30% facility
30% facility

Employees who are seconded to work abroad or who come to work in the Netherlands from another country are referred to as extraterritorial employees. If these employees meet certain conditions, they fall under a special expense compensation scheme: the 30% facility.

This facility means that the employer may provide 30% of the salary as an allowance for the additional expenses incurred due to the temporary stay of his employees in another country, or, if the employer attracts an employee from abroad, for his temporary stay in the Netherlands. This concerns 30% of the salary from current employment, including the allowance itself. This allowance is untaxed.

Employers are free to grant this allowance, as well as to cooperate with an employee's request for such an allowance. Application of the 30% facility, however, is subject to approval by the tax inspector.

Eindhoven University of Technology (TU/e) has incorporated the 30% facility into the Selection Model for Conditions of Employment. This means that as an employee you can exchange a part of your gross salary for a net expense allowance: the 30% expense allowance. This results in a higher net salary. Normally, you would not accrue a pension over the 30% expense allowance, but the advantage of including the 30% expense allowance in the Selection Model is that you also accrue a pension over the amount of the 30% expense allowance.

Using the 30% facility has a number of additional effects for you as an employee, including:
- The 30% expense allowance is calculated over the monthly salary, holiday allowance and end-of-year bonus.
- Because the 30% facility already allows you to make maximum financial use of the Selection Model, you cannot make use of the other money-related trade-off options in the Selection Model. Only time-related choices such as flexible working hours, saving for sabbatical, extending parental leave, etc. can be used.
- You cannot claim further expense allowances that qualify as extraterritorial expenses, such as an untaxed allowance for the costs of double accommodation.
- You are not eligible for a labor market allowance within the meaning of Article 3.13 of the CAO-NU.
- No contributions are levied for the employee insurance schemes (WW, WIA) on the untaxed expense allowance (30% expense allowance). Any future payment based on these schemes will therefore be lower.
- At the end of the period in which the 30% facility is applied, the net income will decrease. You are not entitled to compensation for this decrease.

Since January 1, 2013, PhD students who joined TU/e on or after 1 January 2012 can apply to participate in the 30% facility.

For the full content of the 30% facility, please visit the Belastingdienst website.

On the next page you will find a list of frequently asked questions and answers about the 30% facility.

This information was updated on November 1, 2021.
**Frequently asked questions about the 30% facility**

**What does the 30% facility entail?**
Employees who are seconded to work abroad or who come to work in the Netherlands from another country are referred to as extraterritorial employees. If these employees meet certain conditions, they fall under a special expense compensation scheme: the 30% facility.

This facility means that the employer may provide 30% of the salary as an allowance for the additional expenses incurred due to the temporary stay of his employees in another country, or, if the employer attracts an employee from abroad, for his temporary stay in the Netherlands. This concerns 30% of the salary from current employment, including the allowance itself. This allowance is untaxed.

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**Who is eligible for the 30% rule?**
We distinguish two categories of employees who are eligible for participation in the 30% facility.

*Incoming employees:*
By this we mean employees who are employed by TU/e, have specific expertise and have lived at a distance of more than 150 km from the Dutch border for two-thirds of the 24 months prior to the appointment. The employment contract with TU/e will have been initiated when the employee lived abroad.

'Specific expertise' applies if the employee is appointed at TU/e to a scientific position (including PhD students) or to a non-scientific position with an annual salary of at least € 35,000.

An important exception to the above definition is made for employees who start working in the Netherlands within one year after obtaining their doctorate. For them, the period of residence within the Netherlands or within an area of 150 km from the Dutch border for doctoral study purposes is not taken into consideration when assessing whether they are an incoming employee. In this case, the doctoral candidate must have lived at a distance of at least 150 km from the Dutch border for at least two-thirds of the 24 months prior to the start of the doctoral research.

For employees who change employer, the designation of incoming employee takes effect from the moment that first employment in the Netherlands began.

*Seconded employees:*
In addition to incoming employees, outgoing employees are also eligible for the 30% facility. This concerns employees who are sent (or invited) from the Netherlands to undertake science (education or research) in another country. The employee must stay abroad for at least 45 days during a 12-month period.

**How does participation in the 30% facility work?**
Over the income, 30% of the salary before income tax including the allowance is calculated.

This amount is first deducted from the gross income and then paid as a tax-free allowance on top of the net salary. As an employee, you will not pay any wage tax on the amount of the allowance. The 30% facility is also applied to holiday pay and end-of-year bonuses, which provides an additional advantage. Please note: individual choices such as supplementary pension insurance, unpaid leave or parental leave may affect the amount of the allowance.

This applies to both incoming and employees and employees seconded abroad for a period of one year or longer. If you are seconded for less than one year, then customization will be required. If this is the case for you, ask the HR team of your department about the calculation in your situation.
Why is the 30% facility included in the Selection Model for Conditions of Employment and what does this mean for me if I participate in the 30% facility?

By incorporating the 30% facility into the Selection Model for Conditions of Employment, you can make optimum use of the tax benefits granted by the tax authorities. You will also build up a pension over the entire original salary (except if you are seconded abroad for less than a year).

However, participation in the 30% facility in the Selection Model for Conditions of Employment means that you can no longer make other choices that have money as their source and/or purpose, as these choices affect your taxable income. However, you can still make use of choices related to the 'time for time' trade-off. For example, using leave hours for flexible working hours or saving leave hours for a sabbatical leave.

How long can I make use of the 30% facility?

The tax authorities will decide whether the employee is eligible for the 30% facility. The date on which the decision is issued will determine the duration:

- issued as of January 1, 2019: the decision will be valid for a maximum of 5 years;
- issued between January 1, 2012 and January 1, 2019: the maximum term of the decision is 8 years, but due to a transitional arrangement, the end date may no longer be correct. Consult the website of the tax authorities for an overview of what the correct end date of the decision is.

How can I apply to participate in the 30% facility?

If you think you are eligible for the 30% facility, please contact the HR Services representative at your department or service. He/she can assist you further with the application procedure.
Should I as a PDEng student apply for the 30% facility?

What is the 30% facility?

Foreign PDEng students who come from abroad and comply with certain conditions, may make use of the so-called ‘30% facility’. This facility has been designed to ease the economic burden on new arrivals to the country. It permits you not to pay tax on 30% of your salary. However every employee must receive a legal minimum wage (January 1st 2021: € 1.684,80 gross per month). Therefore the financial advantage for PDEng students is limited. The 30% facility is valid for up to five years after arrival in the Netherlands.

More information can be found at the website of the Tax Authorities: 30% facility for incoming employees (belastingdienst.nl).

Furthermore, there can be another advantage. With a positive decision of the tax authorities to apply the 30% facility, depending on the country of origin and under certain conditions, the foreign driver’s license can be exchanged for a Dutch certificate. This is of course only possible if the foreign driver’s license is still valid.

More information can be found at the website of the RDW: Foreign driving licence (rdw.nl).

To be eligible for the 30% facility you need to meet some conditions. One of the most important ones is meeting the 150 kilometers criterion. In the period of 24 months immediately prior to the start of your employment with the TU/e, you lived at a distance of more than 150 kilometers from the Dutch border during more than 16 months.

The 30% facility and the Selection Model

With the Selection Model for Conditions of Employment, you as an employee can use certain conditions of employment (sources) as means of exchange for other conditions of employment (goals). For example, within the Selection Model you can sell leave hours or use them to buy a bike.

The 30% facility is part of the Selection Model. If you make use of the advantage of the 30% facility on your salary, other financial choices in TU/e Selection Model are not possible. If you already made a choice for one or more financial choices in the Selection Model, of course the 30% facility is blocked.

The 30% facility and social welfare

Applying for the 30% facility lowers the gross salary and thus also the basis for a possible social security benefit. Therefore this has consequences for social security. Any benefit granted by the UWV will be based on the reduced basis. An example of this is a possible unemployment benefit (WW-uitkering) which is granted to the PDEng student for a few months after the end of the PDEng education if he/she doesn’t have a job.

Some examples

Example 1: 30% facility, no other choices Selection Model

Below you see two calculations of the net yearly salary (fulltime). The left one is without applying the 30% facility; the net yearly salary is €23.379,91. The right one is with applying; the net yearly salary is €23.928,91.
Example 2: no 30% facility, some choices Selection Model, working at the TU/e campus

In this example, you work at the TU/e campus fulltime and live in Eindhoven at a distance of three kilometers. Within the Selection Model you make use of 38 leave hours to buy a bike in the first year. Both in the first and second year you sell 38 leave hours. You make use of the extra (fiscal) compensation for commuting costs. In the first year your net yearly salary is €24.497,99, in the second year €23.737,99.

Example 3: no 30% facility, some choices Selection Model, working at JADS Den Bosch

In this example, you work at JADS Den Bosch fulltime and live in Eindhoven at a distance of 33 kilometers. Within the Selection Model you make use of 38 leave hours to buy a bike in the first year. Both in the first and second year you sell 38 leave hours. You make use of the extra (fiscal) compensation for commuting costs. In the first year your net yearly salary is €24.779,99, in the second year €24.019,99.
Example 4: no 30% facility, max. 80 hours to spend within Selection Model during two years, working at the TU/e campus

In this example, you work at the TU/e campus fulltime and live in Eindhoven at a distance of 3 kilometers. Within the Selection Model you make use of 80 leave hours during two years: 42 leave hours to buy a bike in the first year, 38 leave hours to sell in the second year. You make use of the extra (fiscal) compensation for commuting costs. In the first year your net yearly salary is €24,263,95, in the second year €23,737,99.

Summary of the examples

<table>
<thead>
<tr>
<th></th>
<th>Example 1: No 30% facility</th>
<th>Example 1: 30% facility</th>
<th>Example 2: No 30% facility, Selection Model, TU/e campus</th>
<th>Example 3: No 30% facility, Selection Model, JADS Den Bosch</th>
<th>Example 4: No 30% facility, Selection Model (max. 80 hours in 2 years), TU/e campus</th>
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<tr>
<td>1st year</td>
<td>23.379,=</td>
<td>23.928,=</td>
<td>24.497,=</td>
<td>24.779,=</td>
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<tr>
<td>2nd year</td>
<td>23.379,=</td>
<td>23.928,=</td>
<td>23.737,=</td>
<td>24.019,=</td>
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<tr>
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<td>46.758,=</td>
<td>47.856,=</td>
<td>48.234,=</td>
<td>48.798,=</td>
<td>48.000,=</td>
</tr>
</tbody>
</table>

How to apply for the 30% facility?

For the PDEng student, the tax benefit of the 30% facility is limited. Because the gross minimum wage has to be taken into account, only a small part of the 30% ruling can be applied to the salary. However, the PDEng student can still apply for the 30% facility. If there is a positive decision from the Tax Authorities, there are two options:

Option 1: you will not have the 30% ruling applied to your salary. With the decision of the Tax Authorities you can, in certain cases, exchange your foreign driver’s license for a Dutch driver’s license. With this option you can continue to make use of the other choices in the Selection Model for Conditions of Employment.

Option 2: you will have the 30% facility applied to your salary. However, the application does have disadvantages for, for example, the level of any benefits (e.g. unemployment benefit). You will also be excluded from the other exchange opportunities within the Selection Model for Conditions of Employment.

If you would apply for the 30% facility, please contact HR Services of your department.