

# THE OECD TAX-BENEFIT DATABASE

Description of policy rules for  
the Netherlands 2023



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## Description of policy rules for 2023

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## *Table of contents*

<b>Preface</b>	<b>4</b>
<b>The OECD tax-benefit model for the Netherlands: Policy rules in 2023</b>	<b>1</b>
<b>1. Reference wages</b>	<b>1</b>
<b>2. Unemployment benefits</b>	<b>1</b>
2.1. Unemployment insurance (Werkloosheidswet and Toeslagenwet)	1
2.2. Older workers unemployment assistance (Inkomensvoorziening Oudere Werklozen)	4
<b>3. Social assistance and housing benefits</b>	<b>5</b>
3.1. Social assistance (Participatiewet)	5
3.2. Housing benefit (Huurtoeslag)	9
<b>4. Family benefits</b>	<b>13</b>
4.1. Child benefits (Algemene Kinderbijslagwet and Wet op het kindgebonden budget)	13
<b>5. Net costs of Early Childhood Education and Care</b>	<b>16</b>
5.1. Gross childcare fees	16
5.2. Fee discounts and free provision	17
5.3. Childcare benefits for formal centre-based care (Kinderopvangtoeslag)	17
5.4. Childcare allowance for children not using child care centres	19
5.5. Tax concessions for childcare expenditures	19
<b>6. Employment-conditional benefits</b>	<b>20</b>
<b>7. Social security contributions and payroll taxes</b>	<b>20</b>
7.1. Social security contributions	20
7.2. Payroll taxes	22
<b>8. Taxes</b>	<b>22</b>
8.1. Personal income tax	22
<b>9. Selected output from the OECD tax-benefit model (TaxBEN)</b>	<b>25</b>
<b>Annex I: Childcare allowance – income thresholds and rates</b>	<b>27</b>

## Preface

This report provides a detailed description of the tax and benefit rules in the Netherlands as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment. .

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

**TaxBEN** is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

### Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)


### Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

### Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2023**.
- The TaxBEN models all policies in effect on the reference date. This includes temporary policies implemented in response to the **Covid-19 pandemic**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format **[variable name]**.

## The OECD tax-benefit model for the Netherlands: Policy rules in 2023

### 1. Reference wages

Average wage **[AW]**: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available [here](#)).<sup>1</sup> If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth<sup>2</sup> to the latest available wage estimate.

The gross minimum wage **[MIN]** in January 2023 is EUR 1,934,40 per month and EUR 2,089.16 per month including the 8% holiday bonus. The annual minimum wage is computed by multiplying the minimum monthly wage (as of January 1, 2023) by 12, and adding the 8% holiday bonus i.e.  $\text{EUR } 1,934.40 * 12 * 1.08 = \text{EUR } 25,069,82$ .


The gross minimum wage is indexed automatically every 6 months (on 1 January and 1 July) with the average contractual wage development.

### 2. Unemployment benefits

The unemployment benefit system in the Netherlands is contribution-based, providing a short-term and medium-term benefit (based on the *Werkloosheidswet*, *WW*). A supplement based on the Supplementary Benefits Act (*Toeslagenwet*, *TW*) is possible if the benefit is below the minimum income. Both are described together in Section 2.1. Elderly unemployed can receive an additional benefit after exhaustion of regular unemployment insurance benefits (*Inkomensvoorziening Oudere Werklozen*, *IOW*), which is described in Section 2.2.

#### 2.1. Unemployment insurance (*Werkloosheidswet* and *Toeslagenwet*)

Variable names: **[UB; UI\_p; UI\_s; TW\_p; TW\_s]**

This is an unemployment insurance benefit. It is contributory, partly means-tested and taxable. 

##### 2.1.1. Eligibility conditions

The **regular unemployment benefit** (*Werkloosheidswet*, *WW*) includes two types of benefits:

1. the short term earnings related benefit (3 months)
2. the earnings related benefit (4 months up to 24 months).

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<sup>1</sup> Average Wages are estimated by the Centre for Tax Policy and Administration at the OECD. For more information on methodology see the latest Taxing Wages publication.

<sup>2</sup> Wage growth projections are based on [OECD Economic Outlook](#) and [EU economic forecasts](#) (for non-OECD countries).

**Contribution/employment history:** Insurance is compulsory for employees.

1. *Short-term earnings-related benefit:* worked 26 weeks in the last 36 weeks immediately preceding unemployment.

2. *Earnings-related benefit:* worked 26 weeks in the last 36 weeks immediately preceding unemployment, plus worked during four of the last five years. Additional years of work affect the duration of the benefit, as described in Section 2.1.3.

**Behavioural requirements and related eligibility conditions:**  TaxBEN assumes that the following (not limitative) compulsory conditions are satisfied when simulating unemployment benefits.<sup>3</sup>

- to be involuntary unemployed<sup>4</sup>,
- loss of at least 5 or half of the working hours per week,
- timely registration with the Institute for Employee Benefit Schemes (UWV).
- to be capable for work,
- to be available for work,
- below the legal retirement age (66 years and seven months in 2023),
- seeking employment,
- residence in the Netherlands,
- application for benefit on the first day of unemployment.

### 2.1.2. *Benefit amount*

In the first two months, recipients receive 75% of the gross wage most recently earned, thereafter 70%, up to a maximum daily wage of EUR 256,54 (5 days per week).

#### **Supplementary Benefits Act (Toeslagenwet, TW)**

The TW provides assistance to people who get a benefit from one of the employee insurance schemes (such as the IOW, WW, WAO/WIA (disability benefit), or ZW (sickness benefit) schemes if their income (plus that of their partner) falls below the minimum guaranteed income. Supplementary benefit equals the difference between the applicable minimum guaranteed income level and the total income of the beneficiary and his or her partner.

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<sup>3</sup> Details on behavioural requirements and sanction provisions for unemployment benefits are reported at <https://www.oecd.org/social/strictness-benefit-eligibility.htm>

<sup>4</sup> In general, someone is considered voluntarily unemployed if they resigned, were fired for gross misconduct, or they rejected an offer for another job that was appropriate to their level and/or skill.

### Minimum guaranteed incomes, 2023

Family situation	Per cent of minimum wage
Single person	70% <sup>5</sup>
Married persons and couples living together	100%

The term “income” covers all work-related earnings, including most social security benefits, of claimants and their partner. Any property such as a private home, or capital such as savings, is disregarded.

For two years at most, part of the work-related income (up to a maximum of 15% of the minimum wage) is disregarded. The maximum period of two years does not account for persons older than 57.5 years.

Supplementary benefit will never be more than the difference between the daily earnings or the basis on which the benefit has been calculated and the benefit to recompense for loss of income.

There is no entitlement to supplementary benefits:

- For unmarried persons under 21 living with their parents.
- For persons living with a partner (either married or not) born after 31 December 1971 who do not have any children under 12 living at home.

#### 2.1.3. Benefit duration

The duration of the earnings-related benefit varies with the employment record. In this table it is assumed that the person has been working full time from 18 years of age onwards. The maximum duration in January 2023 was 24 months, and the minimum duration was 3 months. The duration of benefit is equal to 1 month per year of employment. After 10 employment years, the unemployment benefit is prolonged with 0.5 months per extra year<sup>6</sup>. The benefits are paid monthly.

#### Duration of the benefit on January 1<sup>st</sup> 2023

Employment (years)	Duration
1	3 months
2	3 months
3	3 months

<sup>5</sup> Single TW recipients who share accommodation with someone aged 27 or over have a minimum guaranteed income of 50% of the minimum wage. TaxBEN assumes that single adults live alone, and so this provision is not included in the model.

<sup>6</sup> A year is counted when the person has worked 52 days a year before 2013 or 208 hours a year as from 2013. Calendar years during which the person cared for children under age 5 count for 50% of this requirement. From 2007 onwards years spent on intensive care for ill or handicapped people also count for 50% of labour years. In the TaxBEN model, a year is counted if the person worked at least two months.

4	4 months
5	5 months
...	...
10	10 months
11 and higher	plus 0.5 months per extra year of employment, to a maximum of 24 months

#### 2.1.4. Means test

See Sections 2.1.2 and 2.1.7.

#### 2.1.5. Tax treatment

The unemployment insurance benefit is taxable.

#### 2.1.6. Interactions with other components of the tax-benefit system

No information.

#### 2.1.7. Combining benefit receipt and employment/starting a new job

Gross benefit is reduced by 70 per cent of any earnings received from a new job. The benefit is further limited such that the sum of earnings and the unemployment benefit do not exceed the previous wage.


Unemployment benefits are not paid if earnings from the new job exceed 87.5 per cent of the most recent monthly salary before the unemployment period.

#### 2.1.8. Indexation

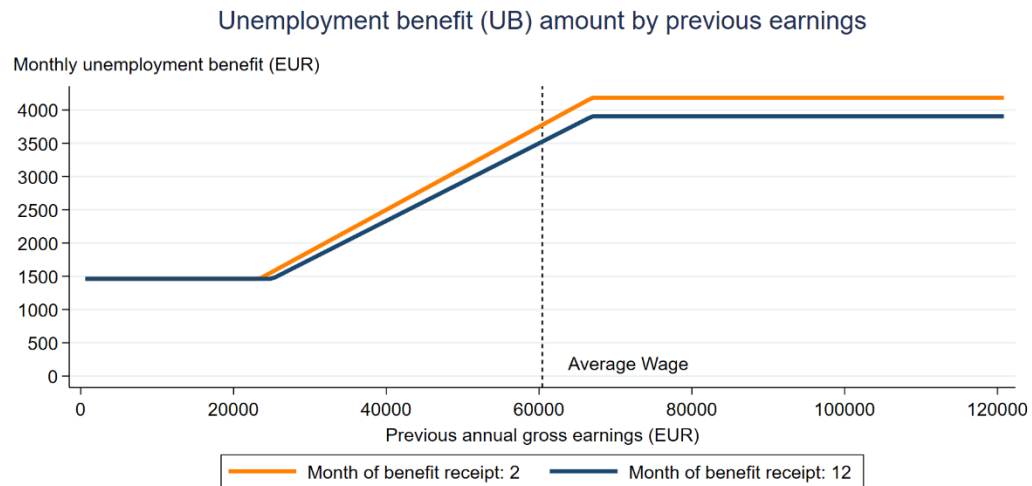
There is no automatic indexation. Twice a year, on 1 January and 1 July, indexation can take place, for example when the minimum wage is indexed. The maximum amount of the benefits WW and TW are related to the minimum wage.

## 2.2. Older workers unemployment assistance (*Inkomensvoorziening Oudere Werklozen*)

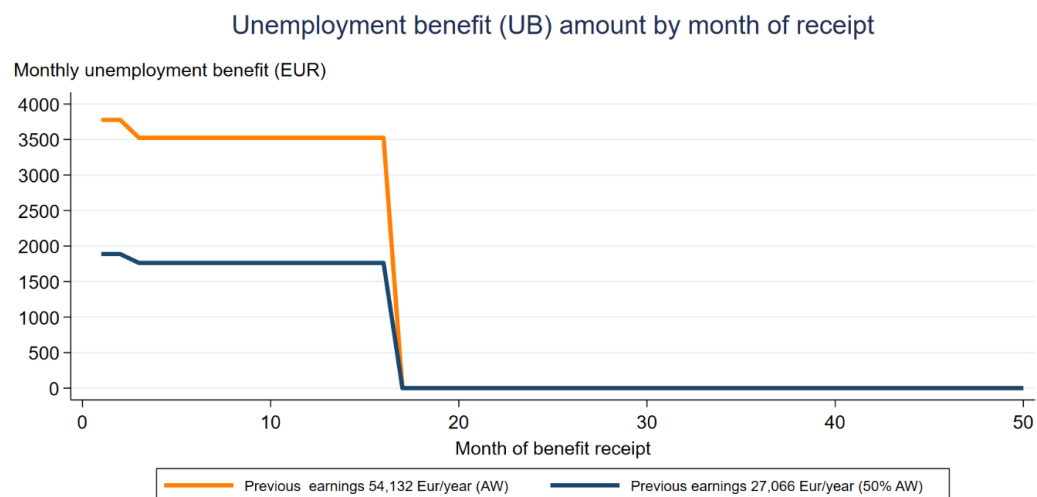
Variable names: [\[UB\]](#); [\[UA\\_p\]](#); [\[UA\\_s\]](#)

Income provision for older unemployed (*Inkomensvoorziening Oudere Werklozen, IOW*) are in place on 1 January 2023. For beneficiaries aged 60 and 4 months or over, and having first began receiving unemployment benefit between 30th September 2006 and 1 January 2024, the IOW (70% of minimum wage) is paid until the legal retirement age (66 years and 10 months in 2023) after exhaustion of regular unemployment insurance benefits. Cumulation with other income or benefits is not possible. The benefit is reduced by 100% of other earnings such as wages from labour, pension and other benefits. 



**Figure 1 – Unemployment benefit by previous gross earnings**

Note: 40-year old single person without children. Long and continuous employment record (22 years) assumed.

**Figure 2 – Unemployment benefit by month of benefit receipt**

Note: 40-year old single person without children. Long and continuous employment record (22 years, or 264 months) assumed.

### 3. Social assistance and housing benefits

In the Netherlands, a social assistance benefit is provided under the Participation Act (*Participatiewet*), described in Section 3.1. There is also a housing benefit (*Huurtoeslag*), described in Section 3.2.

#### 3.1. Social assistance (*Participatiewet*)

Variable name: **[SA]**

This non-contributory benefit is means-tested and taxable.

The Dutch Participation Act guarantees a minimum income to any Dutch inhabitant who does not have sufficient means of existence. Beneficiaries are mainly persons who are no longer entitled to benefits under the social insurance schemes such as unemployment insurance benefits and disability benefits and persons without a work record.

### *3.1.1. Eligibility conditions*

Conditions for receipt of social assistance are in general:

- Persons legally residing in the Netherlands with inadequate financial resources to meet their essential living costs.
- Social assistance is a supplementary allowance that can be used for topping up for instance low unemployment benefits or low earnings.
- Obligation of job-search and work-availability.<sup>7</sup>

### *3.1.2. Benefit amount*

General social assistance payments are all in payments which are intended to cover normal essential costs of living, including the costs for food, housing, heating, furniture and recreation. They are paid monthly.

The Dutch national government specifies minimum basic benefit payment rates based on age, family composition and the number of persons sharing the same dwelling, the so-called ‘cost sharing standard’ according to which the rate of social assistance is lowered with every additional co-resident. Starting at 50% per person of the subsistence minimum when two people share a house, the amount per person is subsequently lowered with every added resident. The minimum is 30% per person. Students and youth under the age of 27 are excluded from the cost-sharing standard of their housemates (although couples are considered a joint household, and each receive 50% of the subsistence minimum).<sup>8</sup> The TaxBEN model assumes single, lone parent or couple households, and so the cost-sharing standard is not applied.

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<sup>7</sup> This extends also to the spouse or cohabiting partner of the benefit claimant. Claimant and spouse have a shared responsibility for their means of existence. When spouse or partner does not comply with the obligations the municipality may reduce or stop the allowance. Lone parents must start looking for work if their youngest child is 5 years or older. If the child is 5 years old or younger the lone parent may request dispensation from the obligation to look for work. The parent is however obliged to attend training courses.

<sup>8</sup> For example, a couple under the age of 27 is considered a joint household and they each receive 50% of the subsistence minimum. If another person aged under 27 moves into the same residence, they have no effect on the benefit amount: Each member of the couple receives 50% of the subsistence minimum, and the third resident receives 70%. If the three residents are aged over 27, then the cost-sharing model applies and they each receive 43.33% of the subsistence minimum.

### General social assistance rates (Participatiewet) in 2023 (January 1st)

Family situation	Proportion of the subsistence minimum	Gross yearly benefit incl. Holiday allowance	Corresponding net yearly benefit	
			Excluded	Included
Couples (with or without children)	100%	22,764	19,472	20,497
Single or lone parent, 21 or older	70%	17,882	13,631	14,348

*Note:* Benefits are calculated separately for each person. The couple amount is the combined amount received by both members of the couple. TaxBEN assumes single, lone parent or couple households, i.e. the 'cost sharing standard' is not applied in the model.

### Cost sharing standard rates (Participatiewet) in 2023 (January 1st)

Number of persons > 27 years sharing a dwelling	Proportion of the subsistence minimum	Total rate if everyone in the household receives social assistance	Gross yearly benefit Including holiday pay	Net per person yearly benefit Excluding holiday pay	Net yearly benefit Including holiday pay per person
1	70%	70%	17,882	13,631	14,348
2	50%	100%	11,382	9,736	10,248
3	43,33%	130%	9,215	8,438	8,882
4	40%	160%	8,199	7,789	8,199
5	38%	190%	7,789	7,400	7,789

*Note:* TaxBEN assumes single, lone parent or couple households, i.e. the 'cost sharing standard' is not applied in the model.

Young people until 27 years of age are deemed to be in work or education. Furthermore, until the age of 21 parents are supposed to provide financial support to their children. Therefore, municipalities are only obliged to provide benefits to applicants in this age group in exceptional circumstances. There is a waiting period of 4 weeks (not modelled in TaxBEN) in which the claimant younger than 27 years of age is required to look for work and education and in which the claimant is not yet entitled to social benefits. The benefit claim is refused if there are opportunities in the regular education system (Student Finance Act) for the claimant.

### General social assistance rates (Participatiewet) for young persons in 2023 (January 1st)

Family situation	Gross yearly benefit Including holiday pay	Net yearly benefit Excluding holiday pay	Net yearly benefit Including holiday pay
Single < 21 years with children	3,542	3,365	3,542

One is >21 years and one is <21, with children	18,628	16,996	17,890
Both <21 years old, with children	11,184	10,625	11,184
Single <21 years, no children	3,542	3,365	3,542
Both <21 no children	7,085	6,731	7,085
One>21 one<21, no children	13,791	13,101	13,791

*Note:* TaxBEN assumes the same age for partners living in a couple household. Other circumstances are presented in grey in the table.

### 3.1.3. Benefit duration

As long as there is a need. Once benefits have expired, one can re-apply when the need, occurs again.

### 3.1.4. Means test

#### Income test

No income disregards; one-to-one income-test using the household net income. Family benefits and individual housing benefits are excluded from the income-test.<sup>9</sup>

#### Asset test

The asset test is applied by the municipality, and determines eligibility for social assistance.

All assets which claimants possess or can reasonably possess, minus debts, are considered when applying the assets test. Possessions in kind that are usual or necessary for the circumstances in which the claimant lives are excluded. A car may be excluded when it is required by the household (that is, it would be replaced if it was sold), but only up to a certain value. The value is set by the municipality, and is often between EUR 1,500 and EUR 4,500. The own dwelling is disregarded only up to a certain maximum EUR 64,100. If the value of the house minus the mortgage exceeds this maximum, the recipient can get social assistance as a loan.<sup>10</sup>

<sup>9</sup> Two remarks: 1.) The exception to the rule of the one-to-one income test is for social assistance recipients who start working. The municipality can decide that a social assistance recipient is allowed to keep a certain amount of earnings from work: during 6 month 25% of the earnings up to a maximum of EUR 246 per month. It is up to the municipality to decide this and to decide the level of disregard. After six month the general rule of one-to-one income testing is resumed. Given the discretion of the municipality, this is not modelled in TaxBEN.

2.) All income is taken into account. However for claimants aged 27 or older 25% of income from work can be left untouched during the first 6 months of entitlement. Additionally lone parents aged 27 or older can earn up another 12.5% during a period of 30 months. It is up to the municipality to decide this and to decide the level of disregard. Therefore, this is not modelled in TaxBEN.

<sup>10</sup> As per Article 34 of the *Participatiewet Act*: [https://wetten.overheid.nl/BWBR0015703/2023-01-01/#Hoofdstuk3\\_Paragraaf3.4\\_Artikel34](https://wetten.overheid.nl/BWBR0015703/2023-01-01/#Hoofdstuk3_Paragraaf3.4_Artikel34)

If savings and assets are worth over EUR 7,605 (EUR 15,210 for couples and lone parents), there is no entitlement to social assistance.

*OECD note:* The asset test is not applied in the TaxBEN model.

### 3.1.5. Tax treatment

The level of general assistance is defined on its net value; a net income level is guaranteed. The income taxes on the social assistance benefit are not paid by the recipient, who thus receives a net benefit, but are transferred to the tax inspector by the municipality that is administering the benefit.

### 3.1.6. Interaction with other components of the tax-benefit system

Social assistance can be used as unemployment benefit top-up or as low income top-up.

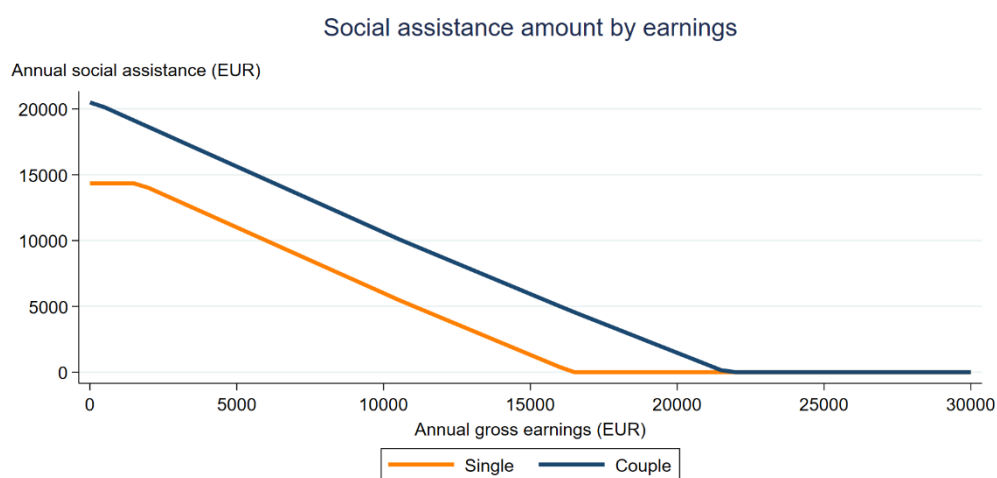
### 3.1.7. Combining benefit receipt and employment/starting a new job

See Section 3.1.4.

### 3.1.8. Indexation

Changes in social assistance benefit amounts are linked to the statutory minimum wage. Indexation therefore occurs every six months, in line with the minimum wage (see Section 1). Asset test limits are indexed annually based on the CPI.

**Figure 3 – Social Assistance by Gross Earnings**



Note: All adults are 40 years old.

## 3.2. Housing benefit (*Huurtoeslag*)

Variable name: **[HB]**

This is a non-contributory benefit, means-tested and not taxable.

Housing benefit is based on rent levels restricted by minima and maxima and taxable family income. Housing benefits must be applied for separately from social assistance. They are also separately paid and calculated from social assistance benefits. However, the social assistance income level is generally that low that all benefit recipients should be entitled to housing benefits as well, if they apply for it. Housing benefits will be

calculated from the social assistance benefit or the gross unemployment benefit as reference for the income.

### 3.2.1. Eligibility conditions

No specific conditions apart from means-test and rent limits; see Section 3.2.2.

### 3.2.2. Benefit amount

Housing benefit is based on current rent levels, household composition and taxable income. It is paid monthly. The underlying principle is that every household always pays part of the rent itself. This part is referred to as the “*standard rent*” (*basishuur*). In 2023 the monthly *standard rent* for people with a minimum income is EUR 221,91 (households with two or more people older than the age of retirement), EUR 223,72 (a person older than the age of retirement living alone) and EUR 225,54 (households only containing people under the age of retirement). The table below shows accordant yearly minimum incomes. The *standard rent* is determined based on the household’s taxable income so that the *standard rent* increases as the household’s income increases (see step 4: determine the standard rent). The age of retirement is settled at the age of 66 years and 10 months in 2023.

The amount of housing benefit gradually diminishes as the *standard rent* (the amount of rent households have to pay themselves) increases with their income up until the point where the *standard rent* equals or exceeds the actual rent after which a household is no longer eligible for housing benefit. The following paragraphs present additional rules and exception in addition to the above-sketched principle.

#### Yearly minimum income in housing subsidy calculations (EUR)

	2018	2019	2020	2021	2022	2023
Single household < age of retirement	15,925	16,300	16,650	16.950	17,350	19,375
More persons household < age of retirement	20,600	21,100	21,575	22.000	22,500	25,225
Single household > age of retirement	17,325	17,875	18,350	18.775	19,075	20,500
More persons household > age of retirement	23,200	23,900	24,475	25.025	25,450	27,275

#### The process for awarding housing benefits 2023 – 6 Steps

##### Step 1: Determines the kind of household

The *standard rent* (*basishuur*) is the amount of rent a household has to pay themselves; it depends on the size of the household, the age of the inhabitants and the taxable household income. The following kinds of households are defined (based on the household composition and age on 1 January):

- Single person household (single and younger than the age of retirement);
- More person household (min 2 persons; all persons younger than the age of retirement)
- Single person household (single older than the age of retirement)

- More person household (min 2 persons; at least one person older than the age of retirement).

The composition of the household and the age of the inhabitants is of importance for the *standard rent* (*basishuur*) and the *capping limit* (*aftoppingsgrens*; the level at which no subsidy or only 40% of the subsidy is awarded) and the maximum means level (*vermogensgrens*).

### Step 2: Determines the *capping limit* (*aftoppingsgrens*)

The *capping limit* for a full benefit is the rent above which level in principle no subsidy is paid. On 1 January 2023, for a one- or two-person household the maximum rent level is EUR 647,19, for a household with 3 or more persons it is EUR 693,60.

If the rent exceeds the *capping limit*, only 40% of the rent subsidy is paid for the exceeding amount, but only if the household considered is a single person household, a household with at least one person above the retirement age or a handicapped person in adjusted accommodation. On 1 January 2023, monthly house rents up to EUR 808,06 qualify for housing benefits. To ensure comparability across countries, TaxBEN assumes that rents above the eligibility limit are capped at the maximum.<sup>11</sup>

Note that the maximum rent level for a person younger than 23 years is EUR 452,20 on 1 January 2023.

### Step 3: Determines the *calculated income*

As the actual yearly household income level is unknown until the end of the year, the rent subsidy is determined using a specific *calculated income* (*rekeninkomen*). This is the total taxable income of the persons belonging to the household in the current year (2023) including:

Taxable income:

- income from work and accommodation
- rent from capital income
- interests

Afterwards, the (estimated) taxable income is compared to the actual taxable income. The difference in actual and estimated income may lead to an adjustment of the rent subsidy which will be settled with the receiver.

### Step 4: determine the *standard rent*

All income of the household is summarized. For children up to 23 years an amount of EUR 4532 is excluded from the calculations. The *standard rent* is calculated with the following formula:

$$\text{Standard rent} = a \cdot Y \cdot Y + b \cdot Y$$

In which  $Y = \text{calculated income (rekeninkomen)}$ , and  $a$  and  $b$  are specific parameters depending on the different household types:

1 January 2023	<b>a</b>	<b>b</b>
Single household < retirement age	0.000000474433	0.002448638402

<sup>11</sup> For details on the assumptions applied on housing benefits, see Section 3.5.4 of the TaxBEN methodology, available at: <http://www.oecd.org/social/benefits-and-wages/OECD-TaxBEN-methodology-and-manual.pdf>

2 or more person household < retirement age	0.000000279402	0.001893212113
Single household > retirement age	0.000000671404	-0.002850602044
2 or more person household > retirement age	0.000000430722	-0.003611907743

### Step 5: Determine the *calculated rent* (*rekenhuur*)

The *calculated rent* forms the basis for the rent subsidy. It consists of the net rent including a few service components such as cleaning service. Households are eligible for housing benefit if the *calculated rent* does not exceed EUR 808.06 per month (as of 1 January 2023) and if the *standard rent* is lower than the *calculated rent*.

### Step 6: Calculate the amounts to be subsidized at 100%, 65%, and 40%

Three levels of benefit are paid in the case when the *calculated rent* exceeds the *standard rent*:

- The difference between the *standard rent* and the “*quality allowance limit*” (EUR 452.20 in 2023) is paid completely (=100%).
- The amount by which the *calculated rent* exceeds the “*quality allowance limit*” is subsidized at 65%. The idea behind this is that people should pay a contribution if they rent a more expensive (and therefore better quality) home.
- The amount by which the *calculated rent* exceeds the “*capping limit*” (see Step 2) is only eligible for benefit in the case of people older than the retirement age, people living alone and the handicapped. In these cases, 40% of the amount that exceeds the cap is subsidized.

Monthly house rents up to EUR 808.06 qualify for housing benefits as of 1 January 2023.

#### 3.2.3. *Benefit duration*

As long as eligibility conditions are fulfilled.

#### 3.2.4. *Means test*

Income is assessed in the calculation of the housing benefit (see Step 3 and Step 4 in Section 3.2.2).

#### 3.2.5. *Tax treatment*

The benefit is not taxable.

#### 3.2.6. *Interaction with other components of the tax-benefit system*

No information.

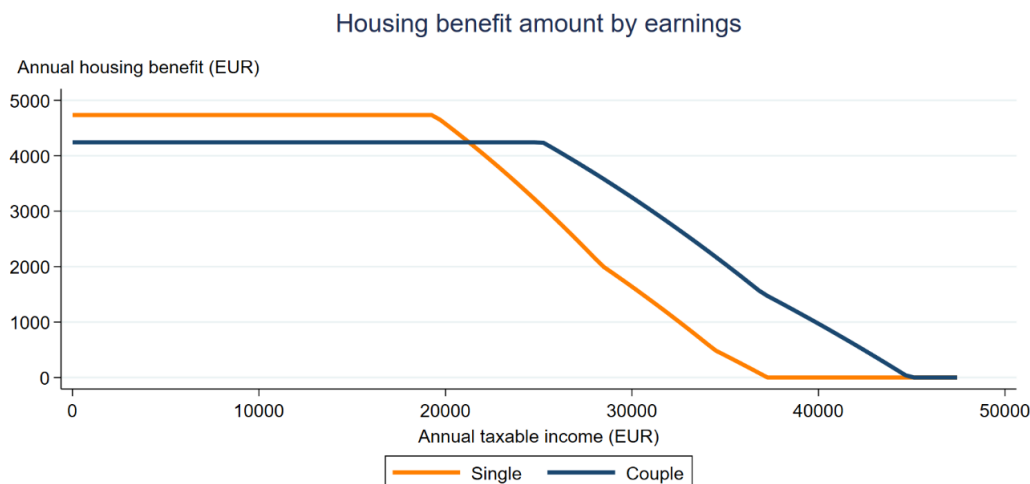
#### 3.2.7. *Combining benefit receipt and employment/starting a new job*

See Section 3.2.4.

#### 3.2.8. *Indexation*

No information



**Figure 4 – Housing Benefit by Taxable Income**

Note: Households with persons younger than the retirement age. Figures for households without children. In this simulation for the Netherlands, the assumed housing cost is 14.895% of the average wage, i.e. 750.00 EUR/month. This differs from the standard TaxBEN assumption (where housing costs are assumed to be 20% of the average wage).

## 4. Family benefits

In the Netherlands, there exists one universal child benefit under the General Child Benefit Act (*Algemene Kinderbijslagwet, AKW*), and one targeted additional child benefit (under the *Wet op het kindgebonden budget, WKB*). Both are described in Section 4.1.

### 4.1. Child benefits (*Algemene Kinderbijslagwet and Wet op het kindgebonden budget*)

Variable names: **[FB; CB; ADD\_FB]**

*AKW* is a non-contributory benefit, not means-tested and not taxable. *WKB* is non-contributory, means-tested and not taxable.

#### 4.1.1. Eligibility conditions

The General Child Benefit Act (*AKW*) offers people living and/or working in the Netherlands a financial allowance (child benefit) for the costs of care and maintenance of children up to the age of 18. The amount of the child benefit depends on the number of children and their age.<sup>12</sup>

To receive the additional child benefit (*WKB*), a means-test has to be passed (see Section 4.1.2.).

<sup>12</sup> Double amounts can be paid if the child is not living at home because of study or disability if the conditions of the General Child Benefit Act are met, or if the parent(s) provide home care for their severely disabled child (aged 3 to 18) in need of extensive care. A single parent or single earner providing such home care can receive an extra amount. This is not modelled in TaxBEN.

#### 4.1.2. Benefit amount

Child benefit **AKW** is paid per quarter:

On January 1st 2023:

- Aged 0-5      EUR 269,76
- Aged 6-11    EUR 327,56
- Aged 12-17   EUR 385,37

The additional child benefit **WKB** is paid monthly. Parents who receive child benefits for children up to the age of 18 can qualify for **WKB** if their income and their capital do not exceed a certain ceiling. The **WKB**-amount depends on the income of the parent(s), the number of children and the age of the children. For children between 12 and 18 and for lone parents there is an extra allowance.

The benefit has a maximum value per year.

The maximum annual amounts of the allowance per child are (2023):

- 1st child: EUR 1653,00
- 2nd and subsequent children: EUR 1532,00

The maximum annual amounts of the extra allowance are:

- 12-15 years: EUR 267
- 16-17 years: EUR 476

Single parents receive an additional amount up to a maximum of EUR 3,848 per year (in 2023).

The benefit is withdrawn at a rate of 6.75% when the family's yearly taxable income exceeds EUR 25,069.82 for single parents or EUR 43,396.82 for couple parents (an additional EUR 18,327) in 2023.

#### 4.1.3. Benefit duration

As long as the eligibility conditions hold.

#### 4.1.4. Means test

For **WKB** only, see Section 4.1.2.

#### 4.1.5. Tax treatment

**AKW** and **WKB** are not taxable.

#### 4.1.6. Interaction with other components of the tax-benefit system

None.

#### 4.1.7. Combining benefit receipt and employment/starting a new job

See Section 4.1.2

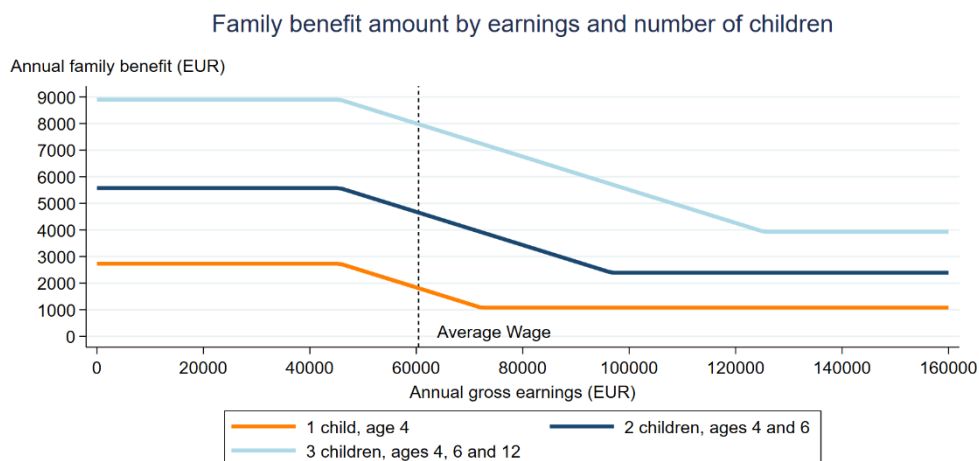
#### 4.1.8. Indexation

Every six months the child benefit (AKW) amounts can be adjusted to the price developments.

The amounts of additional child benefit (WKB) including additional amounts for children aged 12-17 and single parents are amended on 1 January each year to reflect the price developments. The income threshold at which the benefit is withdrawn is related to the minimum wage (see Section 1) plus an additional amount for couple families, which is also amended on 1 January to reflect price developments.

In 2023 the amounts of WKB were increased in addition to the usual amendment. The adjustment is partially structural and partially temporary. The temporary increase will be phased out gradually between 2024 and 2028<sup>13</sup>.

**Figure 5 – Family Benefit by Earnings and number of children**



Note: For a two-parent, one-earner household. Adults are 40 years old.

<sup>13</sup> See Section 2.1: [26-Wijziging-van-de-Wet-op-het-kindgebonden-budget-tot-intensivering-van-het-kindgebonden-budget.pdf \(rijksfinancien.nl\)](https://rijksfinancien.nl/26-Wijziging-van-de-Wet-op-het-kindgebonden-budget-tot-intensivering-van-het-kindgebonden-budget.pdf)



There are legal maximum hourly rates that are eligible for a subsidy which are indexed each year<sup>15</sup>. In the case where parents pay a higher price for childcare, the difference between this maximum rate and the higher rate is not eligible for a subsidy. The legal maximum rates for the three different types of childcare provided are:

Maximum subsidised fee per hour in EUR	2020	2021	2022	2023
Daycare	8.17	8.46	8.50	9,12
After-school care	7.02	7.27	7.31	7,85
Childminder (homecare)	6.27	6.49	6.52	6,85

\* Only daycare is considered in the TaxBEN model

The average gross rate parents pay (before the subsidy) for the three different types of childcare provided are:

Average gross costs per hour in EUR	2020 <sup>1</sup>	2021 <sup>1</sup>	2022 <sup>2</sup>	2023 <sup>3</sup>
Daycare <sup>4</sup>	8.28	8.61	8.81	9,30
After-school care	7.51	7.74	7.90	8,34
Childminder (homecare)	6.25	6.45	6.57	6,94

1 These values are taken from the Dutch Government Budget (*Artikel 7 Kinderopvang*) of the second year following the one indicated (e.g. 2021 costs are from the 2023 Budget). Data are based on the statements of applicants known at that time, however may still change as a result of the final determination of income and use.

2 These values are taken from the most recent [Dutch Government Budget \(2023\), 3.7 Artikel 7 Kinderopvang](#). Data are estimates and are subject to change.

3 These values are taken from the most recent [Dutch Government Budget \(2023\), 3.7 Artikel 7 Kinderopvang](#). Data are estimates and are subject to change.

4 Only daycare is considered in the TaxBEN model.

### 5.1.1. Discounts for part-time usage

Childcare (hourly) fees and childcare allowance apply independently of the amount of childcare used, i.e. they are also applicable in case of part-time usage (see Section 5.3).

## 5.2. Fee discounts and free provision

None.

## 5.3. Childcare benefits for formal centre-based care (*Kinderopvangtoeslag*)

Variable names: `[cc_benefit]`

Parents pay the costs for childcare themselves, and receive a subsidy from the government (the ‘childcare allowance’). The childcare allowance is calculated as a percentage of the total costs of the childcare and varies with the income of the parents: the lower the income, the higher the benefit. In 2023, at an annual income up to and including EUR 21 278, the benefit starts with a contribution of 96.0% of the costs for the first child, decreasing in 43 steps to 33.3% at an income of more than EUR 132 251. For further children, the contribution begins at a rate of 96.0% and declines in 53 steps to 67.1% for further children at an income of EUR 207 680 or more. The detailed values for all steps are outlined in Annex I.

<sup>15</sup> The adjustment is based on the development of the wage rate for companies and the consumer price index, as described in Article 5 of the [Childcare Allowance Decree](#).

### 5.3.1. Eligibility

Parents have to meet the following conditions in order to be eligible for childcare benefits:

- Working parents, including single working parents;
- Parents in a reintegration course to work;
- Parents who follow recognized education;
- Immigrants taking part in an integration course.

Childcare Allowance is payable for a maximum of 230 hours per child per calendar month. Unused hours can be accumulated and used within the year.

In 2022 and earlier years, this amount is reduced for parents working part time. The allowance for daycare/childminder (homecare) is payable for 1.4 times the number of hours worked. The allowance for after-school care is payable for 0.7 times the number of hours worked. In couple families, the number of working hours considered is the smaller of the two adults' working hours.

In 2022 and earlier years, families where one or both adults become unemployed remain eligible for the same amount of Childcare Allowance for three months. In addition, adults participating in a recognised pathway to work (*traject naar werk*) are eligible for 230 hours of subsidised childcare per calendar month of the program. This generally includes recipients of unemployment benefits (see Section 2.1.1) and social assistance (see Section 3.1.1), and is assumed to be the case for recipients of these benefits using childcare in the TaxBEN model. Couple families where one parent meets the condition and the other one does not are not eligible.<sup>16</sup>

From 2023, all parents will receive the Childcare Allowance for up to 230 hours per child per calendar month, regardless of the number of hours of employment per month. Parents must still meet the eligibility conditions outlined at the beginning of this section. Recipients of unemployment benefits and social assistance are generally participating in a recognised pathway to work (*traject naar werk*) and are eligible for the Childcare Allowance. This is the situation assumed in the TaxBEN model.

### 5.3.2. Benefit amount

See above.

### 5.3.3. Benefit duration

As long as eligibility criteria are fulfilled.

### 5.3.4. Means test

Benefit amount dependent on household income, see above.

### 5.3.5. Tax treatment

The childcare benefit is not taxable.

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<sup>16</sup> Since 2021, except when the non-eligible parent had a permanent WLZ-indication, is imprisoned for more than 3 months or (from 2023) has a temporary ELZ-indication.

5.3.6. *Interaction with other benefits*

No information.

5.3.7. *Combining benefit receipt and employment/starting a new job*

See above.

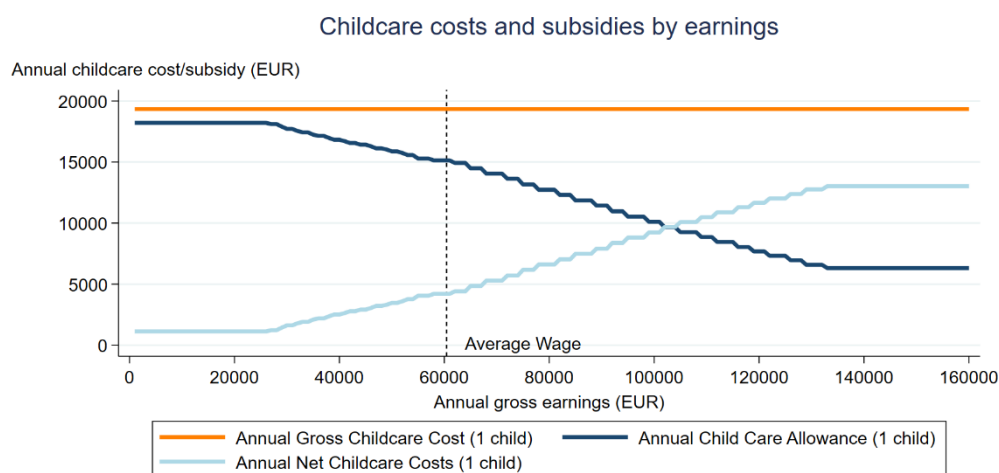
5.4. *Childcare allowance for children not using child care centres*

Childcare allowance can also be received if the child is taken care of by a private childminder (gross fees are provided in Section 5.1). This is not considered in TaxBEN.

5.5. *Tax concessions for childcare expenditures*

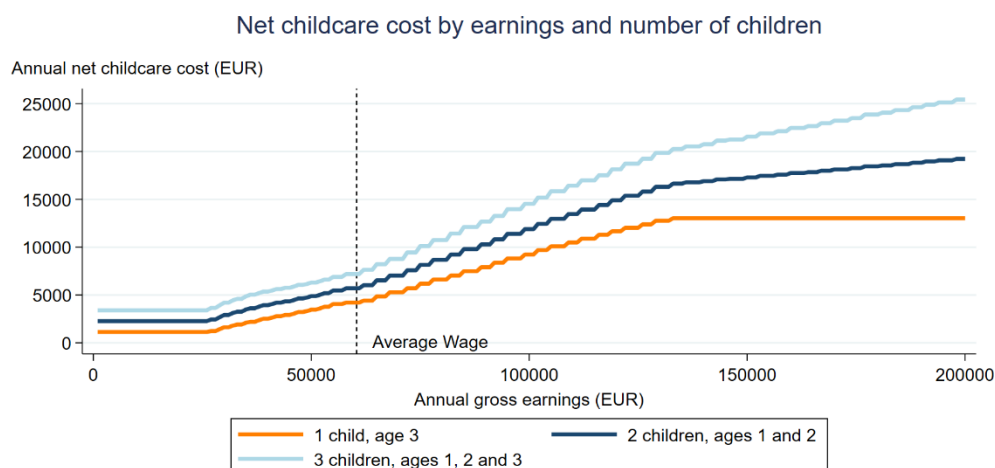
None.

**Figure 7 – Child Care Costs and Subsidies by Gross Earnings**



Note: Figures for 40-year old lone parent with 3-year old child, working full time. Childcare is assumed to be used 40 hours per week for 52 weeks per year. Childcare costs are as per the fees for Daycare presented in Section 5.1.

**Figure 8 – Net CC Cost by number of children**



Note: Figures for 40-year old lone parent with 3-year old child, working full time. Childcare is assumed to

be used 40 hours per week for 52 weeks per year. Childcare costs are as per the fees for Daycare presented in Section 5.1.

## 6. Employment-conditional benefits

Variable names: **[IW; IW\_p; IW\_s]**

There are no specific employment-conditional benefits in the Netherlands. However, the Work credit and the Income dependent combination credit are dependent on work, of which the latter is currently classified as an in-work benefit **IW** in TaxBEN. For further details, see Section 8.1.

## 7. Social security contributions and payroll taxes

### 7.1. Social security contributions

Variable names: **[SC; F\_SOCSEC\_p; F\_SOCSEC\_s; CARE\_ben; SSCR; SSCR\_general\_p; SSCR\_general\_s; SSCR\_NTCP\_p; SSCR\_NTCP\_s]**

Ceilings for social security contributions: Employee and/or employer social security contributions are payable until a maximum of gross earnings of EUR 66.956 (in 2023) for Unemployment, Health and Invalidity insurance. Different ceilings apply to Old age pension, Widows and orphans pension and Exceptional medical expenses, as indicated.

Contributions payable by employees:

**Unemployment:** 0% of the gross earnings (this contribution is only for the general unemployment fund); employees do not have to pay an unemployment premium in order to reduce administration costs. Employers pay both an unemployment premium and a premium for invalidity for their employees (see below).

**Health:** Each adult in the Netherlands makes a payment for basic health insurance to a privately-managed health insurance company. The average payment in 2023 was EUR 1 657.<sup>17</sup> Employees might obtain a compensation for this nominal contribution depending on their family situation and taxable income through the ‘health care allowance’ (*zorgtoeslag*). Both this benefit and the basic health insurance premium are included in the non-tax compulsory payments (NTCP) calculations in TaxBEN.<sup>18</sup> The care benefit is calculated as follows in 2023, based on the household’s combined taxable income (*toetsingsinkomen*):

*Single parent households:*

$1889 - 0,123\% * \text{threshold income} + 13.64\% * (\text{taxable income} - \text{threshold income})$

*Married couples:*

$2 * 1889 - 2,378\% * \text{threshold income} + 13.64\% * (\text{taxable income} - \text{threshold income})$

<sup>17</sup> [Wat kost het om een zorgverzekering af te sluiten? | Rijksoverheid.nl](https://www.rijksoverheid.nl/onderwerpen/zorgverzekering/verzekering-af-sluiten)

<sup>18</sup> NTCPs refer to compulsory payments made by employers or employees in connection with the employees’ labour activity that do not qualify as taxes and social security contributions. See [the “Associated paper: non-tax compulsory payments” to the latest OECD Taxing Wages report](#) for more details on NTCPs.



The ‘threshold income’ (*drempelinkomen*) is the minimum wage at January including the holiday allowance (EUR 25,069.82 per year). The health care allowance (*zorgtoeslag*) is calculated monthly.<sup>19</sup>

**Old age (public – first pillar) pension:** The age is adjusted such that elderly will receive Old age (state) pension at the age of 66 years and 10 months in 2023 and at 67 years in 2024. The Old age premium percentage is 17.9 per cent of taxable income in the first tax bracket (i.e. up to gross earnings of EUR 37 149 in 2023, see Section 8.1.3). This scheme does not apply to individuals above the current pension age.

**Old age (private – second pillar) pension:** In the Netherlands, compulsory contributions under collective labour agreements are paid by employees and employers to privately–managed pension funds.<sup>20</sup> Capital is built up and invested to create an acceptable rate of return. The pension premiums vary between companies. On average employees working in the private sector pay a pension premium of 8.10.%<sup>21</sup> of gross earnings net of the pension franchise of EUR 15 859 in 2023. These pension premiums are considered as NTCs in TaxBEN. The pension franchise is built into the pension scheme to prevent an employee whose wage is too low to obtain a second pillar pension (and so receives only the first pillar pension) from having to pay pension premiums in the second pillar. The employee does not have to pay personal income tax on the pension premiums but the pension payments will eventually be taxed when the employee retires. This exemption from personal income taxes is limited to gross earnings of EUR 128 810 in 2023. Pension premiums paid over gross earnings above this threshold are taxed. The premiums of the employee qualify as a standard tax relief.

**Widows and orphans pension:** 0.10 per cent of taxable income in the first and second tax bracket.

**Exceptional medical expenses and disability (Long-term care act, *wet langdurige zorg*):** 9.65% of taxable income in the first and second tax bracket.

#### Contributions payable by employers in 2023:

**Unemployment<sup>22</sup>:** The General Unemployment Fund (*Algemeen Werkloosheidsfonds*, AWf) finances the unemployment benefits of market employers. As a result of the Balanced Labour Market Act (*Wet arbeidsmarkt in balans*, Wab), there will be two premium rates within the AWf from 2020: a low rate for permanent employment and a high rate for flexible employment.

In 2023, the low rate is 2.64% and the high rate is 7.64%. The TaxBEN model uses the weighted average of the AWf employer contribution, 3.89%.

<sup>19</sup> For further information, see the [Care Allowance Act](#).

<sup>20</sup> Very small companies do not have pension arrangements for their employees. If a company offers a pension arrangement to one of its employees, it has to offer the same arrangement to all of its employees. Nearly all SME’s (approximately 95 per cent) have pension arrangements for their employees.

<sup>21</sup> This is an estimated value. Final information regarding the pension premium contributions for employees and employers in Sectors B-N (ISIC Rev. 4), as a percentage of average earnings, becomes definitive only after three years.

<sup>22</sup> Source: National budget, [Section 5.1 Social funds SZW](#).

**Invalidity:** In 2023, a total of 8.83% of gross earnings, being the sum of:<sup>23</sup>

- The Disability fund (*Arbeidsongeschiktheidsfonds*, Aof). From 2022, the Aof premium will have two different rates: a rate for small employers (up to 25 times the average wage bill) and a rate for larger employers. In 2023, the low rate is 5.82% and the high rate is 7.64%. The TaxBEN model uses the weighted average of the Aof employer contributions, 6.80%.
- Childcare surcharge to the Aof premium (Uniforme opslag kinderopvang, Ufo). In 2023, the rate is 0.5%.
- The Work resumption fund (Werkhervattingskas, Whk), from which benefits for the partially disabled and benefits under the Sickness Act are paid. In 2023, the rate is 1.53%.

**Healthcare insurance premium (*Zorgverzekeringswet*):** For medical care employers contribute 6.68% of gross earnings net of employees' NTCP pension premiums and unemployment social security contributions<sup>24</sup>. Prior to 2013, this payment was made by the employee and reimbursed by the employer. The expenditure of this fund mainly compensates private insurance companies for their (public) obligation to insure individuals with a high health risk.

**Old age (private – second pillar) pension:** On average employers in the private sector pay a pension premium of 12.16% of gross earnings of their employees exclusive of the pension-franchise of EUR 15 859 in 2023. The compulsory pension premiums of employers to privately-managed funds are NTCPs.

## 7.2. Payroll taxes

None.

## 8. Taxes

### 8.1. Personal income tax

Variable name: `[IT; F_INCTAX_p; F_INCTAX_s]`

Husband and wife are taxed separately on their personal income, which includes, besides income from business, profession and employment, all pensions and social security benefits. Certain parts of income may be freely split between husband and wife, such as the net-income from owner-occupied housing and the income from savings and investments (not applicable in TaxBEN).

#### 8.1.1. Tax allowances

Variable names: `[ALLOW; SS_UNEMP_p; SS_UNEMP_s]`

Related to wage earnings:

- Employees' social security contributions are partly deductible (see Section 7).<sup>25</sup>

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<sup>23</sup> Source: National budget, [Section 5.1 Social funds SZW](#).

<sup>24</sup> Source: [Percentages income-related zvw contribution \(belastingdienst.nl\)](#)

<sup>25</sup> Other non-standard tax allowances not modelled in TaxBEN:

- Employee contributions to private (company provided) pension schemes.

### 8.1.2. Tax base

Variable names: [[TAX\\_INC](#); [TAX\\_INC\\_p](#); [TAX\\_INC\\_s](#)]

There are three categories ('boxes') of taxable income:

- Taxable income from work and owner-occupied housing;
- Taxable income from a substantial interest in a limited liability company;
- Taxable income from savings and investments.

TaxBEN assumes the definition of taxable income from the first category, 'taxable income from work and owner-occupied housing', because of its relevance for the AW (while income from owner-occupied housing is assumed away).

### 8.1.3. Income tax schedule

The 2023 tax schedule for income from work and owner-occupied housing is as follows<sup>26</sup>:

Taxable Income (EUR)	Tax Rate (%)	Social security contributions	
		< 66 years and 10 months	> 66 years and 10 months
0– 37 149	9,28	27.65	9.75
37 149 – 73 031	36,93	-	-
73 031 and over	49.50	-	-

The contributions for the general social security schemes (for widows and orphans pensions, exceptional medical expenses, and old age income provision) are levied on income from work (and owner-occupied housing) in the first and second income tax bracket. These social security contributions are not deductible for income tax purposes. Individuals at or above the current pension age pay 9.75 per cent (for widows and orphans pensions, and exceptional medical expenses). Individuals younger than the

- 
- Fixed amounts for travel expenses with public transportation
  - Related to owner occupied housing: Excess of mortgage interest over net imputed rent.
  - Related to personal circumstances: Fiscal deduction of exceptional health expenses will be reduced to the specific costs as a result of the chronic illness. As specific costs are seen medical treatment (not paid for by insurance company), diet costs, special medicine described by a doctor, extra domestic care, special expenses for clothing and transportation costs. Visual tools and insurance premiums are not seen as specific costs and are therefore no longer deductible. As from 2014, expenses for wheelchairs, scooters for the disabled and home adjustments made because of a chronic illness are no longer deductible. All expenses except for medical treatment expenses may be increased by a factor. This factor is income and age dependent.

<sup>26</sup> Reference: [Overzicht tarieven en belastingschijven \(belastingdienst.nl\)](#)

current pension age pay 27.65 per cent, (for widows and orphans pensions, exceptional medical expenses, and old age income provision).<sup>27</sup>

#### 8.1.4. Tax credits

Variable names: `[TAX_CREDIT; F_TAX_CRED_p; F_TAX_CRED_s]`

The tax credits are deducted partly from the income tax liability and partly from the contributions that are made to the general social security schemes. For most families, the share of the credit attributed to tax is related to the ratio of the tax rate to the sum of the tax rate and the social security contributions rate in the first bracket of the tax schedule. In 2023, this ratio was 25.13% (= 9.28 % / (9.28 % + 27.65 %)), implying that 25.13% of the (tax) credit is attributed to the personal income tax and the remaining 74.87% to social security contributions.

Division of credits for tax and social security contributions is essential in the OECD publications. In the Netherlands no division is made in the general tax scheme between tax and SSC.

Note that the table above shows the total amount of social security contributions net of the credits that are claimed.

- *General tax credit (Algemene heffingskorting)*<sup>28</sup>: In 2023, the maximum for this credit is EUR 3 070 when no reduction is applicable and taxable income is below or equal to EUR 22 661. For incomes above this threshold, the general tax credit is fully phased out at a rate of 6.095% (per euro). So incomes above EUR 73 031 receive no general tax credit.
- *Work credit (Arbeidskorting)*<sup>29</sup>: The amount of work credit depends on taxable income from work and is phased in on three trajectories; the first one runs from EUR 0 to EUR 10 741. On this first trajectory, work credit equals 8.231% of taxable income from work with a maximum of EU 884. On the second trajectory, which runs from EUR 10 741 to EUR 23 201, the work credit equals EUR 884 plus 29.861% of the part of income that is above EUR 10 741, with a maximum of EUR 4 605. On the third trajectory, which runs from EUR 23 201 to EUR 37 691, the work credit equals EUR 4 605 plus 3.085% of the part of income that is above EUR 23 201, with a maximum of EUR 5 052. So at an income of EUR 37 691, the maximum of EUR 5 052 is reached. Above this income of EUR 37 691, the work credit is fully phased out at a rate of 6.51% (per euro) so that incomes above EUR 115 295 receive no work credit.
- *Income-dependant combination credit (Inkomensafhankelijke combinatiekorting)*<sup>30</sup>: A taxpayer who is either a single parent or the partner with the lowest labour income, who has children below the age of 12 and has his/her taxable income from work exceeding EUR 5 548, is entitled to an income dependent combination credit of 11.45% of taxable income above EUR 5 548. The

<sup>27</sup> Earners may not have to pay a premium for all national insurance schemes. For example, earners older than the state pension age no longer have to pay a premium for the state pension (AOW).

<sup>28</sup> Source: [Wat is de algemene heffingskorting en hoeveel krijg ik? \(belastingdienst.nl\)](https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/privetax/inkomsten/belasting/heffingskortingen_boxen_tarieven/heffingskortingen/arbeidskorting/)

<sup>29</sup>

Source:

[https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/privetax/inkomsten/belasting/heffingskortingen\\_boxen\\_tarieven/heffingskortingen/arbeidskorting/](https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/privetax/inkomsten/belasting/heffingskortingen_boxen_tarieven/heffingskortingen/arbeidskorting/)

<sup>30</sup> Source: [Inkomensafhankelijke combinatiekorting \(belastingdienst.nl\)](https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/privetax/inkomsten/belasting/heffingskortingen_boxen_tarieven/heffingskortingen/arbeidskorting/)

maximum total combination credit is EUR 2 694 (reached at an income level of EUR 29 076).<sup>31</sup>

- *Elderly tax credit (Heffingskortingen voor AOW-gerechtigden)*<sup>32</sup>: individuals above the pension age receive a tax credit of EUR 1 835 if their income is below EUR 40 889. This tax credit is gradually phased out to 0 at a rate of 15.0% for incomes above EUR 40 889. Individuals above the pension age who do not have a partner receive an additional tax credit of EUR 478 that is not income dependent. (Individuals above the retirement age are not modelled in TaxBEN).

The amount of the tax credit is limited to the amount of tax and premiums payable (non-refundable tax credit<sup>33</sup>).

## 9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for the Netherlands in 2023 (see figure below). TaxBEN by default produces the following output: 1) net household incomes (**black line**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (users are free to select many of these circumstances). The model and the related web calculator is accessible from the [project website](#). The figure below shows output for a two-adult family with two children (adults are both 40 years old whereas children are 4 and 6 years old respectively) and four different scenarios:

By percentage of the average wage (**Panel A**);

By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);

By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);

By previous employment record (in months), for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas show the following household income components: **GROSS** = gross earnings; **UB** = unemployment benefits; **SA** = social assistance / guaranteed minimum income benefits; **HB** = housing benefits; **FB** = family benefits; **IW** = in-work benefits; **SSC** = social security contributions; **IT** = income tax. Note that these components may be the result of the aggregation of more than one benefit/tax into a composite category. Please refer to the sections above for the benefits/taxes included in each category.

Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

**Panel A** assumes that one adult family member (the so-called ‘second adult’ using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g.

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<sup>31</sup> This credit is classified as an in-work benefit **IW** in TaxBEN. See also Section 6.

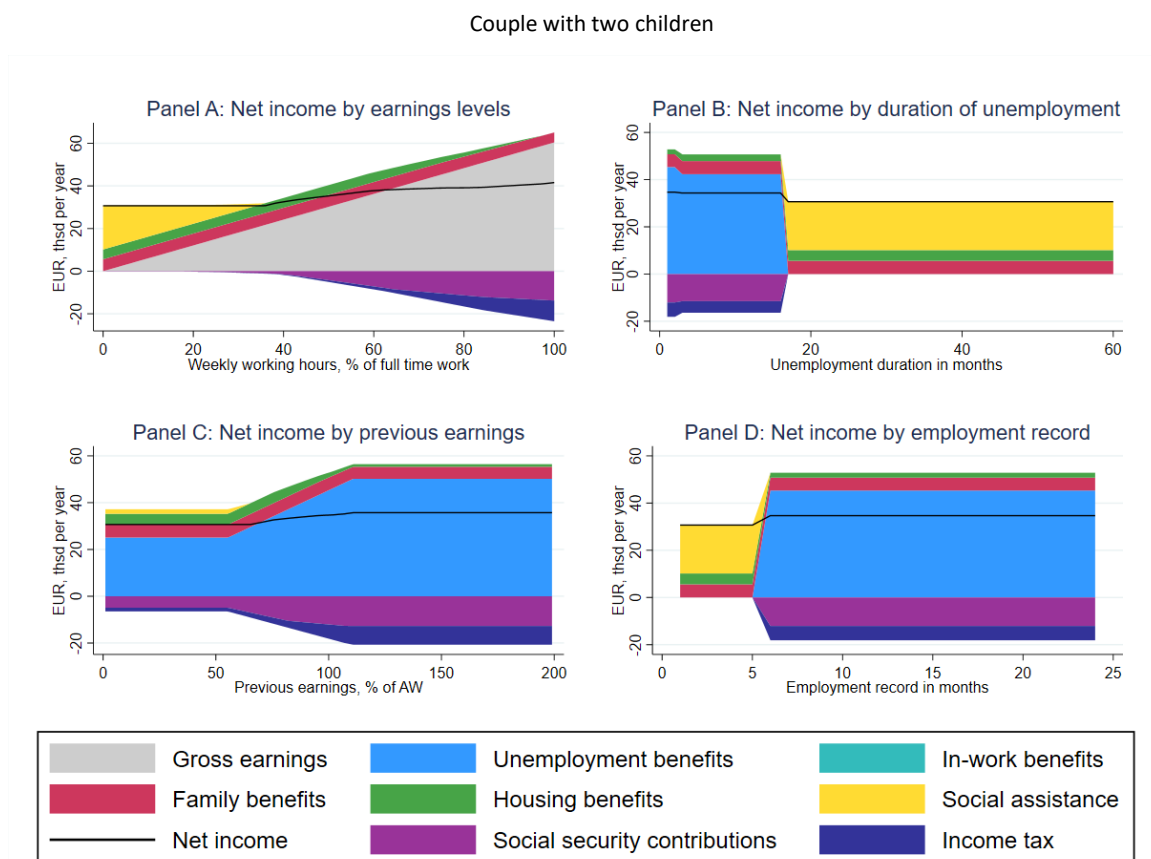
<sup>32</sup> Source: [Heffingskortingen voor AOW-gerechtigden \(belastingdienst.nl\)](#)

<sup>33</sup> Prior to 2023, the secondary earner could receive a tax credit greater than their tax liability in limited circumstances depending on the primary earner’s income.

because they have expired) whereas the other adult member (the so-called ‘first adult’) is employed full-time throughout the entire year at different earnings levels ranging between 0 and 200% of the average wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits (again, e.g. because they have expired) but claiming social assistance or guaranteed minimum income benefits, as applicable.

**Panels B to D** assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The x-axis in Panel B measures the time of benefit receipt, starting from the first month. The x-axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2<sup>nd</sup> month of unemployment benefit receipt. In Panel B and D, previous earnings are assumed to be equal to the average wage.

**Figure 12. Selected output from the OECD tax-benefit model**



*Note: the average wage used to produce the charts is EUR 60 424.*

*Source: Calculations based on the OECD tax-benefit model, 2023.*

## Annex I: Childcare allowance – income thresholds and rates

The table below provides detailed income thresholds and rates for childcare allowance in 2023 (*Kinderopvangtoeslag*, see Section 5.3).

Household income (from), in EUR	Household income (up to), in EUR	Childcare allowance 1 <sup>st</sup> child (Percentage of gross fee)	Childcare allowance as of 2 <sup>nd</sup> child (Percentage of gross fee)
0	21.278	96.00%	96.00%
21.279	22.695	96.00%	96.00%
22.696	24.110	96.00%	96.00%
24.111	25.528	96.00%	96.00%
25.529	26.944	96.00%	96.00%
26.945	28.362	95.50%	95.60%
28.363	29.778	94.40%	95.40%
29.779	31.191	93.40%	95.20%
31.192	32.715	92.50%	95.00%
32.716	34.236	91.90%	94.90%
34.237	35.762	90.90%	94.70%
35.763	37.283	90.40%	94.50%
37.284	38.811	89.50%	94.50%
38.812	40.334	88.70%	94.50%
40.335	41.894	88.10%	94.50%
41.895	43.456	87.30%	94.50%
43.457	45.018	86.60%	94.50%
45.019	46.580	85.90%	94.50%
46.581	48.145	85.00%	94.50%
48.146	49.706	84.50%	94.50%
49.707	51.267	83.70%	94.50%
51.268	52.830	83.00%	94.50%
52.831	54.537	82.10%	94.50%
54.538	57.885	80.60%	94.50%
57.886	61.231	79.80%	94.10%
61.232	64.579	78.70%	93.50%
64.580	67.929	76.40%	93.10%
67.930	71.275	74.10%	92.80%
71.276	74.625	71.90%	92.10%
74.626	77.972	69.40%	91.60%
77.973	81.320	67.10%	91.10%
81.321	84.669	64.90%	90.40%
84.670	88.015	62.50%	89.80%
88.016	91.367	60.30%	89.40%
91.368	94.714	57.80%	89.10%
94.715	98.060	55.50%	88.40%
98.061	101.408	53.30%	88.00%
101.409	104.822	50.90%	87.50%
104.823	108.252	48.80%	86.80%
108.253	111.680	46.70%	86.30%
111.681	115.109	44.60%	85.90%
115.110	118.535	42.40%	85.60%

118.536	121.965	40.50%	84.90%
121.966	125.395	38.60%	84.30%
125.396	128.825	36.70%	83.90%
128.826	132.250	34.70%	83.30%
132.251	135.678	33.30%	82.90%
135.679	139.109	33.30%	82.20%
139.110	142.536	33.30%	81.60%
142.537	145.965	33.30%	80.60%
145.966	149.392	33.30%	80.30%
149.393	152.822	33.30%	79.50%
152.823	156.254	33.30%	78.60%
156.255	159.680	33.30%	78.00%
159.681	163.109	33.30%	77.10%
163.110	166.535	33.30%	76.60%
166.536	169.966	33.30%	75.80%
169.967	173.396	33.30%	75.10%
173.397	176.824	33.30%	74.40%
176.825	180.252	33.30%	73.40%
180.253	183.677	33.30%	72.90%
183.678	187.109	33.30%	72.20%
187.110	190.536	33.30%	71.40%
190.537	193.966	33.30%	70.70%
193.967	197.395	33.30%	70.10%
197.396	200.822	33.30%	69.30%
200.823	204.252	33.30%	68.50%
204.253	207.679	33.30%	68.00%
207.680	and higher	33.30%	67.10%

Source: [Bedragen kinderopvangtoeslag 2023 | Kinderopvangtoeslag | Rijksoverheid.nl](#)