



Key Changes in Dutch Tax Treatment for International Employees

Changes to the 30% ruling regulation



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In this brochure, we outline the Dutch personal income tax (“PIT”) implications of the recent changes to the 30% ruling. These amendments include, among other things, the abolition of the partial non-resident taxpayer status.

We start with a brief overview of the Dutch PIT system, which provides the foundation for understanding the impact of these changes. We then describe how the 30% ruling and the partial non-resident taxpayer status currently apply. Next, we explain the legislative amendments, including the transitional regime that applies until 2026. Finally, we highlight the practical consequences for PIT compliance.

If you would like to discuss what these changes mean for your specific situation, we would be happy to do so in a call or meeting. Please feel free to reach out.



Dutch personal income tax

Under Dutch tax law, personal income tax is divided into three distinct categories, commonly referred to as “boxes.” Each box covers a specific type of income and has its own tax rates and calculation methods.

Box 1 covers taxable income from work and home ownership. This includes employment income (such as salaries and wages), profits from a personal business that is not conducted through a corporate entity, other self-employment income (such as freelance activities), and the deemed income from an owner-occupied home.

Box 2 applies to income from a substantial interest in a company. A substantial interest generally exists if the taxpayer, alone or together with certain close relatives, holds at least 5% of the shares in a company. Taxable income in this box consists of dividends and capital gains realized on the (deemed) disposal of such shares.

Box 3 covers income from savings and investments that do not fall under Box 1 or Box 2. This includes, for example, bank deposits, shareholdings below the substantial interest threshold, and real estate that does not qualify as a principal residence. Taxation in Box 3 is currently based on a deemed return on the net value of these assets, rather than on the actual income generated.

The system works as follows: on the reference date of 1 January each year, the value of savings and investments is determined. A deemed return is then calculated using statutory fictitious rates, which vary by asset type. Bank deposits are deemed to yield 1.28%, other investments and assets 6%, and debts 2.7%. The resulting deemed return is taxed at a rate of 36%.



Current situation under the 30% ruling

Employees who are temporarily assigned to the Netherlands and meet the conditions of the 30% ruling may currently receive a tax-free reimbursement of up to 30% of their taxable salary. This facility is intended to compensate for extraterritorial expenses and is subject to several conditions, including a minimum salary threshold that must be met throughout the duration of the ruling.

Up to and including 2024, eligible employees could also opt for partial non-resident taxpayer status. This meant they were treated as Dutch tax residents for Box 1 purposes, while being regarded as non-resident taxpayers for Box 2 and Box 3. As a result, income from substantial interests in entities incorporated and effectively managed outside the Netherlands was excluded from Dutch Box 2 taxation.

Similarly, income from savings and investments was generally excluded from Dutch Box 3 taxation, unless it related to Dutch real estate.

If an individual opted for the partial non-resident taxpayer status, their fiscal partner could also benefit from this status by allocating joint income and assets to the partner with the non-resident classification.



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Balkenende norm

As of 2024, the 30% ruling is subject to a maximum salary cap based on the so-called “Balkenende norm.” For 2025, this cap is set at EUR 246,000. The 30% tax-free allowance applies only to salary up to this amount; any salary exceeding the cap is fully taxable.

A transitional measure applies to employees who were already applying the 30% ruling in the December 2022 payroll. For these individuals, the salary cap will only take effect from 2026.

Partial non-resident taxpayer status

Until the end of 2024, individuals applying the 30% ruling could opt for a partial non-resident taxpayer status.

This option has been abolished as of 1 January 2025. A transitional arrangement applies for individuals who were already benefiting from the 30% ruling under a formal ruling in the December 2023 payroll. These individuals may continue to apply the partial non-resident taxpayer status in 2025 and 2026, or until their 30% ruling expires if that occurs earlier.

From 1 January 2027 onwards, this option will be permanently discontinued. The expiration of the partial non-resident taxpayer status has specific consequences for Box 2 and Box 3.

Box 2

Once the partial non-resident taxpayer status ends, income from a substantial interest in a foreign entity whose effective management is not located in the Netherlands becomes subject to Dutch PIT. This includes dividends received and capital gains realized on the (deemed) disposal of shares in such entities.

Value increases that accrued before the partial non-resident taxpayer status ended are not subject to Dutch PIT. It is therefore important to determine the acquisition price of the shares at that moment. This acquisition price is based on the market value at the time the individual becomes fully subject to Dutch PIT, resulting in a so-called step-up in basis. Dutch PIT is then only due on future gains.

It remains unclear whether this step-up also applies to fiscal partners who benefited from the partial non-resident taxpayer status solely because their partner qualified for the 30% ruling. In our view, denying the step-up in such cases would be unjust, and we believe there are strong arguments to support its application in practice.

Box 3

Once the partial non-resident taxpayer status ends, income from savings and investments — including foreign real estate — becomes subject to Dutch PIT. This includes, for example, income from foreign bank accounts and foreign investment portfolios.

If the partial non-resident taxpayer status ends during the calendar year (for example, on 1 May 2026), Box 3 assets are included in the Dutch PIT return on a pro rata basis from that date. Although the asset values as at 1 January 2026 remain the reference point, only 8/12 of that value will be included in the tax return for 2026.

Reduction to a 27% ruling from 2027

From 1 January 2027, the 30% ruling will be reduced to a 27% ruling, lowering the maximum tax-free reimbursement by three percentage points.

In addition, higher minimum salary thresholds will apply: EUR 50,436 for regular employees and EUR 38,338 for employees under 30 with a qualifying master's degree (both subject to annual indexation).

A transitional regime applies to employees who were already applying the 30% ruling before 1 January 2024. Provided they continue to meet the (indexed) salary requirements, they may retain the 30% tax-free allowance for a maximum period of five years.





Changes to the 30% ruling regulations

The upcoming changes to the 30% ruling will have a significant impact on Dutch PIT compliance. Individuals who lose their partial non-resident taxpayer status will become fully subject to Dutch taxation on their foreign substantial interests and assets. This may materially affect their Dutch PIT returns and increase their overall tax burden. As additional income and asset categories fall within the scope of Dutch taxation, PIT returns will become more complex and time-consuming to prepare. More extensive documentation will also be required, particularly in relation to asset valuations. We recommend that individuals whose

partial non-resident taxpayer status is expected to end in the near future carefully assess the market value of their foreign substantial shareholdings and other non-Dutch assets. Establishing these values in a timely and well-documented manner is essential for determining the correct tax position and avoiding potential discussions with the Dutch tax authorities. If your partial non-resident taxpayer status ends this year, we would be happy to support you in navigating the tax implications and advising on the steps you can take to make optimal use of the status while it still applies. Please do not hesitate to contact us to discuss your personal situation in more detail.



If you would like to learn more about how these changes may affect your personal tax situation, please feel free to contact Svalner Atlas. Our advisors would be happy to discuss the implications and assist you in navigating the new rules.

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