90% regulation for non-resident taxpayers working in the Netherlands

As of January 1, 2015 new rules will come in place with respect to non-residents working in the Netherlands.

Under the current rules non-resident taxpayers have a choice to opt for the Dutch resident taxpayer status. This way, the same deductible items and tax credits can be claimed as resident taxpayers of the Netherlands. On the other hand the world wide income should in principle be reported in the Netherlands. In general, opting for Dutch tax residency makes sense if the world wide income earned is for the most part taxable in the Netherlands.

As of January 1, 2015 there is no longer an option to choose your residency tax status. Non resident taxpayers can only make use of taxable deductions if one main condition is met: 90% of the world wide income earned should be subject to Dutch wage or income tax.

This 90% regulation will only apply for residents of the EU, EEA, Switzerland and the BES islands. Furthermore, a non resident taxpayer of the Netherlands must also submit a home country income statement of their home country tax office. Any similar deductions already claimed in the home country, cannot also be effectuated in the Netherlands.

Partners of the non-resident taxpayers should also qualify for the 90% regulation. If the conditions are not met, the partners will not be eligible for the same deductions and tax credits as resident taxpayers.

We recommend foreign taxpayers who have chosen to opt for the Dutch resident tax status in the past, to verify the impact of these new rules on their tax position.

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