



Meijburg & Co
Tax Lawyers

Expatriate tax return filing exemption

Can you demonstrate that you are 'in control' of the payroll for your cross-border employees (expats)? Do you want to spare your employees valuable time, while simultaneously saving taxes and costs?

Most expats who come to the Netherlands only have employment income to report. Some expats live abroad and only pay tax on the income related to the days worked in the Netherlands, while others make use of the 30% ruling and do not have to report their bank and savings accounts in the Netherlands. If the employment income has been correctly reported in the Dutch payroll, filing a personal income tax return seems to be an unnecessary administrative formality, as the tax return would only result in a nil assessment.

Administering the payroll correctly is a legal obligation; non-compliance can result in penalties and interest charges. However, managing the expat payroll can be a daunting task. How do all those home country elements have to be reported for Dutch payroll tax purposes? How do you include the foreign social security contributions, foreign pension contributions, extraterritorial costs, the 30% ruling, and net salary (tax equalization) agreements? And if you are 'in control', how do you demonstrate this to the tax authorities? Meijburg & Co can help you with all this.

We can help you get and stay 'in control' of your payroll. We can help you obtain the tax return filing exemption ruling for these expats. This ruling offers direct and, more importantly, recurring savings in costs, taxes, administrative hassle and timing of the cash flow:

- no tax advisor fees for preparing personal income tax returns and reviewing tax assessments;
- no grossed-up deemed benefit for tax return preparation services;
- expats do not have to fill out a detailed questionnaire with regard to their Dutch tax return;
- monthly payroll can be based on estimates with a reconciliation at the end of the year;
- tax refunds for part-year assignments can be claimed during the year by way of the payroll.

The Dutch tax authorities do require that certain conditions are met before they will grant the tax return filing exemption ruling. If the payroll is the only means of reporting the taxable income of expats, they will want assurance that the payroll is correct. You will therefore have to demonstrate that you are 'in control' of the expat payroll. The documentation depends on the size of the population and the complexity of your business. Under certain circumstances, even for a population as small as three expats the savings in the first year can already exceed the investment of a ruling request.

How can Meijburg & Co help you?

Our thorough understanding of complex foreign payrolls has enabled us to successfully obtain tax return filing exemption rulings. Our extensive experience in this area will therefore prove helpful to you. Whether you manage the payroll in-house or have it outsourced, we can assist you in reviewing, optimizing, and documenting the payroll process and file the ruling request. We invite you to contact us and discuss the possibilities and opportunities this ruling has to offer.

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