees. This means that Middle Point is able to handle the application process efficiently and effectively, so you can focus on your new job and life.

### Eligibility conditions for the 30% ruling

You can benefit from the 30% ruling if you meet the following conditions:

- You were recruited outside of the Netherlands or seconded from a country other than the Netherlands to work in the Netherlands.
- You are in an employment relationship.
- You have specific expertise that is either not available or scarce on the Dutch employment market. You are deemed to possess that expertise if your salary (excluding the tax-free allowance) in the Netherlands is at least € 38,961 (salary threshold for year 2021).
- If you are **under the age of 30** and you obtained a Dutch **university Master's degree** or an equivalent degree in a country other than the Netherlands, you can benefit from the 30% ruling if your salary (excluding the tax-free allowance) in the Netherlands is at least € 29,149 (salary threshold for year 2021).
- You have a valid decision letter from the Dutch Tax Authorities.
- During the 2 years before your 1st working day in the Netherlands, you lived outside the Netherlands for more than 16 months. The location where you lived must be more than 150 kilometres in a straight line from the Dutch border. This can be proven by means of the registration and deregistration certificate from the population register of this place of residence.
- For **employees with a doctorate (Ph.D.)** who started working in the Netherlands within 1 year after their promotion, there's an **exception** to the 150 km rule. Are you an employee with a doctorate? And did you start working in the Netherlands within 1 year after your promotion? In that case, you must have lived more than 150 kilometres from the Dutch border **before** the start of your doctoral research, for more than 16 months in the 24-month period. During your Ph.D. research you may have lived in the Netherlands – or within a radius of 150 kilometres from the Dutch border. Between your promotion and the start of your work in the Netherlands you may have lived in the Netherlands – or within a radius of 150 kilometres from the Dutch border.

*Please note! Did you work in the Netherlands previously and did you qualify at that time for the 30% ruling? And did you live outside the Netherlands again after that? In that case the 150 kilometres criterion does not apply, if your former employment in the Netherlands began a maximum of 8 years ago, and at that time you had lived - for more than 16 months during the previous 24-month period - more than 150 kilometres in a straight line from the Dutch border.*

The aforementioned conditions can change annually. To see the most recent version and salary criteria, please go to <https://www.belastingdienst.nl>

### Duration of the 30% ruling

As of 1 January 2019, the **maximum duration** of the decision, as set out in your decision letter, is **5 years**.

If you previously lived or worked in the Netherlands in the past 25 years, the duration set out in your decision letter will be less than 5 years. This applies if the period of your previous stay or employment in the Netherlands:

- began more than 25 years prior to the commencement of your employment in the Netherlands and ended less than 25 years prior to the commencement of your date of arrival in the Netherlands.
- is less than 25 years prior to the commencement of your employment in the Netherlands.

### Entry into force

The 30% ruling becomes effective retroactively, if the application is submitted within 4 months after starting your employment. If the application is submitted after 4 months, it will become effective as of the first day of the month following the application month. The tax authorities will reduce the total duration of the ruling by the period you have already resided in the Netherlands. The start date of the 30% ruling is stated in the decision letter issued to you.

### Changing jobs

If you change jobs you can apply for a continuation of the ruling, provided that you still meet the conditions regarding specific skills and you start the new employment **within three months** of terminating the previous one.

### 30% ruling and driving licence

If you are eligible under the 30% ruling, you can switch your foreign driving licence to a Dutch driving licence, without having to retake the driving test, as most other foreign nationals have to do. This also applies to your partner and child or children, provided they live at the same address.

You can rest assured that Middle Point will actively help you with the application process for the 30% ruling. Although we have an excellent track record in applying for the 30% ruling for our employees, it is the Tax Authorities that ultimately decides. We are never able to guarantee the outcome.

### Questions

If you have any questions, please don't hesitate to contact us.