

The 30 % Ruling



The 30% Ruling (or 30% reimbursement ruling) is a tax benefit for expat employees working in the Netherlands. Summarized, the 30% Ruling is an incentive from the Dutch government to attract foreign specialists with specific skills or expertise that are scarce or not available in the job market in the Netherlands. By using this ruling, a gross Dutch salary can be reduced from 100% up to 70%, in such a way that up to 30% of the wage is tax free.

The 30% Ruling can be used during a maximum of 5 years. The ruling will become effective in retrospect if the application is submitted within the first 4 months after the starting date of the employment contract of the expatriate. If the application is submitted after the first 4 months, the ruling will become effective as of the first day of the month after the month of application.

Requirements to apply for the 30% Ruling:

The expat will be eligible for the 30% Ruling when meeting the requirements listed below. Please note that these are requirements for the year 2020 and are subject to change on a yearly basis.

- The expatriate has to earn a minimum gross yearly income of € 38.347.
- If the expatriate is 29 years old or younger and he or she holds a Master's Degree, the expatriate has to earn a minimum gross yearly income of € 29.149.
- The expatriate has been recruited outside the Netherlands.
- The expatriate lived for more than 16 months outside the Netherlands and at least 150 kilometers from the Dutch border in the 2 years before his or her first working day in the Netherlands.

Applying for the 30% Ruling:

Apart from meeting the above listed requirements, the expatriate should make sure that he / she has the right documents in order to start the application process. U-People can help you applying for the 30% ruling and inform you about the documents that you need in order to start the application. Depending on your personal situation, you may need documents such as a valid passport and a registration of the municipality to confirm your address before arriving in the Netherlands.

U-People will support you in the whole process of applying for the 30% Ruling. We have a solid experience helping our candidates obtaining the 30% Ruling, however the decision to grant the ruling to the applicants is up to the Dutch Tax Authorities. This way, we cannot guarantee the outcome of applications, even though we have an excellent track-record with successful applications. Please see page two for practical examples regarding the 30% ruling benefit.

Do you have questions?

Please feel free to contact your Recruitment Consultant at U-People. We are happy to answer your question.

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Example, Case 1:

Assumptions:

- Job Position of the employee: Shipbuilding Engineer
- Age of the employee: 34 years old
- Duration of employment in the Netherlands: at least 1 full calendar year
- Annual gross salary of the employee: € 40.000
- The salary norm for the year is € 38.347 (2020).
- Tax credits are taken into account for this example.

	Without the 30% Ruling	With the 30% Ruling
Gross salary	€ 40.000	€ 40.000
30% allowance (-/-)	€ 0 -/-	€ 1.653 -/-
Taxable income	€ 40.000	€ 38.347
Applicable taxes (-/-)	€ 9.785 -/-	€ 8.991 -/-
30% allowance (+)	€ 0 +	€ 1.653 +
Net salary	€ 30.215	€ 31.009

In Case 1, the 30% allowance amounts to € 1.653. This is less than the 30% of the salary. If the 30% allowance would be higher, the salary excluding the 30% allowance would not meet the salary norm of € 38.347. This example shows that the benefit of the 30% Ruling is € 794 net (€ 31.009 -/- € 30.215).

Example, Case 2:

Assumptions:

- Job Position of the employee: Lead Engineer Naval Architecture
- Age of the employee: 43 years old
- Duration of employment in the Netherlands: at least 1 full calendar year
- Annual gross salary of the employee: € 60.000
- The salary norm for the year is € 38.347 (2020).
- Tax credits are taken into account for this example.

	Without the 30% Ruling	With the 30% Ruling
Gross salary	€ 60.000	€ 60.000
30% allowance (-/-)	€ 0 -/-	€ 18.000
Taxable income	€ 60.000	€ 42.000
Applicable taxes (-/-)	€ 19.606 -/-	€ 10.765 -/-
30% allowance (+)	€ 0 +	€ 18.000 +
Net salary	€ 40.394	€ 49.235

In Case 2, the 30% allowance amounts to € 18.000. This is 30% of the salary. This example shows that the benefit of the 30% Ruling is € 8.841 net (€ 49.235 - € 40.394).