

## **Netherlands**

### **Tax Structure for Digital Nomads**

#### **1. 30% Ruling**

- Eligibility: Highly skilled migrants recruited from abroad with specific salary thresholds (€43,270 or €32,939 if under 30).
- Duration: Five years (reduced from eight years since 2019).
- Income Tax Benefit: 30% of salary deemed as tax-free allowance.
- Foreign Income Treatment: • Option to be treated as partial non-resident for Box 2 and 3 income (savings and investments). • Foreign savings and investments can be exempt from Dutch taxation.

#### **2. Standard Tax Regime**

- Progressive Income Tax Rates (2024): • Box 1 (Employment and Business Income): • Up to €75,518: 36.97% • Above €75,518: 49.5% • Box 2 (Substantial Interest): 24.5% on dividends and capital gains from substantial shareholdings. • Box 3 (Savings and Investments): Deemed return taxed at 33% (effectively 0.36%-1.6% of total asset value).
- Social Security Contributions: Included in Box 1 rates.
- Health Insurance Premium: Mandatory private insurance around €120-150 per month.

#### **3. Business Structures**

- Sole Proprietorship (Eenmanszaak): Box 1 income tax rates, self-employed deduction of €5,030.
- Private Limited Company (BV): 19% corporate tax on profits up to €200,000, 25.8% above that amount, plus Box 2 tax on dividends.
- Partnership (VOF): Transparent for tax purposes, each partner taxed individually.
- Self-Employed Deduction: €5,030 (being phased down gradually to €3,750 by 2027).

#### **4. Value-Added Tax (BTW)**

- Standard Rate: 21%.
- Reduced Rate: 9% for necessities.
- Registration Threshold: €20,000 annual turnover from 2025 (no threshold previously).
- Small Business Scheme (KOR): Optional VAT exemption for businesses with turnover under €20,000.

### **Digital Nomad-Friendly Provisions**

#### **1. Dutch American Friendship Treaty (DAFT)**

- Purpose: Simplified residence permit for American entrepreneurs.
- Requirements: Minimum investment of €4,500 and viable business plan.
- Tax Advantage: Access to self-employed deductions and potential eligibility for 30% ruling.
- Duration: Two years initially, renewable.

## **2. Digital Nomad Visa (Introduced 2023)**

- Purpose: Specific residence permit for remote workers and digital nomads.
- Requirements: Proof of sufficient income (around €3,000 monthly), health insurance.
- Tax Advantage: Can combine with 30% ruling if eligible.
- Duration: One year, with potential for extension.

## **3. Deductions & Credits**

- Home Office Expenses: • Deductible if specific part of home exclusively used for business. • Must meet "permanent designated area" requirement.
- Professional Development: • Education and training expenses deductible if relevant to current profession. • Professional subscriptions and memberships deductible.

## **4. Startup/Tech Incentives**

- Innovation Box: • Reduced 9% tax rate on income from innovative activities. • Requires approved R&D declaration (WBSO).
- WBSO (R&D Tax Credit): • 32% tax credit on first €350,000 of R&D wage costs (40% for startups). • 16% on amounts exceeding €350,000.

## **5. Social Security Considerations**

- Optional Schemes: Entrepreneurs can opt for voluntary insurances for disability and pension.
- EU Social Security Coordination: Possible exemption from Dutch social security if covered in another EU country.
- Self-Employed Benefits: Access to self-employed deduction and starter's deduction.
- International Agreements: Social security totalization agreements with many countries.

## **6. Banking & Foreign Income**

- Euro Banking Benefits: Lower transfer fees within the SEPA zone.
- Foreign Income Rules: • Worldwide taxation principle with exemptions under 30% ruling. • Extensive tax treaty network to prevent double taxation. • Participation exemption for qualifying foreign shareholdings