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The 30% tax rule

As a foreign national employed by the University of Amsterdam (UvA) may under certain conditions be eligible for the so-called '30% rule'. This rule allows you to receive part of your salary – up to a maximum of 30% – as a tax-free allowance, resulting in a higher net income. The allowance is intended to compensate for the additional costs incurred as a result of your temporary stay in another country.

Employees from abroad

You are eligible for the 30% rule if you come from another country and have a specific expertise that is scarce or non-existent on the Dutch labour market. The UvA is not responsible for determining your eligibility but can help you file an application for eligibility with the Dutch Tax Authorities (Belastingdienst). The Tax Authorities then decide whether or not the tax-free allowance can be granted.

Generally speaking, the UvA will help you file an application with the Tax Authorities if you meet the following criteria:

- You are not yet residing in the Netherlands at the time you commence your employment and you live more than 150 km from the Dutch border.
- You have a Master's degree, are studying for a PhD or are a faculty member.
- Your employment contract is for a period of at least 6 months.

To make use of this rule, you need to be liable to pay tax in the Netherlands. This is not always the case; the Netherlands has concluded tax treaties with a number of countries. If your home country is one of these countries, then you will be liable to pay tax in your home country for the first two years of your stay in the Netherlands. In this case the 30% rule will be requested but will not be applied for the first two years of your stay.

You can make use of the rule for a maximum of 5 years.

How it works

In applying the 30% rule, the UvA deducts 30% of your original taxable salary from your gross salary. After deduction of all taxes, you then receive a tax-free allowance of 30%. As a result, your net salary is higher. The 30% rule is optimally applied on a monthly basis.

Procedure

Your personnel adviser will discuss the option of applying for the 30% rule with you. He/she will explain how the 30% rule works and provide examples of various salary calculations, such as: calculation of normal salary disbursement calculation of salary with application of the 30% rule, with and without pension compensation calculation based on tax exemption in the Netherlands, if applicable.

Participation in the 30% rule is not mandatory. If you decide to apply for the 30% rule, you and your personnel adviser will both sign the application form for the Tax Authorities.

Further consequences and questions

Participation in the scheme may affect your pension. You automatically build up a pension based on the reduced gross salary. You can also opt to build up your pension based on the original salary before reductions. In the second case, you pay a higher premium, but participation in the scheme does not adversely affect your pension. In the first case, your pension is lower, but your net salary is higher.
Your personnel adviser can talk you through the different choices, so you can decide which choice is most appropriate for you. You can change your choice annually from 1 January.

The 30% rule also has consequences for a number of other fiscal and financial areas, for example social security (you will be insured over the reduced salary), and the options available in the 'Terms of Employment Menu' (Menukaart Arbeidsvoorwaarden) and for certain reimbursements. If you have any questions about your specific situation, always consult your personnel adviser.