



Press release

Expatriate tax break changes will lead to brain drain, new survey shows

Amsterdam, May 16: The government's plan to limit the 30% tax break for skilled foreign workers has damaged trust in the government, risks causing an expat brain drain and will slash internationals' spending power within the local economy, according to research by the International Community Advisory Panel.

Some 56% of the first 3,000 expats who took part in the online ICAP survey said the proposal had damaged their trust in the government while 32% said the change made it likely they would not work in the Netherlands for more than five years, despite having originally planned to stay longer.

The 30% ruling is a tax break which international workers can benefit from if they lived at least 150 km from the Dutch border before moving to the Netherlands and if they meet certain salary and skill requirements. It is widely used by Dutch companies and universities to bring in foreign staff for positions that they have been unable to fill locally.

No transition

In particular, the government's proposal not to bring in a transition period for people currently benefiting from the 30% ruling has caused anger and alarm.

'People have been in tears because they don't know how they are going to manage from next January. This would represent a significant and immediate drop in income which anyone would struggle to accommodate with such little notice' said ICAP board member Deborah Valentine.

'The response to our survey has been overwhelming. While the international community supports the government's right to change the benefit, the decision to apply it retroactively has broken people's trust and jeopardized their finances.'

Over half the respondents said they would lose €750 to €1,500 a month when they stopped benefitting from the ruling and one in five would be €500 to €750 a month worse off.

'It is very easy for people to dismiss people benefiting from the 30% ruling as rich expats with no commitment to the Netherlands, but our survey has overwhelmingly shown that not to be the case.

In expensive cities like Amsterdam and The Hague, this will make it much more difficult for internationals to rent or buy a home,' Deborah Valentine said. 'People have told us they will have to move away and take their children out of international schools.'

3,000 respondents

In total, over 3,000 expats have taken part in the survey so far - all of whom benefit from, or used to benefit from, the 30% ruling. Over half (54%) had been sent to the Netherlands by their employer, while 37% came to the Netherlands to take up a job. Seven in 10 said the 30% ruling was a determining factor in their decision to move to the Netherlands.

Just over half the respondents work for a Dutch company, 38% for a foreign multinational and 9% work at a university or international school.

Quotes from survey respondents:

'I will have trouble paying my mortgage. My bank will not lower my monthly fee because I lost the 30% ruling. This has put a lot of people in a very stressful situation.'

'It will destabilize us quite a bit. We are both academics and therefore not the highest paid employees. Neither of us wants to leave but at that point job offers from other countries will become much more attractive.'

'We will lose the benefit immediately and that means €1,500 less income for our household. We will struggle to survive.'

'If the ruling ends I cannot afford to buy or rent a place here. I will move back to my home country. I came here for stability but if the Dutch government does something like this, we cannot take stability for granted anymore.'

The survey will remain open until May 25

For further information contact Deborah Valentine on 0648645087 or email deborah@icapnl.com

ICAP, the International Community Advisory Panel is an initiative which acts as an independent bridge between the international community itself and government and civic organisations in the Netherlands.

In particular, we aim to establish an independent forum which represents and reflects the views of the international community on issues which have an impact on the country's attractiveness as a place to live in and do business.