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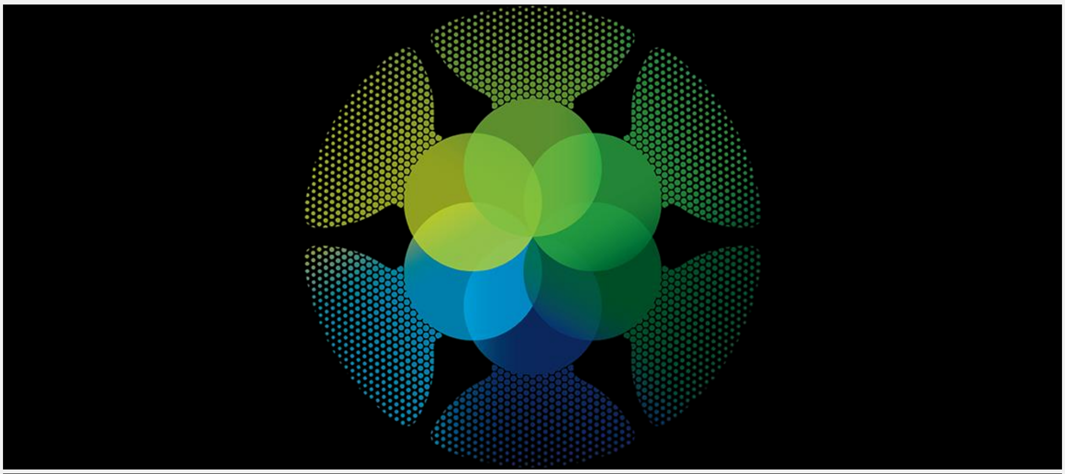

**Global Employer Services**
Individual tax

# Update on transitional measures for the Dutch expat regime's (30%-rule) shortening

What follows is an update regarding the changes to the Dutch expat regime (30%-rule) following the Dutch Government's 2019 Tax Plan, as previously covered by the 25 April 2018 and 4 June 2018 tax alerts.

As expected, the new Tax Plan proposal aims to shorten the maximum term of the 30% facility from eight to five years. No transitional measures are foreseen for expats currently benefiting from this tax regime (except for school fees, as elaborated upon below).

Consequently, an additional tax liability will apply to expats who have already benefitted from this regime for five years. In addition and depending on their personal situation, they can no longer be considered as non-resident taxpayer in box 2 and box 3 of the tax return.

## Limited transitional law for school fees

Whether with or without the 30% facility, it was possible to grant incoming employees a tax-free reimbursement of school fees, paid for an international school or the international department of a normal school. Although it seemed that this possibility would also be limited to five years, the government did propose a transitional law for these school fees.

Hence, school fees can be reimbursed or provided tax-free after the 30% facility term has been shortened. This only applies for the 2018/2019 school year and is subject to that year falling within the original 30% facility term.

## Next steps

The Dutch House of Representatives will vote on the 2019 Tax Plan package on Thursday 15 November 2018. The plans will subsequently need to be adopted by the Senate.

Given all earlier discussions, it is likely that the plans will be approved. Companies are therefore advised to make the necessary preparations in terms of contractual arrangements, communication and application in payroll records.

**Contacts**

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