



May 2022

WITSCRAFT TAX NEWS ALERT

New Spring Memorandum 2022 (Voorjaarsnota 2022): 30% ruling limited further from 2024

This year's Spring Memorandum includes plans to limit the 30% ruling further.

In brief, the 30% ruling is a fiscal facility that allows employees recruited from abroad to be exempted from tax up to 30% of their wages. Currently, there is no limit to the amount of this tax-free allowance; however, the Dutch government is looking to introduce an income limit of € 216,000 per year, equivalent to the Dutch WNT (Wet Normering Topinkomens), also known as the Balkenendenorm.

Explanation Witscraft

In the past few years the 30% ruling has already been subject to limitations several times: these restrictions were linked to the period of the facility – the maximum number of years that the ruling could be granted went from 10 to 8 years and was then ultimately reduced to 5.

The current plans, on the other hand, feature a limitation of the amount of compensation of the so-called 'extraterritorial costs' (hereafter the 30% allowance).

What does this mean for expats who benefit or would like to benefit from the 30% ruling?

The amount of compensation of the so-called 30% allowance will be capped. This measure will mainly affect employees with a high income (above the amount of € 216,000); however, this change might also have consequences for employees receiving for example a high bonus or those who are receiving shares or stock options (equity incentives). The benefit from equity incentives cannot be predicted and therefore can be higher than the cap. So the tax liability will be less predictable.

We expect that this new limitation will make the Netherlands less appealing for companies that are looking to move their headquarters here, neither for startups nor scale ups, as there will be more insecurities regarding the taxation of granted equity incentives (share plans, SARs, stock option plans, etc).

Starting date

The proposed changes should become effective in 2024 and will be preceded by a transitional arrangement, of which details have not been shared yet.

We are curious to see if the current plans will eventually be implemented and will keep you posted!



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Should you have any questions, please get in touch with your contact person at Witscraft or send an email to info@witscraft.com

Source Voorjaarsnota: [Voorjaarsnota 2022 | Kamerstuk | Rijksoverheid.nl](#)

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