KPMG

Taxation of international executives: Netherlands

March 2026

Contents

1	Overview and Introduction	4
2	Income Tax	6
3	Special considerations for short-term assignments	22
4	Other taxes and levies	24
5	Immigration	28

KPMG

01

Overview and Introduction

1 Overview and Introduction

Residents are subject to Dutch income tax on their worldwide compensation. If any of the compensation is attributable to services performed outside the Netherlands and is subject to tax treaty protection, relief from double taxation is available. In case no treaty is applicable, tax relief may be available based on national tax law if certain conditions are met.

Non-residents are generally subject to Dutch income tax on Dutch-sourced income such as real estate and compensation attributable to services physically performed in the Netherlands. The latter does not apply to directors and supervisory board members of Dutch companies; they are generally taxed on their full directors' remuneration from the Dutch company.

The official currency of the Netherlands is the Euro (EUR).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives/works when they are not on assignment.

02

Income tax

2 Income Tax

Tax returns and compliance

When are tax returns due? That is, what is the tax return due date?

1 May of the year following the tax year.

What is the tax year-end?

31 December.

What are the compliance requirements for tax returns in the Netherlands?

Residents

On entering the Netherlands, the employee must register as a resident in the municipality where they will live if the employee is expected to stay in the Netherlands more than two-thirds of the time over a six-month period. Subsequently, a National Identification Number/"BSN" (Burgerservicenummer) is granted by the municipality.

Spouses are not taxed jointly; each individual is treated as a separate taxpayer for their personal income (such as employment income). In principle, the non-personal income is taxed separately with the spouse who is the beneficial owner of the income. However, spouses can divide certain non-personal income between them as they choose to, as long as all the income is reported. The income will be taxed with the spouse to whom the income has been attributed. Non-personal income of minors is attributed to the parents.

Returns must normally be filed prior to 1 May following the end of the tax year. Returns prepared by a registered tax professional are generally covered by a tax return extension ruling.

If the tax authorities have not issued an individual income tax return form, the taxpayer may have to request one. This is the case if personal income tax is payable by the taxpayer.

Based on the tax return the tax authorities will issue an assessment taking into account any Dutch withholding tax during the year. It is possible to file an objection against the final assessment within 6 weeks from the date of issue of the assessment.

Married couples are tax partners, yet file tax returns as separate individuals. Unmarried couples living together at the same address will, under certain conditions, also be treated as tax partners. Although tax partners will be taxed separately, certain income components can be taxed more tax efficiently due to the possibility to divide non-personal income between them. The non-working tax partner of a working tax partner can, in principle, claim the general tax credit (maximum EUR 3,115) if the non-working tax partner was born before 1 January 1963.

Non-residents

Non-residents should also obtain a National Identification Number by way of an RNI registration at an RNI Desk. Nineteen Dutch municipalities have an RNI desk: Alkmaar, Almelo, Amsterdam, Breda, Den Haag, Doetinchem, Eindhoven, Goes, Groningen, Heerlen, Leeuwarden, Leiden, Nijmegen, Rotterdam, Terneuzen, Utrecht, Venlo, Westland and Zwolle. If a non-resident employee is expected to stay in the Netherlands more than two-thirds of the time over a six-month period, the employee must generally register as a resident in the municipality. Thus, the tax residency position may differ from the registration at the municipality.

Non-resident spouses are not considered tax partners and are therefore not allowed to divide their non-personal income between them. However, non-residents who are residents of an EU or EEA Member State, Switzerland, or one of the BES islands, may receive the same tax treatment as applies for residents if they pay tax in the Netherlands on at least 90 percent of their worldwide income. These qualifying non-residents will only be taxed on their Dutch income, and are, in principle, entitled to the same deductions and tax credits as resident taxpayers. Prorated deductions may be available to non-residents of one of the before mentioned countries/jurisdictions if certain conditions are met.

Tax rates

What are the current income tax rates for residents and non-residents in the Netherlands?

Residents

Tax is calculated by applying a progressive tax rate schedule to taxable income. The income tax rates are as follows.

Box 1

Income tax table for 2026

Taxable income bracket			Income tax rate	Social security tax rate
Bracket	EUR	EUR	Percent	Percent
1	0	38.883	8.10	27.65
2	38.883	78.426	37.56	0.00
3	78.426	Over	49.50	0.00

These figures apply to those who haven't reached the (state) pensionable age in 2026 yet (2026: 67 years).

Box 2

Taxable income bracket 2026			Tax rate
Bracket	EUR	EUR	Percent
1	0	68.843	24.50
2	68.843	Over	31.00

Box 3

A flat tax rate of 36 percent is applicable on deemed income from savings and investments. The basis for the calculation is the value of the assets on 1 January of the tax year. A tax exempted amount of EUR 59,357 per taxpayer applies. The income is calculated based on a deemed return which differs per type of asset.

Preliminary* percentages to calculate box-3 income	
Bank accounts, savings accounts and cash	1,%
Investments and other assets	6,00%
Debts	2,61%

The Box-3 system described above is currently applied as a temporary regime. Following rulings of the Dutch Supreme Court, taxpayers may invoke a counter-evidence mechanism if they can demonstrate that their actual return on savings and investments is lower than the deemed return calculated under the Box-3

rules. In such cases, taxation may be reduced to the level of the actual return. Further reforms are expected, with the Dutch government aiming to introduce a system based on actual returns by 1 January 2028.

2.1 Residence rules

For the purposes of taxation, how is an individual defined as a resident of the Netherlands?

Residency is determined based on the facts of each case. The following facts are taken into account (not limitative):

- the nature of the stay in the Netherlands;
- the length of stay;
- where the family lives;
- the individual's center of economic interests;
- the individual's intentions;
- whether the individual is registered in a municipal register;
- the location where bank accounts are held;
- the location where the person's assets are located;
- the terms of their employment.

The tax courts look at whether there are durable ties of a personal nature with the Netherlands. The term durable does not mean permanent; the closeness of the tie is more important. Ties of a personal nature exclude pure business considerations; personal circumstances, such as the maintenance of an abode, play a more defining role. Residence abroad does not, in itself, exclude the possibility of being considered a tax resident in the Netherlands. However, dual residence resulting in double taxation may be resolved under the terms of a particular tax treaty.

If a resident leaves the Netherlands and returns within a year, they remain a Dutch tax resident, unless they are considered a tax resident of another country/jurisdiction. If they are subject to taxes as resident in an EU member state or a country/jurisdiction with which the Netherlands has concluded a tax treaty with an agreement about the exchange of information and that country/jurisdiction has comparable tax bases as the Netherlands or if they are subject to income tax as a resident of Bonaire, Saba or Saint Eustatius, they will not be considered a Dutch tax resident.

Is there, a de minimis number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

No.

What if the assignee enters the country/jurisdiction before their assignment begins?

The assignee might be considered a resident of the Netherlands as of the date of entry.

2.2 Termination of residence

Are there any tax compliance requirements when leaving the Netherlands?

There are no special procedures for terminating tax residency in the Netherlands. However, individuals should deregister from the municipal register before they leave the country/jurisdiction.

What if the assignee comes back for a trip after residency has terminated?

This depends on the precise circumstances. It could prolong the period of Dutch tax residency. If not, it could give rise to Dutch tax liability if it is a business trip.

Communication between immigration and taxation authorities

Do the immigration authorities in the Netherlands provide information to the local taxation authorities regarding when a person enters or leaves the Netherlands?

No. However, in the case where a person registers or deregisters with the municipality, such registration or deregistration is shared with the tax authorities.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

This is possible, for instance, if the assignee receives trailing income related to the employment in the Netherlands or if the assignee still has a property in the Netherlands.

2.3 Economic employer approach

Do the tax authorities in the Netherlands adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the tax authorities in the Netherlands considering the adoption of this interpretation of economic employer in the future?

Yes, the Dutch Supreme Court has adopted an economic employer approach for the interpretation of the term employer.

According to a Resolution on the economic employer concept published at the end of 2023, a distinction on the definition of economic employer is to be made between tax treaties concluded before 22 July 2010 and tax treaties concluded as of 22 July 2010.

For tax treaties concluded before 22 July 2010 the Supreme Court's ruling dated from 2006 should be considered. According to the Supreme Court's ruling, for the application of the tax treaty, the employer:

- has the authority to instruct the employee; and
- bears the benefits and risks of the employee's employment activities; and
- is responsible for the result of the employee's employment activities; and
- bears the salary costs (direct or indirect through an internal recharge – this recharge should be specific and individually traceable).

For tax treaties concluded as of 22 July 2010, the OECD Commentary published in 2010 is applied.

De minimis number of days

Are there a de minimis number of days before the local tax authorities will apply the economic employer approach? If yes, what is the de minimis number of days?

No. Under certain circumstances an exemption based on a Resolution from the Minister of Finance can be applied if an individual does not work in the Netherlands for more than 60 days in a 12-month rolling period. However, this exemption is generally not applicable if there is a Dutch economic employer.

2.4 Types of taxable compensation

What categories are subject to income tax in general situations?

Under the income tax regime income is divided into three separate boxes, each of which is governed by its own set of rules and tax rates:

- Box 1 (work and home) covers business and employment income and income from the main private residence.
- Box 2 (substantial interests) includes income and gains from substantial shareholdings.
- Box 3 (savings and investments) covers income from capital.

The three boxes exist independently of each other. This means that losses from one box cannot be offset against income from another box. An exception is made for losses from Box 2. Under certain conditions these can be converted into a tax credit in Box 1.

In Box 1, employment income is taxed. This includes all employment income, such as wages, salaries, pensions, and benefits in kind. This income is generally subject to wage tax withholding. In general, this may be credited in determining the final income tax liability or refund. Deductions for employment expenses are not allowed, apart from a limited deduction for commuting by public transport.

Under the work-related costs rules, all reimbursements and provisions paid to employees and former employees as well as any items made available to them are treated as salary. The employer can choose to designate, as part of a final levy, the reimbursements and provisions paid and the items made available, with the exception of some items. If a salary component is designated as part of the final levy, it is no longer part of an employee's taxable income. To some designated items a specific exemption, nil value or fixed value applies.

The taxable benefit of the use of a company car for private purposes is set at 22 percent of the list price (unless certain environmental requirements are met, in which case a reduced percentage could be applicable.

Contributions by employers to qualifying employer pension schemes are not taxable. Contributions from employees to such schemes are in principle tax deductible if the employer withholds these contributions. Pension benefits paid out under the scheme are, conversely, taxable. Non-Dutch pension schemes are generally not considered as qualifying pension schemes. As a result, the employee's contributions are not considered tax deductible and the employer's contributions are considered taxable. Under certain conditions it is possible to request the Dutch Tax Authorities to consider the non-Dutch pension scheme as a qualifying pension scheme.

Box 1 also covers income from the primary residence. The deemed income on the primary residence depends on the assessed value of the property. Mortgage interest payments are tax deductible up to 30 years if certain conditions are met. If the income from the primary residence is negative (deemed income minus mortgage payments), this loss can be offset against other income covered by Box 1, which is taxed at progressive tax rates.

Capital gains taxes are not applicable unless there is a substantial interest in a company (Box 2 income). Box 3 taxes savings and investments. The taxable income is determined on the basis of a presumptive, that is, deemed return on capital. The deemed income is taxed at 36 percent. Following rulings of the Dutch Supreme Court, taxpayers may invoke a counter-evidence mechanism if they can demonstrate that their actual return on savings and investments is lower than the deemed return calculated under the Box-3 rules. In such cases, taxation may be reduced. Further reforms are expected, with the Dutch government aiming to introduce a system based on actual returns by 1 January 2028.

Resident taxpayers are subject to income tax on their worldwide income.

Non-resident taxpayers are subject to Dutch tax on Dutch sourced income. Mostly, only a substantial interest in a Dutch-based company or income from Dutch real estate (and directly or indirectly related rights) will be taken into account for Box 2 and 3.

2.5 Intra-group statutory directors

Will a non-resident of the Netherlands who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in the Netherlands) trigger a personal tax liability in the Netherlands, even though no separate director's fee/remuneration is paid for their duties as a board member?

1 Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in the Netherlands?

If an individual does not receive a remuneration in their capacity as statutory director of the company situated in the Netherlands, the position itself does not trigger a personal income tax obligation, irrespective of whether the individual is physically present at the board meetings in the Netherlands.

2 Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in the Netherlands (i.e., as a general management fee where the duties rendered as a board member is included)?

The cost recharge might indicate that a part of the remuneration received by the individual is considered to be received in the capacity as statutory director.

The main question is if a remuneration should be paid/allocated to the duties as statutory director. If so, this is likely to trigger a personal tax liability for the individual and it might also trigger obligations for the company.

3 In the case that a tax liability is triggered, how will the taxable income be determined?

Insofar an individual receives a fee/remuneration in the capacity as statutory director and the Netherlands has levy rights based on the applicable tax treaty, the taxable income should be calculated according to Dutch wage tax law (same tax rates apply as for employees). In principle, the Dutch company from which an individual is statutory executive director, is considered as the wage tax withholding agent and should run a Dutch payroll administration. This is not applicable to non-executive directors (commissioners/supervisory board members) unless the company and individual choose to do so (opting-in).

2.6 Tax-exempt income

Are there any areas of income that are exempt from taxation in the Netherlands? If so, please provide a general definition of these areas.

In Box 1, employment income or certain expenses can be paid by the employer (partly) tax-free under strict conditions, for instance a moving allowance and extraterritorial costs.

In Box 3, certain goods for personal use are exempted (e.g. car). Capital gains from assets covered by Box 3 are not taxable, because a deemed income is taxable and not the actual income/gain. Note that this is different under the counter-evidence mechanism under which system the (realized and unrealized) capital growth is part of the actual return on savings and investments. Further reforms are expected, with the Dutch government aiming to introduce a system based on actual returns by 1 January 2028.

A capital gain resulting from the sale of a principal residence in Box 1 is not subject to income tax.

2.7 Expatriate concessions

Are there any concessions made for expatriates in the Netherlands?

Expat ruling

The Netherlands has a special tax regime for expatriates, the so-called expat ruling (formerly known as the 30 percent ruling).

According to the ruling, the employer may pay the employee a tax-free allowance that does not exceed 30 percent of their total taxable remuneration. This allowance should cover the extraterritorial costs the employee incurs as a result of the employment in the Netherlands.

In addition, the employer may reimburse the fees for the employee's children to attend an international school (or international department of a local school) tax-free.

The maximum period for which the expat ruling is granted is 5 years. Periods of earlier employment or stay in the Netherlands within the reference period of 25 years prior to the start of the employment in the Netherlands will reduce the duration of the expat ruling if these periods exceed certain thresholds.

Employees with the Dutch nationality may also qualify for the expat ruling provided they meet the legal requirements.

In general, to qualify for the expat ruling, the following conditions must be met:

- The employee has specific expertise, which is scarce or not available on the Dutch labor market.
- The employee has been recruited from abroad.
- The employer is (or is appointed as) a Dutch wage tax withholding agent.

Specific expertise and scarcity criterion

In order for a specific expertise to be proven, only the salary will be assessed. The converted annual salary for tax purposes in the Netherlands must exceed EUR 48,013, excluding the untaxed 30 percent allowance. This is equal to a gross salary of EUR 68,590 including 30 percent allowance. A reduced salary threshold is applicable in certain cases.

In addition to the specific expertise criterion, a scarcity criterion applies. The specific expertise must be scarce or not available on the Dutch labor market. However, the Deputy Minister of Finance has indicated that scarcity will only be assessed in exceptional situations.

Recruited from abroad

In principle, the employee must have been recruited from abroad to qualify for the expat ruling. Immediately prior to the employment in the Netherlands, the employee must have resided outside a 150-kilometer radius of the Dutch border for at least two-third of a 24-month period. This condition might need to be applied differently for employees who previously stayed in the Netherlands and for (former) doctoral students.

Application

The application for the expat ruling must be filed within 4 months after commencement of employment activities in the Netherlands. Employer and employee should sign an addendum to the employment contract in which they agree on application of the expat ruling. This contract must be stated explicitly based upon legal requirements.

Non-residents can also apply for the expat ruling. Supervisory Board Members may apply for the expat ruling as well if they have a Dutch wage tax withholding agent (based on the opting-in rules).

The 30 percent allowance should cover the employee's extraterritorial costs the employee has to make because of their employment in the Netherlands. This means that such costs cannot be reimbursed tax-free in addition to the 30 percent allowance.

Employers should seek advice with respect to the reimbursement of extraterritorial expenses in addition to the expat ruling. A lot of reimbursed costs to international mobile employees, which may appear to be business costs that can be reimbursed tax-free, are considered extraterritorial costs; consequently, reimbursing these costs is taxable if the employee has been granted the expat ruling.

Income cap

With the expat ruling the effective top income tax rate is 34.65%.

As of 2024, the expat ruling may not be applied on employment income exceeding the WNT-norm, which is € 262,000 in 2026 (and the tax-free allowance expat ruling therefore is capped at € 78,600). Consequently, the top income tax rate will increase from 34.65% to 49.5% to the extent the employment income exceeds € 226,000.

In case an employee may only apply the expat ruling during a part of the year (either in the year of arrival in the Netherlands or in the year the term of grant expires), the WNT-norm has to be prorated on a time apportionment basis.

Changes in legislation per 2027

As part of the 2025 Tax Plan, as of 1 January 2027, the maximum tax-free allowance is set at 27%. In addition, the salary criterion will be increased.

A transitional rule applies to employees already benefiting from the expat ruling in December 2023. For this group of employees, the tax-free allowance will remain maximized at 30% and the old (indexed) salary criterion remains applicable.

2.8 Salary earned from working abroad

Is salary earned from working abroad taxed in the Netherlands? If so, how?

Non-residents, who are not directors or supervisory board members of a Dutch company, are not subject to Dutch income tax on compensation attributable to services performed outside the Netherlands. Employment-sourced income is generally calculated based on the number of working days spent in the Netherlands for the taxable year (including sick days that would have been working days in the Netherlands in case the employee would not have been sick) divided by the actual working days (including sick days) multiplied by the amount of total employment income.

In the situation that no tax treaty is applicable, employment compensation paid to an employee with a Dutch wage tax withholding agent, who performs the services outside the Netherlands and who is not liable to tax outside the Netherlands, will in principle be taxed in the Netherlands provided that the employee also partially performs employment activities in the Netherlands.

Residents, including resident individuals with the expat ruling), are subject to Dutch income tax on their worldwide employment income.

Based on a tax treaty with the state where the services are performed or national tax law, relief from double taxation may be available in the Netherlands.

2.9 Taxation of investment income and capital gains

Are investment income and capital gains taxed in the Netherlands? If so, how?

Residents are subject to personal income tax in respect of their worldwide income, including income from substantial interests in Box 2 and savings and investments in Box 3.

Box 3 deals with capital income, that is, income from savings and investments. The basis for the calculation is the value of the assets on 1 January of the tax year. A tax exempted amount of EUR 59,357 per taxpayer applies. The income is calculated based on a deemed return which differs per type of asset.

It is emphasized that the taxable income is in principle computed without considering the actual income received. Thus, if actual income exceeds the deemed percentage, no tax is due on the excess. Conversely, there is no reduction in tax if actual income is less than the deemed percentage. The deemed income is taxed at 36 percent.

For these purposes, assets include not only money, shares, bonds, and tangible assets (such as a second house) but also any intangible assets, which have an economic value. The latter could include, for example, permits, licenses, and patents. Non-qualifying annuities are taxed in Box 3. Depending on the circumstances, rights arising under trusts may be covered by Box 3.

Following rulings of the Dutch Supreme Court, taxpayers may invoke a counter-evidence mechanism if they can demonstrate that their actual return on savings and investments is lower than the deemed return calculated under the Box-3 rules. In such cases, taxation may be reduced to the level of the actual return. Further reforms are expected, with the Dutch government aiming to introduce a system based on actual returns by 1 January 2028.

Box 2 deals with a substantial interest in companies. A substantial interest means (options to) 5 percent or more of the shares or a profit right of 5 percent or more of the profit. Dividends and capital gains are taxed as follows

Taxable income bracket 2026			Tax rate
Bracket	**EUR**	**EUR**	**Percent**
1	0	68,843	24.50
2	68,843	Over	31.00

Non-residents are subject to Dutch income tax on income derived from certain specified domestic sources including income sources such as (deemed) income from real estate located in the Netherlands.

There is no capital gains taxation.

Dividends, interest, and rental income

Dividends, interest and rental income are not taxable in Box 3. In Box 2, dividends are taxed.

Note that this is different under the counter-evidence mechanism of Box 3 under which system the actual return on savings and investments (e.g. dividends, interest and rental income) is taxable.

Gains from stock option exercises

The difference of the option price and the fair market value of the underlying shares at the taxable moment of stock options that have been granted as employment remuneration are taxable.

Taxation will in principle take place at the time the acquired shares become tradable. ‘Become tradable’ is defined as the moment on which any sale restrictions are lifted and the employee may sell the shares they acquire upon exercising the option. Rules to prevent improper use and long-term deferral of taxation apply.

An employee can elect to tax the gains at the moment of exercise.

Foreign exchange gains and losses

Not taxable/deductible.

Principal residence gains and losses

Not taxable/deductible.

Capital losses

Not deductible in Box 3. A loss from selling a substantial interest is considered in Box 2.

Personal use items

Not taxable/deductible.

2.10 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in the Netherlands? If so, please discuss?

Yes, only applicable to capital gains from substantial interest.

Are there capital gains tax exceptions in the Netherlands? If so, please discuss?

No. There is a roll-over relief for business succession in substantial shareholdings. Under certain conditions, this may prevent taxation in box 2 when there is a business succession.

Pre-CGT Assets

No.

Deemed disposal and acquisition

Yes, only applicable to capital gains from substantial interest.

2.11 General deductions from income

What are the general deductions from income allowed in the Netherlands?

Box 1 covers business income, employment income, income from other activities, income in the form of periodic payments (such as qualifying annuities and alimony), as well as income from the main private residence.

Income (positive and negative) from the principal residence:

Income from the principal residence is taken into account in Box 1. The most significant item under this heading is qualifying mortgage interest on the principal residence. This is treated as negative income and leads to a deduction in Box 1.

Income from the principal residence is also deemed to arise, the amount being set as a percentage of the tax value established periodically by the municipal authorities. For tax values of more than EUR 1,350.000, the income is set at EUR 4,725 plus 2.35 percent on the amount exceeding EUR 1,350.000. For tax values between EUR 75,000 and EUR 1,350,000 the income is set at 0.35 percent of the value.

Income from other properties (not being the principal residence, such as vacation homes) is taken into account in Box 3.

Exceptionally, the income from more than one private residence may temporarily (with a maximum of 4 calendar years) be attributed to Box 1, such as where alterations are carried out on a private residence before moving into it or where a new private residence has already been purchased, but the old residence has not yet been sold and one of the two properties is empty.

Other deductions

Deductions are also allowed for expenses such as qualifying retirement annuity premiums and personal expenses like alimony. The rules regarding the deductibility of retirement annuity premiums are complicated and depend on the calculated pension gap of the taxpayer.

2.12 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in the Netherlands?

Current year gross-up.

2.13 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in the Netherlands? For example, pay-as-you-earn (PAYE), pay-as-you-go (PAYG), and so on.

Pay-as-you-earn (PAYE).

When are estimates/prepayments/withholding of tax due in the Netherlands? For example, in monthly, annually, both, and so on.

Mostly on a monthly basis.

2.14 Relief for foreign taxes

Is there any Relief for Foreign Taxes in the Netherlands? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

Relief from double taxation for resident individual taxpayers may be provided by way of tax treaty or, depending on the circumstances, under domestic rules.

Income from foreign employment is generally covered by the exemption provisions under treaties or the unilateral decree. This is often referred to as exemption with progression, since the foreign income, although exempt, is taken into account in determining which brackets are applicable to the taxpayer's taxable income.

The foreign tax on the foreign income in question may be more or may be less than the amount of the double tax relief.

In some cases the credit method may apply. Income earned in the capacity of a statutory director is generally covered by the credit provisions under treaties or the unilateral decree.

2.15 General tax credits

What are the general tax credits that may be claimed in the Netherlands? Please list below.

Depending on an individual's (family) position, the following tax credits may apply:

- the general tax credit;
- the labor tax credit;
- the combination tax credit (for taxpayers with a child of the age younger than 12 and who do not have a partner or who has a lower taxable employment income than their partner);
- the tax credit for disabled young people;
- the old-age tax credit;

- the old-age tax credit for single persons;
- the tax credit for environmental investments.

2.16 Sample tax calculation

This calculation[1] assumes a married taxpayer resident in the Netherlands with two children whose 3-year assignment begins 1 January 2025 and ends 31 December 2027. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years.

	2025 USD	2026 USD	2027 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Other assumptions

- All earned income is attributable to local sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year.
- Interest income is not remitted to the Netherlands.
- The company car is used for business and private purposes and originally cost USD 50,000.
- The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

Calculation of taxable income before applying the expat ruling

Year-ended	2025 EUR	2026 EUR	2027 EUR
Days in the Netherlands during year	365	365	365
Earned income subject to income tax			
Salary	90,000	90,000	90,000
Bonus	18,000	18,000	18,000
Cost-of-living allowance	9,000	9,000	9,000
Housing allowance	10,800	10,800	10,800

Year-ended	2025 EUR	2026 EUR	2027 EUR
Company car	9,900	9,900	9,900
Moving expense reimbursement	10,250	0	10,250
Home leave	0	4,500	0
Education allowance	0	0	0
Total earned income	147,950	142,200	147,950
Other income	0	0	0
Total income	147,950	142,200	147,950
Deductions	0	0	0
Total taxable income	147,950	142,200	147,950

Exchange rate used for calculation: USD1.00 = EUR0.9.

Calculation of tax liability

	2025 EUR	2026 EUR	2027 EUR
Taxable income as above	147,950	142,200	147,950
Dutch tax thereon (incl. national insurance contributions)	41,391	39,203	41,195
Less:			
Domestic tax rebates	1,661	2,173	1,911
Foreign tax credits	0	0	0
Total Dutch tax	39,730	37,030	39,284

Notes

- The expat ruling is applicable. The taxable income as shown above is before applying the expat ruling.
- All amounts are gross amounts.
- The extraterritorial costs are taxable, however, taxed according to the expat ruling.
- The housing allowance is fully taxable (as paid in-cash and as a benefit-in-kind), however, taxed according to the expat ruling.
- The taxable private use of the company car is 22 percent of the list value of the company car; it is assumed that the list price is USD 50,000.
- A tax-free amount of EUR 7,750 is taken into account for the moving expenses reimbursement.
- It is assumed that the education allowance is for a qualifying international school (which can be reimbursed tax-free).
- Employee is liable to social security. Therefore, the income tax rates include the national insurance element.
- Interest income is not taxable.
- The calculations for 2026 and 2027 are based on the tax rates of 2026.

Footnote:

[1] Sample calculation generated by Meijburg & Co Tax Lawyers, the Netherlands member firm of affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity, based on the Dutch Personal Income Tax Act 2001 and the Dutch Wage Tax Act 1964. These laws can be found at www.wetten.overheid.nl

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

The short-term assignee will probably be considered a non-resident of the Netherlands during the short-term assignment to the Netherlands. This will ultimately depend on the specific facts and circumstances of the individual's position.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

A short- term assignee could be subject to Dutch income tax as of day one. The foreign employer then likely has a withholding obligation for Dutch wage tax purposes. A Dutch group company can act as the withholding agent if approved by the Dutch Tax Authorities. The Dutch company can be held liable in case of under-withholding.

3.3 Taxable income

What income will be taxed during short-term assignments?

As a non-resident, a short-term assignee will be subject to Dutch income tax on Dutch-sourced income such as compensation attributable to services performed in the Netherlands.

Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in the Netherlands?

Yes, social security considerations as well as visa and work permit considerations. Considerations should also be given to pension issues and labor law issues including the Posted Workers Directive and a possible notification obligation that may be applicable in this regard.

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in the Netherlands? If so, what are the rates for employers and employees?

Employer and employee

The Dutch social security system consists of the National Insurances, the Employee Insurances and the Health Care Insurance.

Type of insurance	Paid by employer	Paid by employee	Total
Unemployment Insurance Act	2.74 or 7.74% (depending on the duration and type of the employment contract)	0.00%	2.74 or 7.74% (depending on the duration and type of the employment contract)
Disability Act*	7.79 or 9,15% (depending on whether the employer is considered a small employer for the purpose of this fund)		7,79% or 9.15% (depending on whether the employer is considered a small employer for the purpose of this fund)
General Old Age Pensions Act	0.00%	17.90%	17.90%
General Surviving Relatives Act	0.00%	0.10%	0.10%
Long-term Care act	0.00%	9.65%	9.65%
Health Insurance Act	6.10%	0.00%	6.10%
Total	Ranging from 16.84% to 26.52%	27.65%	Ranging from 44.49 % to 54.17%

The National Insurances comprises the following contributions, due by the employee:

- General Old Age Pensions Act (AOW): 17.9 percent, maximum EUR 6,960
- General Surviving Relatives Act (ANW): 0.1 percent, maximum EUR 39
- Long-term Care Act (WLZ): 9.65 percent, maximum EUR 3,572

The Employee Insurances comprises the following contributions, due by the employer:

- Unemployment Insurance Act (WW)
- Disability Act (WIA and Whk).

Depending on the size of the employer and nature of the employment contract, different rates may apply when calculating Employee Insurance contributions.

Employer

- WW: 2.74 or 7.74 percent, depending on the nature of the contract. The lower rate is applicable to employees with a contract of indefinite duration (not being an on-call contract), the higher rate on employees with a flexible/temporary employment contract. The lower rate may be applicable in some other very specific situations as well. The higher rate applies in certain cases retroactively.
- WIA and Whk: 7.79 or 9.15 percent, depending on the seize of the employer and the line of industry.
- Health care insurance Act: 6.10 percent.

Medical insurance

The health care contributions consists of a nominal contribution (on average EUR 1,1773per year, to be paid by the employee by having a private health care insurance) and an income dependent contribution. The income dependent employer contribution is 6.10 percent of the income for contribution purposes (capped at EUR 79,409that is, EUR 4.844 per year).

Calculation of social security liability for the employee in sample calculation above

	EUR
National insurance (levied together with income tax, before deduction of tax rebates)	10,751

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in the Netherlands?

Gift and wealth taxes

Gifts made by a resident of the Netherlands are basically taxed at the same rates as assets inherited from the estate of a resident, although the tax-free limits may differ depending on the recipient of the gift. In certain situations, gifts made by former residents of the Netherlands are also taxed. Resident persons who benefit from the expat ruling are subject to gift and inheritance tax like any other taxpayer.

There is no wealth tax in the Netherlands. However, wealth is taxed in Box 3 of the Dutch income tax.

Inheritance tax

Inheritance tax is levied on the assets inherited from a person who is a resident of the Netherlands (this includes persons who benefit from the expat ruling) or who died as a Dutch citizen within 10 years of leaving the Netherlands. The inheritance tax rates are lower for close family members than for distant relatives or unrelated persons.

4.3 Real estate tax

Are there real estate taxes in the Netherlands?

Real estate tax is assessed by the municipality on the occupier of real estate and is based on the value of the property. The rates vary by municipality.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in the Netherlands?

Sales tax

There is a sales tax on the transfer of Dutch real estate (this real estate transfer tax is 10.4 percent for commercial real estate and 2 percent for residential property).

A one-time exemption on the transfer of residential Dutch real estate may apply if the buyer of the residential property is between 18 years and 35 years old. For real estate with a value over EUR 555,000 the exemption is not applicable.

Value-added tax (VAT)

The normal VAT rate is 21 percent. For certain goods and services other rates (9 percent or 0 percent) or an exemption may apply.

4.5 Other taxes

Are there additional taxes in the Netherlands that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Local taxes

There are several local taxes assessed by the municipality, for instance waste tax, sewage charges, and dog tax.

Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

No, not separately from the Dutch personal income tax return. As a Dutch tax resident, worldwide income should be reported in the annual Dutch income tax return, i.e. worldwide assets need to be reported in Box 3.

05
Immigration

5 Immigration

5.1 Immigration

Following is an overview of the concept of The Netherlands' immigration system for skilled labor.

This summary provides basic information regarding business visits to, and work authorization for, The Netherlands.

With regard to entry and residence into The Netherlands we must differentiate between nationals of the

European Union, European Economic Area and Switzerland and all other (so-called) third-country nationals. This last group can be divided into 'visa nationals and 'non-visa nationals'.

Another distinction is made in the anticipated duration of stay. Any stay up to 90 days is considered a short-stay visit, if the stay exceeds 90 days it will be considered a long-term stay or residence.

Most foreign nationals who come to The Netherlands for employment for more than 3 months will need a 'Single Permit', this includes the right to residence and the authorization to work. Depending on the specific situation, there are different filing categories each with specific conditions and which vary in their processes and processing times. For most filing categories, the foreign national must coordinate with a Dutch employer as they need to sponsor the application. Very few exceptions exist.

EU citizens and EEA citizens can exercise the right to Freedom of movement, which means they have unrestricted access to the Dutch labor market. No visa, work- and or residence permit is required to enter the Netherlands and to take up residence here or to work here. Regardless the nationality of the workers intra-EU assignments are however in general subject to the Posted Workers Notification obligation.

As for 'third-country nationals' the Netherlands distinguishes further between non-visa nationals and visa nationals. For a short stay of up to 90 days, non-visa nationals can enter the Netherlands on the basis of their national passport without the need of an entry visa.

The Netherlands further grants nationals of certain countries/jurisdictions visa waiver privileges for a long stay residence in The Netherlands. Nationals from Australia, Canada, Japan, Monaco, New Zealand, South Korea, the UK, the USA and Vatican City may apply for a combined work and residence permit in-country/jurisdiction. They don't require the special 'MVV- entry visa' to take up residence in the Netherlands.

A non-visa national may not start working until the appropriate Single permit has been issued in the form of an official ID document. The application for this permit can be filed by the employer while the applicant is still in the home country/jurisdiction and should then be ready shortly after arrival.

Other nationalities are visa nationals which means they must obtain a special 'MVV entry visa' before entering The Netherlands. This is endorsed by the Dutch post in the home country/jurisdiction, but only after the employer in The Netherlands has first filed the application with the Dutch immigration authorities. After the application is approved the Dutch post will be authorized to issue the visa. The MVV entry visa is valid for a maximum period of 90 days (multiple entries) but will be converted to a Single permit with a longer validity after arrival in The Netherlands.

5.2 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter The Netherlands as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

Depending on the nationality, some third country nationals visiting the Netherlands for a short stay visit, may be allowed to enter The Netherlands on the basis of their passports for up to 90 days within 180 days rolling period. This does not apply to visa nationals.

In some cases, a treaty or special agreement authorizes citizens of certain countries/jurisdictions to enter The Netherlands without obtaining a visa. There are many countries/jurisdictions that have established visa exemptions with The Netherlands

Overview of visa nationals and non-visa nationals for entry into the Netherlands:

list of countries whose nationals need a Schengen visa

In The Netherlands, business visitors must strictly limit their activities to the following:

- Attending strategic business meetings or discussions on the development or the management of the company or organization;
- Attending internal training courses, limited to observation, familiarization with the company culture and receiving instructions in a clear classroom situation under supervision of a trainer;
- Fitting machinery/equipment, installing software or giving training sessions to users, subject to the strict condition that the machinery/software were supplied by the foreign employer.

The work permit exemption does not apply to any activities performed in relation to the primary manufacturing process or the core activities of the company or organization. Any performed work that falls out of the scope of the exemption will trigger a work permit requirement, even if this forms only a small part of the total activities undertaken.

The work permit exemption is applied based on self-assessment principle, no application has to be filed and as a result no output (permit) is issued. The company will not receive any confirmation that the work permit exemption is applied in a correct manner.

For the maximum permitted duration of stay the following calculation will apply: A traveler is required to count back 179 days from the current day of stay in the Schengen area. The current day of stay counts as the 180th day. Within this time frame the cumulated days of stay in all Schengen member states must not exceed 90 days. Days of stay spent in the issuing Schengen member state (in this case: The Netherlands) on the basis of a national visa or national residence permit do not count for the 90 days limitation.

The short-stay calculator on the following website can be used for calculating the period of allowed stay under the Schengen rules:

Short-stay Visa Calculator | Migration and Home Affairs (europa.eu)

In addition to The Netherlands, the following countries/jurisdictions are considered as Schengen member states: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and Switzerland.

Describe (a) the regulatory framework for business traveler being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

Visa nationals are required to obtain a Schengen (C) visa to be able to enter The Netherlands for business visitor activities (as described above). The Schengen visa is typically issued for multiple entries. Although circumstances may vary, a business visitor may receive authorization to visit The Netherlands for up to 90 days within a rolling 180-day period.

The Schengen Visa must be applied for at the Dutch post in the home country/jurisdiction.

Schengen Visas are generally not eligible for in-country/jurisdiction extension, however in exceptional cases an extension would be possible.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

1. Document gathering
2. Secure Schengen Visa appointment at the Dutch post in the home country/jurisdiction
3. Prepare Schengen Visa application package
4. Submit Schengen Visa application with the Dutch post in the home country/jurisdiction
5. Obtain Schengen Visa and travel to The Netherlands

General advice is to apply for a Schengen Visa at least 15 business days before the planned travel date to the Netherlands.

CHECKLIST Schengen visa application

5.3 Long-Term Assignments

What are the main work permit categories for long-term assignments to The Netherlands? In this context outline whether a local employment contract is required for the specific permit type.

The Netherlands has a few popular long term immigration programs in place; the Highly Skilled Migrant (HSM) program, the Intra Corporate Transfer (ICT) program and the European Blue Card (EU Blue Card).

A HSM permit or EU Blue card can be applied for based on a local employment contract or an intra EU assignment agreement. The ICT program must be applied in case of intra-corporate assignments for employees that reside outside the EU at the moment of the application.

Provide a general process overview to obtain a work and residence permit for long- term assignments (including processing times and maximum validation of the permit).

The application for an HSM-, ICT permit or EU Blue card is filed by sponsoring employer in the Netherlands. In case of a HSM application procedure it is essential that the sponsoring employer is registered with the immigration authorities as an Authorized Sponsor. For the other two programs it is not a strict requirement, however only if the sponsoring entity in the Netherlands is an Authorized Sponsor the application will be processed in an expedited way (2 to 4 weeks opposed to 3 months).

Upon approval by the immigration authorities visa nationals should obtain their MVV entry visa via the Dutch post in their home country/jurisdiction before traveling to the Netherlands. Non-visa nationals can travel to the Netherlands based on their passport.

Shortly after arrival the Dutch immigration authorities will send out an invitation to collect the actual residence permit / ID card including work authorization.

The validity of Dutch work and residence permits is generally linked to the validity of the employment- or assignment contract (with a maximum of 5 years in case of an indefinite employment contract), with the option to extend.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

The following gross monthly salary criteria apply as of 1 January 2026 (indexed annually):

- Highly Skilled Migrants 30 years and older: EUR 5,942 excluding vacation allowance

- Highly Skilled Migrants younger than 30 years: EUR 4,357 excluding vacation allowance
- European Blue Card: EUR 5,942 excluding vacation allowance

The Highly Skilled Migrant salary criteria also apply to applications under the Intra Corporate Transfer program.

The salary criterion is assessed solely on the salary received in cash, i.e., the fixed contractual gross salary in cash, excluding the vacation allowance to be paid by the employer. Non-cash salary payments and uncertain salary components such as overtime, tips, and benefit payments are excluded. However, expense allowances may be included provided they are guaranteed and regularly paid each month.

A fixed allowance such as a 13th month payment or fixed year-end bonus can only be included in the gross salary if they are paid to the highly skilled migrant in monthly arrears.

The salary must also be paid at least monthly into a bank account held by the employee. The pay slips and proof of payment must be made available for inspection upon first request.

Is there a fast-track process which could expedite the visa/ work permit?

The HSM-, ICT- and EU Blue card programs are, provided that the sponsoring entity is an Authorized Sponsor, the most expedited immigration processes available.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

Visa nationals are allowed to start their work activities upon arrival in the Netherlands based on an MVV entry visa.

Non-visa nationals can travel to the Netherlands based on their passport and are allowed to commence work upon collection of the residence permit card, or temporary equivalent, from the local Dutch immigration office.

Can a short-term permit/ business visa be transferred to a long-term permit in The Netherlands?

Non-visa nationals can apply for a long-term residence permit within their first 90 days in the Netherlands.

Visa nationals will have to apply for a long-term residence permit from outside the Netherlands and, upon approval, obtain their MVV entry visa in the home country/jurisdiction before re-entering the Netherlands for long term stay.

Is it possible to renew work and residence permits?

The end date of Dutch work and residence permits is generally linked to the end date of the employment- or assignment contract (with a maximum of 3 years in case of an ICT permit and 5 years in case of a HSM permit or an EU Blue card). If the contract is continued/extended and the conditions for the permit are still being met an extension can be applied for at the Dutch immigration authorities. This process can typically be awaited in the Netherlands.

Is there a quota or system or a labor market test in place?

There is no quota for the issuing of Dutch work and residence permits. A labor market test applies to most local employment applications outside the scope of the HSM- or EU Blue card program.

5.4 General Immigration Related Questions

Would it be possible to bring family members to The Netherlands?

The HSM, ICT and EU Blue card programs allow for dependent family member permits. With family member the Dutch immigration authorities mean married, registered and unmarried spouses and children under 18. With a dependent permit the family member will receive free access to the Dutch labor market.

Is it possible to obtain a permanent residence permit?

After 5 years of uninterrupted rightful stay in The Netherlands based on a Dutch residence permit a permanent residence permit can in most cases be applied for. An important condition for the

permanent residence permit is that in the application phase the applicant can evidence to have passed the civic integration exams.

What if circumstances change after the Work and Residence application process (e.g., change of employment or personal situation, including job title, job role or salary)?

Relevant changes in the personal and professional situation should be notified to the Dutch immigration authorities within 4 weeks after they take place. Changes that can impact the immigration status are for instance: termination of the employment- or assignment contract, decrease in working hours or salary (resulting in a salary amount under the salary criterion level) and change of employers.

How long can a permit holder leave The Netherlands without their permit becoming invalid?

It is allowed to spend time outside The Netherlands during the validity of a Dutch permit. The permit holder can be outside The Netherlands for a maximum of 4 consecutive months in a year, for 3 years in a row. Or for a maximum of 6 consecutive months once during the validity of the permit.

Only Highly skilled migrants can leave The Netherlands, for the specific purpose of a foreign work assignment, for a maximum period of 8 out of 12 months (separate periods are added up).

It is important that during any stay outside The Netherlands the conditions for the Dutch permit are continuously met.

Must immigration permissions be cancelled by the end of the assignment/employment?

The end of an assignment or employment will have to be notified to the Dutch immigration authorities by the sponsoring employer within 4 weeks.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

The Dutch authorities check if companies are compliant with the immigration rules. Non-compliance can lead to a warning (in best case scenario), administrative and governmental fines for the sponsoring employer varying from EUR 225 to EUR 6,000 per violation and to revoking of permits.

In case of serious or repeated violations the Dutch authorities can also suspend or even withdraw the Authorized Sponsor status of a company. This would mean that the company can no longer make use of the Highly Skilled Migrant program at all and no longer make use of other expedited processes which require Authorized Sponsorship.

5.5 Other Important Items

List any other important items to note, or common obstacles faced, in The Netherlands when it comes to the immigration processes.

Regardless of the nationality of the worker, intra-EU assignments, short term and long term, are generally subject to the notification obligation under the Posted Workers Directive.

Back to top

Disclaimer

All information contained in this publication is summarized by Meijburg & Co, Tax Lawyers the Dutch member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee, based on the Dutch income tax act 2001, the wage tax act 1964 and subsequent amendments and resolutions; Resolution of the Ministry for Social Affairs and Employment of 2 December 2025, nr. 2025-0000276298; the Web site of the Dutch Revenue and the Web sites of the Dutch Social Security administrations SVB and UWV, the turnover tax act 1968, the Commentary to the OECD Model Tax Convention and Dutch case law, the Aliens act, order and circular 2000 and Aliens Employment Act and the Basic Registration Persons Act, the Web sites of the Government of the Netherlands and the Immigration and Naturalisation Service.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.