

Change in wage tax credit for foreign employees

As of January 1st, a new measure will be introduced in which the payroll tax credits for foreign employees will be limited. This could mean that the salary you receive in January is lower than you're used to.

In recent years it was found that foreign taxpayers received a payroll tax credit to which they had no right. An income tax declaration is not always mandatory, so this was not rectified by everyone.

That's why a measure is now being implemented that does not initially provide this payroll tax credit. This discount can still be requested via the income tax return. This will then only be given to the employee who has the right to receive this. Note that the tax authorities look back at a tax return up to 5 years. So it's possible that you also have to repay the discount that you have received in the previous 5 years.

As an employee you have the duty to check whether you have to file a tax return (also for previous years).

What is meant by a foreign employee?

A foreign employee is an employee who, for example, has a home in Belgium and goes back to it every day after work. Then the employee is liable to pay tax in Belgium and not in the Netherlands. A foreign employee is also the employee who comes from Romania to the Netherlands to work, however his or her children go to school in Romania and the employee, for example, has a Romanian bank account number.

An assessment must be made for each employee, where is the social and economic life of the employee?

Wage tax tables

In 2019 there will be payroll tax tables for three groups of employees, the amount of the discount may differ per group:

1. Tax resident of the Netherlands
2. Tax resident of another EU / EEA / BES member state
3. Tax resident of another country

Calculation example

The exact difference for 2019 depends on several factors. For example, the amount of the gross salary, overtime and irregular hours. If, for example, you earn €350 gross, you work only normal hours, you now pay €34,02 in payroll tax. In 2019 this will be €30,38 (-3,64) for group 1, and €42,08 (+8,06) for group 2.

The above calculation has been made based on the data that is known right now, until the end of the year a small change can take place.