

The Netherlands: Amendments to 30 Percent Ruling

January 12, 2012

Effective January 1, 2012, amendments went into effect that change requirements pertaining to Dutch 30 percent tax rulings. The Dutch 30 percent tax ruling permits foreign employees who are hired by a Dutch employer and who meet certain conditions to receive 30 percent of their remuneration tax free. In late 2011, the Dutch Parliament approved several amendments to the 30 percent ruling which went into effect on January 1, 2012. The amendments include, among other things, replacing the specific skills test with a fixed annual salary standard; implementing a 150 kilometer rule that generally prohibits employees residing less than 150 kilometers from the Dutch border from qualifying for a 30 percent ruling; and a reduction in the period of coverage for the 30 percent ruling for employees who previously lived in the Netherlands.