# Application 30%-ruling

## 2025

**Per 2025 there are again changes to the 30% ruling. Because of this and considering the several changes that have been adopted in recent years, we wish to inform on the various measures relevant for this new year (2025) and the years ahead. We will also discuss the transitional provisions applicable to these measures and their conditions. Be sure to assess for each employee whether and, if so, which measures apply and from when, so you are well-prepared for payroll processing in 2025 and beyond.**

As of January 1, 2024, the tax-free 30% reimbursement is capped at 30% of the so-called Balkenende standard. For 2025, this standard is set at € 246,000, resulting in a maximum reimbursement of € 73,800. If the 30% ruling applies only for part of the year to the relevant employment, prorating is applied; the cap is then adjusted proportionally based on time.

For employees for whom the 30% ruling was applied no later than the final payroll period of 2022 (whether retroactively or not), the income-capping will only take effect starting January 1, 2026. A change of employer, where the term of the 30% ruling can be continued with the subsequent employer, does not result in the loss of transitional rights.

The reduction measure, under which the 30% reimbursement was decreased to 20% after 20 months and further to 10% after another 20 months, has been repealed. Starting in 2025, this measure will no longer apply.

Until 2025, employees residing in the Netherlands and using the 30% ruling could opt for partial non-resident tax liability in their income tax return. This allowed them to qualify as non-resident taxpayers in Box 2 and Box 3, meaning they were effectively taxed only on Dutch substantial interest (Box 2) and Dutch real estate (Box 3). For Americans residing in the Netherlands who used the 30% ruling and opted for partial non-resident tax liability, this also meant being considered as limited resident taxpayers in Box 1. As a result, American employees were taxed only on their employment income attributable to workdays physically spent in the Netherlands. From 2025, this option is abolished, meaning their full worldwide income will be subject to Dutch taxation. This will significantly complicate the income tax position of these individuals.

Employees for whom the 30% ruling was applied no later than the final payroll period of 2023 (whether retroactively or not) may still opt for partial non-resident tax liability until the end of 2026. Starting in 2027, their worldwide income will be included in Dutch taxation. A change of employer, where the term of the 30% ruling can be continued with the subsequent employer, does not result in the loss of transitional rights.

Starting January 1, 2027, the maximum reimbursement will be set at 27%. The Dutch Tax Authorities now refer to the scheme as the "expat scheme" instead of the 30% or 27% ruling.

For employees for whom the 30% ruling was applied no later than the final payroll period of 2023 (whether retroactively or not), no limitation applies. The reimbursement will remain capped at 30%. A change of employer, where the term of the 30% ruling can be continued with the subsequent employer, does not result in the loss of transitional rights.

Another change is the increase in the salary thresholds as of January 1, 2027. The threshold will rise by over 9% to exceed € 50,436. For employees under 30 years of age who hold a Dutch or foreign qualifying master's degree, the threshold will exceed € 38,338. These amounts were determined for the year 2024 and, like the current salary thresholds, will be indexed annually. As a result, the increased thresholds applicable in 2027 will be higher.

For employees for whom the 30% ruling was applied no later than the final payroll period of 2024 (whether retroactively or not), no limitation applies. The current salary thresholds (in 2025: more than € 46,660, or more than € 35,468 for employees under 30 years old with a Dutch or foreign qualifying master's degree) will remain applicable and will continue to be indexed annually. A change of employer, where the term of the 30% ruling can be continued with the subsequent employer, does not result in the loss of transitional rights.

To provide a clearer overview, we have summarized the above in the table below.

| | **Application of the 30% ruling in payroll as of:** | | | |
|---|---|---|---|---|
| | **The end of 2022** | **The end of 2023** | **The end of 2024** | **After 2024** |
| **Income-cap (from 2024)** | Limited transitional rights<br>Cap applies per 2026 | No transitional rights<br>Cap applies per 2024 | Cap applies immediately | Cap applies immediately |
| **Reduction (only in 2024)** | Transitional rights<br>Reduction N/A | Transitional rights<br>Reduction N/A | No transitional rights however, measure is repealed per 2025 | Reduction does not apply |
| **End of partial non-residency (from 2025)** | Limited transitional rights<br>End of partial non-residency per 2027 | Limited transitional rights<br>End of partial non-residency per 2027 | No transitional rights<br>2024 is final year to opt for partial non-residency | No option for partial non-residency |
| **27%-allowance (from 2027)** | Transitional rights<br>Max. allowance remains 30% | Transitional rights<br>Max. allowance remains 30% | No transitional rights<br>From 2027, max. allowance is 27% | No transitional rights<br>From 2027, the max. allowance is 27% |
| **Increased salary norm (from 2027)** | Transitional rights<br>No increased salary threshold applies | Transitional rights<br>No increased salary threshold applies | Transitional rights<br>No increased salary threshold applies | No transitional rights<br>Increased salary threshold per 2027 |

We hope the above information helps you to properly set up payroll processing for the new year. Please feel free to contact us if you have any further questions.

*This document has been carefully prepared by our 30% knowledge team based on the current laws and regulations known to us. Please note that laws and regulations are subject to change. No rights can be derived from this document. Additionally, we accept no liability for any inaccuracies or incomplete information.*

Any questions? Our 30% team will be happy to help.

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