30% tax rule

Employees who are assigned to foreign countries or who come to work in the Netherlands from another country typically incur additional costs in connection with working outside their country of residence. These costs are referred to as ‘extraterritorial costs’. If these employees meet certain conditions, they may fall under a special expense allowance scheme: the 30% tax rule.

This rule enables the employer to furnish 30% of the wages, including the allowance, as a non-taxable allowance for the additional costs of employees’ temporarily residing in another country, or, for employees recruited from a foreign country, for their temporarily residing in the Netherlands. The rule relates to 30% of the wages from current employment, including the allowance itself.

The employer can provide tax-free reimbursement to the employees concerned for the extraterritorial costs. Employees personally pay the costs first and then submit a statement of expenses, with receipts, to Maastricht University (UM). This requires many administrative actions and employees to pay everything upfront. Instead of tax-free reimbursement for claimed extraterritorial costs, a choice can be made to apply the 30% rule, after permission is obtained from the Dutch Tax Office. Employers cannot, however, simultaneously provide reimbursement to their employees based on both the 30% rule and on the actual extraterritorial costs (see Annex III).

Once permission for the 30% rule has been received from the Tax and Customs Administration, 30% of the wages will be paid, without withholding taxes, as a fixed contribution towards extraterritorial costs. The other 70% of the employees’ wages will be subject to Dutch payroll taxes. Employees taking advantage of the 30% rule may only claim non-extraterritorial costs.

Employees taking advantage of the 30%-rule may only claim expenses which are not extraterritorial costs. Employees taking advantage of the 30%-rule may, within the UM Employment Conditions Selection Model, (from 1 January 2015) only use the following options:

- hours of leave for the target' bicycle under the bicycle scheme UM’,
- the multi-year saving model
- and the flexible working week

All other options within the selection model are not open to employees who take advantage of the 30%-rule.

Utilisation of this scheme may also affect social security benefits. Rights under the ABP pension scheme will not be affected.

The 30% regulation was revised in several major respects, effective 1 January 2012. The criteria are set forth in this document.

Criteria

The 30% rule is only available to extraterritorial employees meeting the stated criteria (prerequisites). Extraterritorial employees include (1) employees from abroad and (2) employees assigned abroad.

(1) Employees from abroad (generally speaking, foreign staff). Individuals who come to work in the Netherlands may incur additional expenses (‘extraterritorial costs’). The employer may provide with a tax-free reimbursement to these
employees for the extraterritorial costs which they incur, provided they meet specific criteria.

(2) Employees working for UM who are assigned abroad to do research or to teach.

(1) Employees from abroad

The Tax Office has stated that an employee\(^1\) from abroad for which UM must withhold taxes is eligible for this allowance if s/he satisfies the following criteria:

**Directly recruited from a foreign country/geographical conditions**

Since 1-1-2012 employees need to have lived abroad at the moment of agreement with the (future) employment. Furthermore, the employee needs to have been living at more than 150 kilometres from the Dutch border in more than 16 months out of 24 months prior to the commencement of the employment. Employees who reside or resided within a 150-km radius of the Dutch border prior to starting employment are no longer eligible for the 30% rule from 1 January 2012. This ‘150-km radius’ is defined as the distance, as the crow flies, between the employee’s home and the closest border with the Netherlands. The employee must have resided outside this radius for at least 16 months of the 24 months preceding the first day of employment in the Netherlands.

**PhD graduates**

For PhD graduates who are appointed within one year of obtaining their PhD, the period during which they were following a PhD programme in the Netherlands or in the area within 150 km from the Dutch border is not taken into account for the incoming employee criterion/geographical condition. The individual must however have lived at least 150 km from the Dutch border for at least 16 of the 24 months before starting the PhD programme and been living abroad when the agreement regarding the employment was reached.

PhD graduates are allowed to have been in paid employment during their PhD period if this employment was for the purpose of their PhD research. They are also allowed to have performed other work during their PhD research, but this work must have been secondary to the PhD research. The PhD track must have been the main reason for their move to and residency in the Netherlands.

If individuals who have almost completed the PhD track but have not yet earned the PhD are appointed in a new position the 30% rule can only be applied (if s/he meets all other criteria) starting on the date s/he receives the PhD, not on the first date of the employment.

This applies only to new 30% rule applications from 1 January 2012.

**Scarce, specific expertise**

Since 1 January 2012, a salary assessment is required to show that the employee has specific expertise. These salary standards do not apply to academic staff with a Research & Education University Job Classification (UFO) profile.

Only employees without a Research & Education UFO profile who are age 30 or older and have taxable annual wages of €36,7055 (2015) or higher are eligible for the 30% rule. A lower salary standard of €27,901 (2015) applies to individuals.

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\(^1\) The Dutch Tax Authorities consider someone to be employee, if they meet the description of article 2 Wet op de Loonbelasting.

30% rule – last revised March 2015
holding master’s degrees who do not have a Research & Education UFO profile and are younger than 30, until the month following the month they turn 30. These amounts are indexed each year. Part-time employees without a Research & Education UFO profile must meet the salary standard as well, with the wages from other part-time positions also being considered, except if their wages are reduced in connection with pregnancy or parental leave. The wages further include wages received from foreign employment. If the employee starts or terminates employment during the course of the year, the taxable wages may be calculated pro rata.

Although the scarcity of the specific expertise is also a criterion for eligibility for the 30% rule, this will only be assessed in special circumstances. Scarcity need not be assessed separately for universities.

**Assessment periods and durations**

Decisions with an effective date of 1 January 2012 or later will apply for at a maximum of eight years.

The duration of the 30% rule will be shortened:

- if, before starting employment in the Netherlands, the employee already worked or resided here (up to 25 years ago, including any period of PhD candidacy), the duration will be shortened by these periods
- if the request to be eligible for the 30% rule is not submitted within four months. In that instance, the 30% rule will be applied from the first day of the month after the date the request was received
- only for employees who do not have a Research & Education UFO profile: if the employee no longer satisfies the salary standard.

The 30% rule will end on the last day of employment in the Netherlands, if this date is earlier than the end date of the decision or as soon as the conditions are no longer met or as soon as the employee is no longer employee as described in article 2 Wet op de Loonbelasting².

Decisions issued from 1 January 2012 are subject to continuous assessment to check whether the conditions for application of the 30% rule are still met.

If the 30% rule was granted at a previous employer before the employee started working at UM, the assessment date will be the first day of employment in the Netherlands.

If the 30% rule was stopped because the employee no longer meets the description of an employee as described in article 2 of Wet op de Loonbelasting, the 30% rule will need to be stopped and will not automatically revive when the employee meets the criteria of article 2. The assessment date will the first day of the new employment.

**Transitional scheme**

The new rules will not apply to decisions before 1 January 2007. If, on 1 January 2012, an employee has used the 30% rule for less than 60 months, an assessment must be made in the 60th month to check whether s/he meets the criteria for the new 30% rule, otherwise known as ‘the five-year assessment’. This assessment will include an examination of whether, on the employment start date in the Netherlands, the employee satisfied the criterion of ‘employee from abroad’. Hence, for academic staff, it will be examined whether the 150-km condition was satisfied on the employment start date. For

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² The Dutch Tax Authorities consider someone on an unpaid / honorary contract NOT as an employee as described in article 2 Wet op de Loonbelasting. So when an employee who got the 30% rule, gets an unpaid / honorary contract the 30% rule will by law need to be stopped and will not revive automatically when someone meets the description in article 2. A new application for the 30% rule will need to be submitted.
non-academic staff, an additional income test will be applied. This income test will be performed each year.

**Procedure**

To apply the 30% tax rule for employees from abroad, UM must obtain permission from the Tax Office. The request should be submitted by (or on behalf of) both parties: the employee and UM. The Knowledge Centre for International Staff (KCIS) will, on behalf of the employer, check the 30% rule requests for feasibility on behalf of UM and submit the requests to the Tax Office.

For an overview of the 30% rule action plan for employees from abroad, see Annex I.

**(2) Employees assigned abroad**

The Tax Office has stated that the following *employees assigned abroad* are eligible for the 30% rule (only the categories applicable at UM are shown below):

- employees assigned from the Netherlands to another country to do research or to teach, meaning:
  - research conducted outside the Netherlands based on a grant or stipend from the Netherlands Organisation for Scientific Research (NWO) or the Institute for Scientific Research of the Tropics and Development Countries (WOTRO)
  - research conducted outside the Netherlands based on a NATO fellowship
  - research conducted based on similar grants, stipends or fellowships designated by the Minister of Education and Science
  - education provided as a teacher at a foreign scientific or educational institution (on assignment or by invitation)
  - research conducted as a scientist at a foreign educational or scientific institution (on assignment or by invitation).

For the 30% rule to apply, the employee must reside in one or more locations to which s/he was assigned for at least 45 days during a 12-month period to carry out the research or teaching activities specified above. To determine whether the 45-day requirement has been met:

- periods of less than 15 consecutive days will not be counted
- days spent travelling to and from the assignment location will be considered days spent at that location
- as soon as one meets the criteria all other business trips of at least 10 days to the assignment location are also included.

If KCIS has determined that an employee (who is taxable in the Netherlands) is eligible for the 30% rule for employees assigned abroad, the Payroll Service Department (PSA) will simply apply this rule. Permission from the Tax Office will not be necessary. PSA will check whether any extraterritorial costs have been reimbursed through expense statements.

For an overview of the procedure, see the 30% rule action plan for employees assigned abroad in Annex II.

**NB:** The 30% rule for employees assigned abroad is only possible if no extraterritorial reimbursements are furnished by UM while the party concerned resides outside the Netherlands. Employers cannot simultaneously provide reimbursement to their employees based on both the 30% rule and on the actual extraterritorial costs. This is also true if the employee assigned abroad is already subject to the 30% rule as an employee from abroad. Thus, it is essential to know which costs qualify as extraterritorial costs and which do not (see Annex III). Opting for reimbursement of the actual 30% rule – *last revised March 2015*
extraterritorial costs instead of the 30% rule may make sense, for example, if the extraterritorial costs exceed by many times 30% of the wages from current employment and/or if an employee does not meet the conditions for the 30% rule.

For the full legislative text, see the Decree of 22 December 2011 amending several tax-related implementation decrees for withholding payroll taxes (*Bulletin of Acts and Decrees 2011, No. 677*).

*Great care has been taken to ensure the accuracy of the information. Please note that the English translation cannot be used for legal purposes. In case of difference of interpretation, the Dutch text will be binding.*
Annex I

Action plan – 30% rule for employees FROM ABROAD

1. The Human Resources adviser (HR) and the manager will place the incoming employee in a pay scale based on the applicable UFO profile and the associated job scale and steps.

2. If desired, HR will ask KCIS to assess the potential for applying the 30% rule. HR will send the following documents to KCIS for this purpose:
   - the portion of the Commencement of Employment Information Form relevant to KCIS, with information about the job and start date
   - the CV
   - an overview of where the employee lived in the 24 months prior to the employment start date
   - for employees not having a Research & Education UFO profile: an indication of the salary.

3. KCIS will assess the feasibility.

4. After consulting with the new employee, HR will ask KCIS to initiate the procedure for applying for the 30% rule and send the following:
   - an addendum signed by the faculty and employee (not to be forwarded to the Tax Office), see Annex IV or V
   - a copy of the contract
   - the citizen service number (BSN) (NB: this means that the application for the 30% rule cannot be submitted until the municipal registration has been completed if the employee does not reside and will not be residing in the Netherlands the BSN is collected at Heerlen municipality in person);

5. KCIS will contact the employee concerned (with a cc to the HR adviser) and ask him/her to complete and sign the 30% rule application form.

6. Once KCIS is finished with the entire 30% rule application, the request will be transmitted to the Tax Office.

7. When KCIS receives the decision from the Tax Office, it will send:
   - notice to the party concerned, HR and the Payroll Department (PSA) about the decision allowing/disallowing application of the 30% rule
   - the original to Documentation and Mail Services (ADP) for inclusion in the CORSA personnel file.

8. For decisions issued between 1 January 2007 and 1 January 2012, KCIS will, after five years, assess whether the conditions are met. For academic staff, this will solely involve an examination of the distance from the home address to the closest Dutch border in 16 of the 24 months prior to employment in the Netherlands. For other employees, the salary standard will also be assessed. If the decision was issued on or after 1 January 2012, an interim assessment for academic staff is no longer needed. For other employees, there must be a review against the salary standard each year.

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3 The Tax Authorities report that an application can officially be submitted once the employee is employee as described in article 2 Wet op de Loonbelasting.
Annex II

Action plan – 30% rule for employees ASSIGNED ABROAD

1. HR and the manager will discuss the assignment and the associated contract options.

2. If desired, HR will ask KCIS to assess the potential for utilising the 30% rule. HR will send the following documents to KCIS for this purpose:
   • the completed Outgoing Notification Form
   • the confirmation letter by UM (update letter of the employment contract, containing information about the salary and any other expense allowances during the assignment, the country of assignment, the host institute or institution, the nature of the work during the assignment, the assignment period, and the pension contribution agreements) that the party concerned is being assigned abroad and will continue to be employed by UM for a definite period
   • the invitation letter from the host university and/or proof of residence in a certain region.

3. After consulting with the employee assigned abroad, HR will ask KCIS to initiate the procedure for applying for the 30% rule and include an addendum signed by the faculty and employee, see Annex VI.

4. KCIS will ensure that the documents sent are complete and correct.

5. Once the documents for application of the 30% rule are complete, KCIS will:
   • ask the Payroll Department (PSA) to apply the 30% rule
   • inform the employee concerned and HR
   • send the file to Documentation and Mail Services (ADP) for inclusion in the CORSA personnel file.

The above action plans may need to be adjusted because of changes in the application procedure.
Annex III

Overview of allowances which do/do not go together with the 30% rule (the flat-rate 30% expense allowance)

General

Costs or expenses which employees also would have had with the same work in their own country will not be considered extraterritorial costs. In such cases, it is logical for the choice of the most specific item to be made based on the source of the costs. Certain costs (for example, the costs of dual housing) thereby become extraterritorial.

The evidence rule mentioned below refers to the flat-rate 30% expense allowance.

1. Allowance for additional costs of living (cost-of-living allowance)

The additional expenses which an employee incurs because the price level for living expenses is higher in the country of employment than in the country of origin are extraterritorial costs. If UM applies the evidence rule, it cannot also freely reimburse these extraterritorial costs.

2. Bonuses, additional pay for foreign assignments, and similar allowances (foreign service premium/expat allowance/overseas allowance)

Compensation which UM pays to the extraterritorial employee because the employee is willing to work abroad is taxable as wages. This compensation does not represent reimbursement for incurred costs and thus may be applied in addition to the evidence rule.

3. Expense allowance for moving house (relocation expenses/moving allowance)

The relocation costs in connection with the employment and the costs of transporting the household effects are not extraterritorial costs. UM can freely reimburse these costs under the Dutch Wages and Salaries Tax Act, subject to the provisions of and limitations in that act.

4. Costs of familiarising oneself with the country of employment (house-hunting/acquaintance trip)

The costs which the employee incurs in visiting the company in the country of employment to familiarise himself/herself with the company are freely reimbursable under the Wages and Salaries Tax Act. These costs are not regarded as extraterritorial costs.

In contrast, the costs of an acquaintance trip, usually taken with the family, to the country of employment, for example, to look for a home or schools, are extraterritorial costs. If UM applies the evidence rule, it cannot also freely reimburse these extraterritorial costs.

5. Costs for supplying official papers, medical examinations and inoculations (permits)

The costs incurred to apply for or convert official papers, such as residence permits, visas and driving licences, are extraterritorial costs. The same holds true for the costs of medical examinations and vaccinations. Of course, these are only extraterritorial costs insofar as the costs were incurred in connection with employment outside the employee’s country of origin. If UM applies the evidence rule, it cannot also freely reimburse these extraterritorial costs.
Costs incurred for applying for or converting a work permit mainly pertain to properly performing the job, and are therefore not extraterritorial costs.

6. Costs for storing furniture (storage expenses)

The costs incurred for temporarily storing the household effects in anticipation of the final housing in the country of employment can be considered removal costs. UM may freely reimburse or furnish these costs in addition to providing a tax-free allowance based on the evidence rule.

The storage costs for the household effects which are not transported to the country of employment but are temporarily stored in the country of origin are extraterritorial costs.

If UM applies the evidence rule, it cannot also freely reimburse these extraterritorial costs.

7. Loss of assets

Assets lost by an extraterritorial employee because, for instance, a house or car must be sold on account of the employee's going to work in another country are not extraterritorial costs. These items are part of the employee's assets, and UM cannot freely reimburse the employee for the loss of these items. The reimbursement for these losses is taxable as wages.

8. Housing costs (free accommodation/housing)

With respect to housing costs, it is important whether the employee has to pay for dual housing.

- Dual housing costs
  Housing costs outside the country of origin (for example, in a hotel) of an extraterritorial employee who, judged in light of the circumstances, has continued to reside in the country of origin are extraterritorial costs for the duration of the temporary foreign assignment. The two-year period stated in the Wages and Salaries Tax Act does not apply in this situation.

- Initial housing costs
  If, judged in light of the circumstances, the employee has not continued to reside in the country of origin, there are no dual housing costs. From an efficiency standpoint, the regulations provide that the normal housing costs may be fixed at 18% of wages. To this extent, the allowance constitutes wages. Insofar as the amount of the allowance pertains to the amount exceeding 18% of the wages, it relates to extraterritorial costs.

If the employee is residing in a furnished home, a distinction must be made between the costs pertaining to the house and the portion relating to furniture and the like. The provisions above apply to the house. The portion of the allowance pertaining to furniture and the like is taxable as wages, unless these cost more than furniture and the like in the country of origin. In that instance, the additional costs can be considered extraterritorial costs. If UM applies the evidence rule, it cannot also freely reimburse the aforementioned extraterritorial costs.
9. Costs for purchasing and selling house (reimbursement of expenses for purchase of house/broker’s fee)

The costs of purchasing and selling a home, including the estate agent costs, relate in full to the employee's assets. Such expenses therefore cannot be considered extraterritorial costs. UM cannot freely reimburse these expenses for other reasons, either.

10. Gas, water, electricity and other public utilities (utilities)

Expenses for gas, water, light and other public utilities may partly be extraterritorial costs. See Section 1.

11. Travel and travel costs (home leave)

- **Travel to the country of origin**
  The costs of travelling to the country of origin, for instance, for family visits or family reunification, can be considered extraterritorial costs. If travel costs are incurred by the employee to visit his/her family remaining in the country of origin, these are also extraterritorial costs. These costs primarily result from the assignment abroad. If UM applies the evidence rule, it cannot also freely reimburse these extraterritorial costs.

- **Commuting costs**
  The regular commuting costs are not extraterritorial costs. These costs are covered by a specific provision of the Wages and Salaries Tax Act.

12. Tax adviser costs

Normally, the costs of personal tax advice, such as for filing income tax returns, are not extraterritorial costs.

UM cannot freely reimburse these expenses for other reasons, either. The reimbursement for these expenses is therefore generally taxable as wages. If it costs more to have a tax adviser in the foreign country fill out the personal return than would be the case for a comparable tax adviser in the country of origin, the additional costs can be considered extraterritorial costs.

**Example**

An extraterritorial employee who is an American national works in the Netherlands. S/he must fill out an American and a Dutch return. If UM reimburses the costs of having the two returns filled out, the costs associated with filling out the Dutch return are extraterritorial costs, as these are the additional costs associated with employment outside the country of origin. The reimbursement for the costs of filling out the American return is taxable as wages. If the costs of filling out the American return are higher because of the employment in the Netherlands, these additional costs are extraterritorial costs as well.

13. Higher tax rates in the country of employment (tax equalisation)

In many cases, employers reimburse the higher income and other taxes which an employee pays in the country of employment. As such differences relate to the employee's income or assets and cannot be considered extraterritorial costs, these cannot freely be reimbursed for other reasons, either. Any reimbursement provided for these differences represents taxable wages.
14. Language courses

Costs for language courses in the language of the country of employment are extraterritorial costs for both the employee and the family members residing with the employee in the country of origin. If UM applies the evidence rule, it cannot also freely reimburse these extraterritorial costs.

15. Telephone

If UM reimburses the costs of a telephone subscription, this reimbursement cannot be considered an extraterritorial expense allowance. A specific regulation applies to this reimbursement.

Insofar, however, as the reimbursement pertains to additional, non-business telephone charges with the country of origin, the charges do represent extraterritorial costs. If UM applies the evidence rule, it cannot also freely reimburse these extraterritorial costs.

16. Meals

In principle, the costs of meals are private expenses.

A. This is not the case for meals with more than secondary business significance; one example in the context of assignments abroad is reimbursement provided for meals consumed during a brief period that the employee is staying at a hotel and is unable to prepare his/her own meals. The reimbursement of these costs for meals and benefits is specifically governed by regulation and is thus not an extraterritorial expense allowance.

B. If the additional costs of meals do not relate to meals with more than secondary business significance and which thus do not fall under (A), they may be deemed additional costs engendered by the assignment abroad. These additional costs are regarded as extraterritorial costs. The determination as to these extraterritorial costs does not focus on the additional costs for each separate meal, but more generally on the additional costs of living engendered by the assignment abroad. See Section 1.

17. Fixed allowances

UM may furnish a fixed allowance to its employees. If UM furnishes a fixed, free allowance to an extraterritorial employee taking advantage of the evidence rule, the fixed allowance cannot pertain to extraterritorial costs, for these costs are already included in the evidence rule.

If UM furnishes a fixed allowance to an employee not taking advantage of the evidence rule, the fixed allowance may pertain in whole or in part to extraterritorial costs.
Annex IV (solely applicable to academic staff)

ANNEX TO THE EMPLOYMENT CONTRACT (addendum)

OF ........................................ (employee)

a. If and insofar as the employee may freely be reimbursed for extraterritorial costs under Chapter 4a of the Wage Tax (Implementation) Decree 1965, the wages from current employment agreed on with the employee are hereby reduced for employment-law purposes in such a manner that 100/70 of the thereby further agreed wages from current employment is equivalent to the originally agreed wages from current employment.

b. If and insofar as Section (a) applies, and provided tax must be paid in the Netherlands (under international tax treaties, residents of some countries do not have to pay tax during the first two (2) years of their contract), the employee will receive an allowance from the employer for extraterritorial costs equivalent to 30/70 of the thereby further agreed wages from current employment.

c. The employee is aware of the fact that, if extraterritorial costs are freely reimbursed under Article 10ea of the Wage Tax (Implementation) Decree 1965, only expenses which are not extraterritorial costs (for example, travel costs and the costs of business trips) may be reimbursed separately and the employee may not participate in the UM Employment Conditions Selection Model.

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Employer’s signature  Employee’s signature

........................................  ........................................

(Employer) (Employee)

If you meet the conditions for this rule, and the Dutch Tax Office has sent you its permission, UM may grant you an allowance for costs up to at most 30% of the gross salary. For this allowance to be granted, prior permission must be obtained from the Tax Office. Once such permission has been obtained, a maximum of 30% of the wages will be paid (without withholding of taxes) as a fixed contribution towards extraterritorial costs. The other 70% of the employee's wages will be subject to Dutch payroll taxes.

Employees taking advantage of the 30%-rule may only claim expenses which are not extraterritorial costs. Employees taking advantage of the 30%-rule may, within the UM Employment Conditions Selection Model, (from 1 January 2015) only use the following options; hours of leave for the target 'bicycle under the bicycle scheme UM', the multi-year saving model, and the flexible working week.

Utilisation of the 30%-scheme may also affect social security benefits. Rights under the ABP pension scheme will not be affected.
Annex V (solely applicable to non-academic staff)

ANNEX TO THE EMPLOYMENT CONTRACT (addendum)

OF .................................. (employee)

a. If and insofar as the employee may freely be reimbursed for extraterritorial costs under Chapter 4a of the Wage Tax (Implementation) Decree 1965, the wages from current employment agreed on with the employee are hereby reduced for employment-law purposes in such a manner that 100/70 of the thereby further agreed wages from current employment is equivalent to the originally agreed wages from current employment.

b. If and insofar as Section (a) applies, and provided tax must be paid in the Netherlands (under international tax treaties, residents of some countries do not have to pay tax during the first two (2) years of their contract), the employee will receive an allowance from the employer for extraterritorial costs equivalent to 30/70 of the thereby further agreed wages from current employment.

c. If, because of application of the provisions under (b), the wages before payroll taxes are lower than the standard salary referred to in the legislation, the tax-free allowance will be reduced such that the taxable salary at least equals the standard salary referred to in the legislation.

d. The employee is aware of the fact that, if extraterritorial costs are freely reimbursed under Article 10ea of the Wage Tax (Implementation) Decree 1965, only expenses which are not extraterritorial costs (for example, travel costs and the costs of business trips) may be claimed and the employee may not participate in the UM Employment Conditions Selection Model.

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Employer’s signature  Employee’s signature

........................................  ........................................

(Employer)  (Employee)

If you meet the conditions for this rule, and the Dutch Tax Office has sent you its permission, UM may grant you an allowance for costs up to at most 30% of the gross salary. For this allowance to be granted, prior permission must be obtained from the Tax Office. Once such permission has been obtained, a maximum of 30% of the wages will be paid (without withholding of taxes) as a fixed contribution towards extraterritorial costs. The other 70% of the employee’s wages will be subject to Dutch payroll taxes.

Employees taking advantage of the 30%-rule may only claim expenses which are not extraterritorial costs. Employees taking advantage of the 30%-rule may, within the UM Employment Conditions Selection Model, (from 1 January 2015) only use the following options; hours of leave for the target ‘bicycle under the bicycle scheme UM’, the multi-year saving model, and the flexible working week.

Utilisation of the 30%-scheme may also affect social security benefits. Rights under the ABP pension scheme will not be affected.
Annex VI (solely applicable to employees assigned abroad)

ANNEX TO THE EMPLOYMENT CONTRACT (addendum)

OF ................................. (employee)

a. If and insofar as the employee may freely be reimbursed for extraterritorial costs under Chapter 4a of the Wage Tax (Implementation) Decree 1965, the wages from current employment agreed on with the employee are hereby reduced for employment-law purposes in such a manner that 100/70 of the thereby further agreed wages from current employment is equivalent to the originally agreed wages from current employment.

b. If and insofar as Section (a) applies, and provided tax must be paid in the Netherlands (under international tax treaties, residents of some countries do not have to pay tax during the first two (2) years of their contract), the employee will receive an allowance from the employer for extraterritorial costs equivalent to 30/70 of the thereby further agreed wages from current employment.

c. The employee is aware of the fact that, if extraterritorial costs are freely reimbursed under Article 10ea of the Wage Tax (Implementation) Decree 1965, only expenses which are not extraterritorial costs (for example, travel costs and the costs of business trips) may be reimbursed separately and the employee may not participate in the UM Employment Conditions Selection Model.

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Employer’s signature

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(Employer)

........ (City/Town), ................... 20..  

Employee’s signature

........................................

(Employee)

If you meet the conditions for this rule, and the Dutch Tax Office has sent you its permission, UM may grant you an allowance for costs up to at most 30% of the gross salary. For this allowance to be granted, prior permission must be obtained from the Tax Office. Once such permission has been obtained, a maximum of 30% of the wages will be paid (without withholding of taxes) as a fixed contribution towards extraterritorial costs. The other 70% of the employee’s wages will be subject to Dutch payroll taxes.

Employees taking advantage of the 30%-rule may only claim expenses which are not extraterritorial costs. Employees taking advantage of the 30%-rule may, within the UM Employment Conditions Selection Model, (from 1 January 2015) only use the following options; hours of leave for the target ‘bicycle under the bicycle scheme UM’, the multi-year saving model, and the flexible working week.

Utilisation of the 30%-scheme may also affect social security benefits. Rights under the ABP pension scheme will not be affected.