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8. Foreign employees posted abroad

If VU University Amsterdam employees are posted abroad, this can impact on many areas. Accordingly, it is advisable to contact the personnel consultant well in advance in such cases. Different rules apply to foreign employees of the Centre for International Cooperation (CIS) who are posted abroad.

1. Formal basis

Any posting abroad should have a formal basis. Postings will often be governed by a foreign posting contract. Another situation is where special leave is involved, with or without the retention of a salary.

- *Posting*

Posting means that the individual in question remains an employee of VU University Amsterdam, but that they come under the authority of the employer to whom they are seconded, at a foreign university, for example. When an employee is posted abroad, this should always be subject to a written agreement between the individual in question and VU University Amsterdam. This agreement should cover all of the formal arrangements that have been made, including the duration of the posting and any reimbursement of incurred costs.
- *Special leave*

Special leave may be paid in part or in full, or it may be unpaid. If the leave is unpaid and full-time, this may have implications for social insurance/benefit schemes and for pension accrual (see VUnet > Special leave).

2. Income tax

2.1 Liability to pay income tax

In order to determine whether employees will still be required to pay Dutch income tax after they have left the Netherlands, it is crucial to know whether or not they will retain the status of a 'resident' of the Netherlands.

The general principle is that any employees of VU University Amsterdam who are considered to be non-resident in the Netherlands are not liable to Dutch income tax: accordingly, VU University Amsterdam will not be required to deduct income tax from their salary. Conversely, if the individual in question is considered to be resident in the Netherlands, then they are theoretically liable to income tax.

Exemption from the general principle can be granted, in order to avoid double tax liability (see subsection 2.2 of this chapter).

The concept of 'resident'

The term 'resident' means a person who is domiciled in the Netherlands. One definition of this is the place that is the centre of that individual's activities, where they spend most of their time, or where their family is housed. In other words, a person's place of residence is determined by the actual circumstances of their everyday life. The place where an individual is registered with the local authority as resident is not necessarily the same as their place of residence.

The following are examples of actual circumstances from which it can be inferred that an individual is still domiciled in the Netherlands:

- registration in the municipal personal records database of a local authority in the Netherlands has not been cancelled;
- the family of the individual in question remains in the Netherlands;
- the individual in question retains a property in the Netherlands;
- the individual in question retains bank accounts and insurance policies in the Netherlands.

It must be possible to infer, from the specific circumstances of the matter, that the individual in question intends to remain domiciled in the Netherlands. If an individual is not domiciled in the Netherlands, then no income tax will be deducted from their salary, when the activities also will take place outside the Netherlands. The assessment may be made by Human Resource Management itself. A decision by the Dutch tax authorities is not required in this case.

2.2 Double taxation

It is possible that, as a resident of the Netherlands, the employee who has been posted abroad will be liable to tax both in the Netherlands and in the country to which he has been posted. In order to avoid such double taxation, the Netherlands has concluded treaties with numerous other countries. In certain cases, the Netherlands will even unilaterally withdraw from the imposition of income tax. Before the individual in question is posted abroad, Human Resource Management determines whether or not Dutch income tax will continue to be deducted from their salary.

2.3 The 30% scheme for long-term postings abroad

Under the 30% scheme, VU University Amsterdam provides financial compensation for expenses associated with the temporary (but long-term) assignment of employees who have been posted abroad in connection with academic work or teaching activities. This financial compensation (which is untaxed) is equivalent to 30% of the originally agreed salary. In return for this financial compensation, the employee must agree (in writing) to a temporary 30% reduction in their gross salary, as calculated over the period of the posting in question. This salary reduction will adversely impact any salary-based allowances and benefits. Upon termination of the 30% scheme, any adverse impact on the individual's pension will remain in force until the start of the next calendar year. The adverse impact in terms of social security will remain in force until the thirteenth month after participation in the scheme was terminated.

Recourse will only be made to this scheme if VU University Amsterdam is required to deduct income tax from the salary of the individual in question. If the individual in question lives in one country but works in another, then this will depend on the applicable legislation. This must be determined on a case-by-case basis, with reference to the tax treaty agreed with the country in question with the aim of avoiding double taxation. The model treaty that underpins these treaties includes a provision which states that, an individual who is posted abroad in connection with teaching or research for a period of up to two years remains liable for Dutch tax.

2.4 Income tax statement

Employees must complete an income tax form when departing the Netherlands, and again upon their return.

3. The Stichting Pensioenfonds ABP pension fund

Throughout the individual's period of employment, their posting abroad will not affect their participation in the Stichting Pensioenfonds ABP Pension Fund, provided that:

- the premium is paid;
- the posting abroad is clearly temporary in nature, and;
- the individual in question intends to return to the Netherlands at the end of the period spent abroad.

In the case of unpaid leave, this will affect the way in which premiums are shared between VU University Amsterdam and the employee in question (see VUnet > Special leave). ABP should always be notified of any change of address. The municipal personal records system (GBA) does not automatically inform the ABP when a given individual leaves the country to take up residence elsewhere.

4. Social insurance schemes

In theory, employees who take up posts in a state that is a member of the European Union (EU) or the European Economic Area (1), or which has treaty arrangements with the Netherlands (2), and who remain domiciled in the Netherlands (3) will generally still be subject to mandatory insurance during their stay abroad, if they have been posted and paid by a Dutch employer. A foreign posting declaration (Form E 101) should be requested from the Social Insurance Bank (SVB) and completed on their behalf (see www.eu.nl for countries belonging to the EU and the EEA and www.uvw.nl for details of treaty countries in relation to social security). Individuals are considered to be domiciled in this country if their social life continues to be centred in the Netherlands. Points of reference include:

- the retention of a property;
- providing for the maintenance of a family;
- registration in the municipal personal records database has not been cancelled;
- a Bank account is retained;
- various policy payments are maintained.

4.1 Incapacity

The relevant legislation includes the Work and Income According to Labour Capacity Act (WIA), Supplementary Benefits Act (TW), Unemployment Insurance Act (WW), and Sickness Benefits Act (ZW). It is conceivable that, in some situations, the individual who has been posted abroad is no longer required to continue policy payments for the WIA. In such situations, the employee in question would not be insured in the event that they were to become incapacitated. This would be the case, for example, if the employee in question had been on full-time unpaid leave for a period in excess of 18 months.

Employees departing for a non-EU/EEA or non-treaty country, are no longer subject to mandatory insurance with respect to the WIA. A check should be made to determine whether it would be possible to apply for a voluntary insurance scheme, to extend coverage of the incapacity scheme (see www.svb.nl for further details).

For each individual foreign posting, the personnel consultant should be contacted, in connection with the above details.

4.2 Unemployment

VU University Amsterdam employees who take up residence abroad are insured against unemployment, unless the duration of their full-time unpaid leave exceeds 18 months (see VUnet > Special leave).

4.3 Medical expenses

Mandatory health insurance

- If employees are posted (on a temporary or full time basis) to an EU/EEA state or to a country which has treaty arrangements with the Netherlands, they are required to continue policy payments for the Health Insurance Act (see www.eu.nl for an overview of the EU/EEA states and www.cvz.nl for the treaty countries).
- *Medical assistance abroad*

On the basis of treaties and international arrangements in which the Netherlands is involved, insured individuals living abroad are entitled to medical assistance in the event of temporary (up to one year) residence in connection with professional work in certain countries (see www.cvz.nl for countries with which agreements have been reached). Insured individuals needing 'immediate emergency' medical assistance in a treaty country must have an European health insurance card issued by the health insurer in their possession. Medical assistance is granted in accordance with the provisions of the treaty country's legislation. The fee paid is in accordance with Dutch standards.

As a result, the insured individual is often faced with a substantial excess. It is therefore advisable to purchase a complementary insurance policy.

In the event that an individual with health insurance is posted to a country with which the Netherlands has no treaty pertaining to social security schemes, there is a special scheme for the reimbursement of any medical expenses incurred in the country in question. The health insurer will provide details of this scheme upon request.

5. National insurance contributions

5.1 Legal obligation to pay contributions

With regard to the national insurance contributions (Old Age Pensions Act (AOW), Surviving Dependents Act (Anw) scheme, and the Exceptional Medical Expenses Act (AWBZ)), in order to determine whether an employee who has been posted abroad is insured under these schemes, it is important to know in which country the work will be carried out.

a. EU or EEA states

Employees of VU University Amsterdam who are posted to one of the countries mentioned above continue to enjoy insurance cover in the Netherlands provide that, before being posted abroad, they were insured in accordance with Dutch social security legislation and the posting (in principle) does not exceed twenty four months. In the event of a posting abroad, a foreign posting declaration (Form A1) must be issued by the Social Insurance Bank (SVB) (For further details see: www.svb.nl).

b. Treaty country

As they vary from one treaty to another, the conditions will also vary from one country to another. One thing that is common to all countries, however, is that the individual concerned is required to apply for a posting statement from the Social Insurance Bank. A list of treaty countries can be accessed at the SVB website, via www.svb.nl. Individuals who are to be posted to a treaty country are advised to contact the personnel consultant.

c. Non-treaty country

In the case of countries listed neither under point a nor point b, employees who are 'residents' of the Netherlands (see 2.1) while posted abroad by VU University Amsterdam continue to be subject to mandatory national insurance contributions. The period of the posting in question is not relevant in this regard. The premium is deducted from the salary paid to the individual in question by VU University Amsterdam.

5.2 Voluntary pension scheme (AOW) or Surviving Dependants Act (Anw) scheme

If the employee in question is no longer subject to mandatory national insurance contributions, he can (subject to certain conditions) make voluntary contributions to the Old Age Pensions Act (AOW) scheme and Surviving Dependants Act (Anw) scheme. Information: www.svb.nl5.3

5.3 Child allowance

In principle, employees who have been posted abroad and who retain their 'resident' status (see 2.1) retain the right to child allowance, provided that they are supporting the child/children in question. Employees posted outside the Netherlands who are in the possession of a secondment agreement statement, will remain their right to child allowance. Information: www.svb.nl

5.4 Allowance for travel to and from work

When an employee is posted abroad, their allowance for travel to and from work is suspended for the duration of their foreign stay. The intervals associated with the suspension and resumption of the allowance are the same as those that apply in the case of illness (see VUnet > Commuting allowance).

6. Reimbursement of expenses

- Employees of the Centre for International Cooperation
The CIS Foreign Posting Scheme applies in the case of employees who are posted abroad via the Centre for International Cooperation (CIS) for a period of more than six successive months. CIS must confirm that this is indeed the case.
- Other employees
Employees for whom the CIS Foreign Posting Scheme is not applicable, should consult the tariff list, which can be accessed via www.rijksoverheid.nl - Search: tarieflijst. The reimbursement of other costs is subject to agreements reached between the unit and the employee in question.
- Travel expenses
Travel expenses are generally paid by the local institution. In such cases, VU University Amsterdam will not reimburse travel expenses.

7. Other important matters

7.1. Authorized agent and correspondence address in the Netherlands

When living abroad, it is often difficult to deal with day-to-day matters in the Netherlands. Accordingly, it is important to appoint an authorized agent, with whom VU University Amsterdam can communicate when it needs to arrange certain matters. The employee in question must notify the personnel consultant of the name and address of their authorized agent. While Human Resource Management will usually correspond directly with the employee in question, it will also send copies of all correspondence to the employee's authorized agent.

In the case of employees who have been posted abroad via CIS, all correspondence will be handled by CIS.

7.2 Bank account

Human Resource Management much prefers to pay the employee's salary into a Dutch bank account. Dutch account numbers contain certain codes which help to prevent mistakes. VU University Amsterdam's payroll system was designed with this in mind. The employee's own bank will provide details of how they can access funds from their Dutch account while they are out of the country.

7.3 Other

Employees who are preparing to be posted abroad should also consider the following:

- valid passport, and visa if necessary;
- residence permit; employees should enquire at the embassy of the country to which they are to be posted for details of the applicable conditions;
- vaccinations: employees can obtain free vaccinations from the Department of Occupational Health, Safety and Environment.

It is also important to notify the personnel consultant of the planned departure in good time, to ensure that all the associated administrative procedures are completed.

8. Foreign employees posted abroad

Foreign employees are sometimes posted abroad without ever having worked in the Netherlands. When such employees are posted abroad, consideration should be given to the following key points:

- *Personal public service number (Burgerservicenummer/Sofinummer)*
If the employee in question does not live in the Netherlands, the employee does not receive a 'Burgerservicenummer'. The employee must apply in person for a 'Sofinummer' at a Dutch Tax Office with a special department that is authorized to issue 'sofinummers'. See www.belastingdienst.nl
- *Bank account*
Human Resource Management much prefers to pay the employee's salary into a Dutch bank account. Dutch account numbers contain certain codes which help to prevent mistakes. VU University Amsterdam's payroll system was designed with this in mind. The employee's own bank will provide details of how they can access funds from their Dutch account while they are out of the country. (See 7.2).
- *Stichting Pensioenfonds ABP Pension Fund*
The employee might not be able to participate in the Stichting Pensioenfonds ABP Pension Fund. Human Resource Management is required to evaluate the pension status of this category of foreign employees on a case-by-case basis.