

Cross-border impact assessment 2017

Dossier 2: Tax Treaty Netherlands-Germany



Maastricht University

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2. Tax Treaty Netherlands-Germany

1. Introduction

The new tax treaty between the Netherlands and Germany entered into effect on 1 January 2016.¹ The conclusion of the Treaty, like that of tax treaties in general, primarily aims to avoid double taxation or double non-taxation.

The following reasons, which underlie the conclusion of the new treaty, are of interest in light of the analysis of the border effects of the Tax Treaty: tax treaties are concluded between states with strong political, financial and economic relations, like the Netherlands and Germany.² In addition, the Netherlands and Germany are neighbouring countries, which might cause difficulties in the field of cross-border employment and retirement. The old tax treaty, which dated from 1959, no longer reflected the current state of affairs in (cross-border) economic relations between the two countries, which was one of the reasons it urgently required replacement.³ During the negotiations for the new Treaty, the Netherlands mainly pursued the improvement of the tax position of frontier workers residing in the Netherlands, while Germany focused on combating abuse of the Tax Treaty.⁴

Research Approach

This cross-border impact assessment focuses on the tax position of the frontier worker. The cross-border impact assessment 2016 of the Tax Treaty Netherlands-Germany devoted attention to the border effects on active income, i.e. income from employment, and passive income, i.e. income from pension schemes. In addition, the above report carried out a more detailed investigation of the changes in the specific Treaty articles. For this reason, readers are assumed to be familiar with them and are referred to the cross-border impact assessment 2016 for a fuller description.⁵

One of the recommendations in the cross-border impact assessment 2016 was to draw a comparison between the income situation of frontier workers (both Dutch and German ones) and their neighbours and colleagues. This report follows up on this recommendation by making this transparent for active frontier workers.⁶ This cross-border impact assessment has opted for a fiscal legal assessment of the effects of the new tax treaty on frontier workers.

¹ Bundesgesetzblatt Jahrgang 2012 Teil II Nr. 38; Tractatenblad van het Koninkrijk der Nederlanden Jaargang 2012, Nr. 123.

² This was also recognized during the parliamentary process, see *Netherlands Parliamentary Papers II 2013/14*, 33 615, No. 3 (Explanatory Memorandum), part I.1.

³ See Deutscher Bundestag, 17. Wahlperiode, Gesetzentwurf der Bundesregierung, Drucksache 17/10752, A. Problem und Ziel and *Kamerstukken (Netherlands Parliamentary Papers) II 2013/14*, 33 615, No. 3 (MvT) (Explanatory Memorandum), section I.1.

⁴ *Kamerstukken II 2013/14*, 33 615, No. 3 (MvT), section I.1. This is particularly aimed at preventing 'treaty shopping', whereby third-country residents obtain access to a benefit from the Tax Treaty. Please refer to Dutch tax treaty policy as set out in the policy note from 2011 for the Dutch stance on the position of frontier workers: Ministry of Finance, *Notitie Fiscaal Verdragsbeleid 2011*, 11 February 2011, p. 61.

⁵ The 2016 cross-border impact assessments of the tax treaty between the Netherlands and Germany can be consulted via the ITEM website:

<<https://www.maastrichtuniversity.nl/nl/onderzoek/instituten/item/onderzoek/studie-grenseffectenbeoordeling#report2016>>.

⁶ Regarding this recommendation from the ITEM cross-border impact assessment 2016, see [File 1B: Tax Treaty Netherlands-Germany Pension \(NL\)](#), p. 38.

Preliminary remark: the following should be noted about the terminology used: the Dutch parliamentary documents often use the term 'grensarbeiders'. It is unclear whether this includes both employment and self-employment. The same applies to 'grenswerkers', where it is also unclear whether this term includes the self-employed. The present analysis therefore uses the term 'frontier workers' to designate 'employees', i.e. persons who are employed rather than self-employed.

2. Research Objectives, Definitions, Themes and Indicators

2.1 Effects today or in the future, objective: ex-post or ex-ante

Based on calculations using various income classes and scenarios, this study attempts to establish the extent to which parity between colleagues and neighbours is ensured under the new tax treaty. The focus is thus on the income effects of the new treaty on frontier workers. In addition, this cross-border impact assessment compensates for a lack of border-impact assessment at legislative level by using a coherent tool for this purpose. The tool will be explained below under 'Principles, Benchmarks and Indicators. This lack refers to the absence of a separate section that outlines the consequences of the new tax treaty for frontier workers.⁷ In line with a commitment made by former Secretary of State for the Treasury and Finance De Jager, such a paragraph is included in the Explanatory Memorandum of the parliamentary debate on the new tax treaty between the Netherlands and Germany.⁸ Unfortunately, to our knowledge, no comparable paragraph assessing the impact of new legislation on frontier workers has been included since. For this reason, we recommend incorporating in the parliamentary process of adopting new legislation a separate paragraph in the Explanatory Memorandum with a coherent analysis of the impact that the new legislation will have on frontier workers. What analyses of border effects have taken place have been inconsistent as to their execution, i.e. the research methods were different.

The above shows that the impact of new legislation on frontier workers and border regions in general is still not receiving the attention it deserves, i.e. border effects are still being underestimated by national legislators.⁹

This report, like the study from 2016, can be seen as an ex-post analysis of the border effects at an early stage. The practical consequences for frontier workers and border regions are, after all, not quantitatively measurable yet, as the treaty has only been effective for roughly one-and-a-half years,

*Kamerstukken II 2013/14, 33 615, No. 3 (MvT), section I.4 Frontier workers. The inclusion of this paragraph reflects the commitment made by former Secretary of State for Finance De Jager to explicitly include the consideration of the consequences for frontier workers in new legislation (see the Cabinet's Opinion about the recommendations of the Frontier Worker Commission, 9 January 2009, 2008/2455 BCPP with reference to *Kamerstukken II 2000/01, 26 834, No. 5*).*

⁸ Besides, only one motion on the inventorying of the consequences of cross-border employment for fiscal regime and social security was adopted during the parliamentary debate on the new tax treaty. See Netherlands Parliamentary Papers: *Kamerstukken II 2013/14, 33 615, nr. 10*; Motion by the MPs Nijboer and Kerstens.

⁹ It is a positive sign, however, that two studies into the position of frontier workers were published in 2017: - Report of the Committee for Frontier Workers, (NL: Commissie Grenswerkers), *Grenswerkers in Europa; Een onderzoek naar fiscale, sociaalverzekerings- en pensioenaspecten van grensoverschrijdend werken* (Geschriften van de Vereniging voor Belastingwetenschap no. 257), Vereniging voor Belastingwetenschap 2017. - H. Niesten, *Belastingvoordelen van de grensoverschrijdende economisch actieve EU-persoon* (diss. Maastricht and Hasselt), 2017.

there has been no coherent data collection on cross-border employment and the treaty beneficiaries could still apply the old treaty in 2016 under the general transitional scheme.¹⁰

2.2 Effects: on which geographical area? Definition of the border region

Frontier workers in the Dutch-German border regions are facing the effects of the new tax treaty. More specifically, the affected group consists of frontier workers who live and work within a certain distance from the national borders. This report focuses on the relevant political entities, such as municipalities, 'Landkreise' or districts to identify this group. The border regions are illustrated in the figure below. Note that the Dutch-Belgian border region has been excluded from this report.

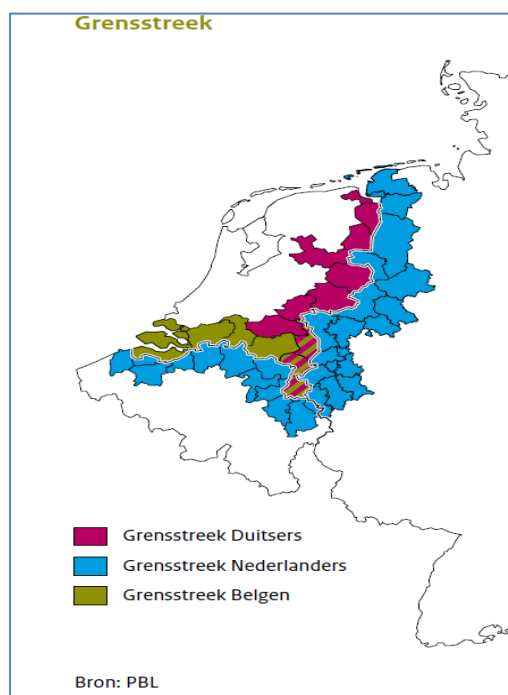


Figure 1: The border region¹¹

To provide this cross-border impact assessment with some substantiation from a quantitative perspective as well, the overview below contains some indicative data and figures on cross-border employment between the Netherlands and Germany.

Cross-border commuters	From the Netherlands to Germany	From Germany to the Netherlands
Dutch	5,100.	16,000.
Germans	3,400.	19,700.

Overview 1: Cross-border commuting between the Netherlands and Germany in 2012¹²

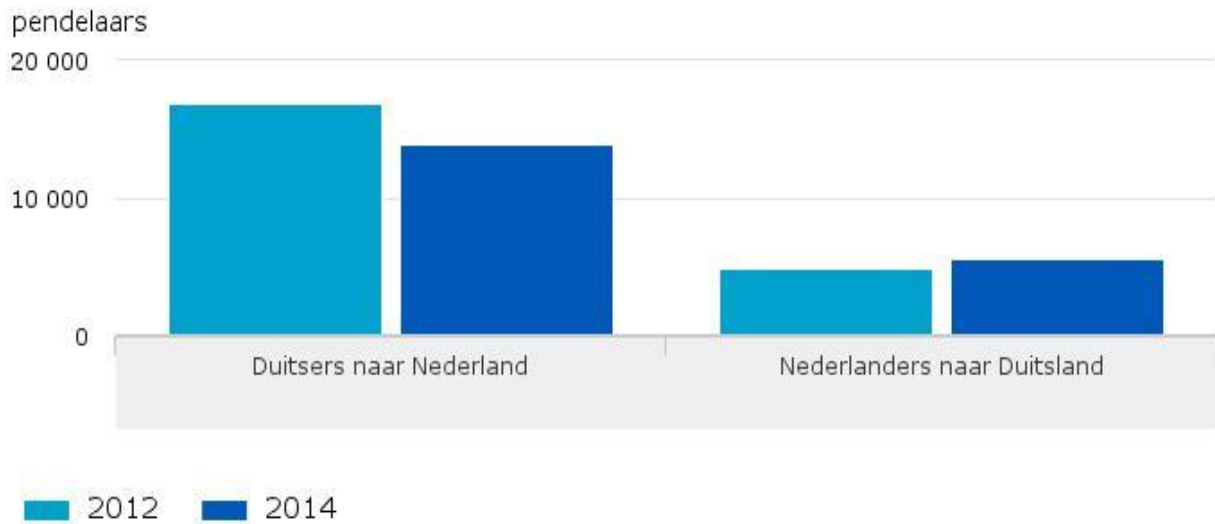
¹⁰ Art. 33, paragraph 6 of the new treaty: 'Notwithstanding the second and third paragraph, if a person, by virtue of the Agreement of 1959, were entitled to greater benefits than under this Treaty, the Agreement of 1959 shall remain fully applicable to such a person at the discretion of this person for a period of one year from the date on which the provisions of this Treaty would apply under the second paragraph.'

¹¹ Based on PBL Netherlands Environmental Assessment Agency, *Arbeidsmarkt zonder grenzen*, Den Haag: PBL 2015, p. 48.

¹² Based on PBL Netherlands Environmental Assessment Agency, *Arbeidsmarkt zonder grenzen*, Den Haag: PBL 2015, p. 9-10.

Previous figures (2008) show that the number of cross-border commuters between the Netherlands and Germany has decreased.¹³ The most recent available figures cover 2014. These figures reveal, among others, that there is scarcely an increase in Dutch border commuting to Germany compared to 2012, as is illustrated by the figure below.¹⁴

Grenspendel Nederland-Duitsland



Bron: IAB, PBL, CBS

Figure 2: Dutch-German Cross-Border Commuting¹⁵

As indicated before, these data are somewhat dated and not fully representative, since the meaning of the term 'frontier worker' was not defined, nor used in a consistent way, making it unclear who fell within the definition of 'frontier worker'. In addition, these data on cross-border employment have not been mapped in a coherent way, i.e. their reliability should be called into question, especially when encountering rounded numbers.¹⁶

¹³ Based on PBL Netherlands Environmental Assessment Agency, *Arbeidsmarkt zonder grenzen*, Den Haag: PBL 2015, p. 9-10.

¹⁴ The figures over 2014 can be consulted at <https://www.cbs.nl/nl-nl/nieuws/2016/37/meer-duitsers-pendelen-naar-nederland-dan-andersom> via <https://www.cbs.nl/nl-nl/nieuws/2016/37/meer-duitsers-pendelen-naar-nederland-dan-andersom>.

¹⁵ This figure is based on <https://www.cbs.nl/nl-nl/nieuws/2016/37/meer-duitsers-pendelen-naar-nederland-dan-andersom>.

¹⁶ See also the recommendation of the Commission for Frontier Workers (NL: Commissie grenswerkers): Report by the Commission for Frontier Workers (Commissie grenswerkers), *Grenswerkers in Europa; Een onderzoek naar fiscale, sociaalverzekerings- en pensioenaspecten van grensoverschrijdend werken* (Geschriften van de Vereniging voor Belastingwetenschap no. 257), Vereniging voor Belastingwetenschap 2017, p. 34.

2.3 Border effects on? What are the themes of the research, its principles, (benchmarks) and indicators?

2.3.1 Research Themes of the Dossier on the Tax Treaty Netherlands-Germany

This dossier focuses on the theme of 'European integration', more specifically the free movement of labour and the labour mobility of frontier workers. Based on the detailed, practice-based calculations produced by [Bol Adviseurs](#), an attempt has been made to provide insight into how Dutch and German frontier workers are treated for tax purposes: to what extent are they on par with their colleagues or neighbours under the new treaty? Both principles of 'parity among neighbours' and 'parity among colleagues' partly emanate from the case law of the European Court of Justice concerning the free movement of labour. The treaty negotiations between the Netherlands and Germany sought to achieve this parity¹⁷, inter alia by means of the inclusion of a compensation scheme in the Protocol to the new tax treaty.¹⁸ This compensation scheme should contribute to achieving parity among neighbours. The following section dwells on the backgrounds of this compensation scheme as well as the interpretation of the German 'Splittingverfahren'.

2.3.1.1 Compensation Scheme: parity among neighbours?

There is a compensation scheme in place for income from employment, i.e. income subject to Art. 14, Art. 15 or Art. 16 of the Treaty. This compensation scheme applies to Dutch frontier workers with income from Germany and is laid down in art. XII of the Protocol to the Treaty. This compensation constitutes a reduction of taxes payable in the Netherlands and is thus granted by the Netherlands. Under this compensation scheme, Dutch frontier workers are entitled to a tax reduction granted by the Netherlands, if the total, actually raised German income tax and German social security contributions comparable with the Dutch national insurance contributions exceed the Dutch income tax and national insurance contributions that would have been raised, had the income allocated to Germany been taxable in the Netherlands.

An obstacle to Dutch frontier workers, that still exists in 2017, is the non-comparability of German and Dutch social security contributions. Based on paragraph 2 of the aforesaid Art. XII of the Protocol, the competent authorities arrange, in mutual agreement, to what extent the contributions and premiums based on the Dutch regulations for national insurance contributions and the premiums based on the German legislation on social security are comparable, for the purpose of applying the first paragraph of this Article.¹⁹ Such a bilateral Agreement was concluded on 15 June 2016, stipulating that no premium or contribution to German social security is considered to be comparable with the premiums and contributions to Dutch social security.²⁰ The reason for this is that, unlike the Dutch national insurance schemes, the premiums and contributions to German social security are part of an insurance scheme for workers. Given that German social security contributions are usually used in calculating the income for Dutch taxation purposes, this decision avoids double compensation. For Dutch frontier workers, however, this decision leads to lower compensation.

¹⁷ *Kamerstukken I 2014/15*, 33 615, nr. C, p. 3. For the Dutch tax treaty policy on frontier workers, see: Ministry of Finance, *Notitie Fiscaal Verdragsbeleid 2011*, 11 February 2011, p. 60-62.

¹⁸ See Article XII of the Protocol to the Tax Treaty Netherlands-Germany.

¹⁹ See also the problems regarding the compensation scheme cited here: *Kamerstukken II 2013/14*, 33 615, No 8, p. 24 and 25.

²⁰ *Staatscourant*, Officiële uitgave van het Koninkrijk der Nederlanden, No. 31614, 15 June 2016.

2.3.1.2 *The influence of the 'Splittingverfahren'*

The first paragraph of Article 24 of the Tax Treaty, on non-discrimination, states in that nationals of a Contracting State shall not be subject to any taxation or related obligation in the other Contracting State, which is different or more burdensome than the taxation and related obligations to which nationals of that other state who are in the same circumstances, particularly with regard to place of residence, are or may be subject.²¹ As a refinement of this non-discrimination principle, Article XVI, first paragraph of the Protocol to the new treaty outlines the legal basis for the compensation that Germany conditionally grants to residents of the Netherlands with an income, e.g. from salary or pension, in Germany. This compensation consists of a more flexible application of the so-called 'Splittingverfahren', contained in paragraph 1 (3) of the 'Einkommensteuergesetz' (EStG, Income Tax act). Under this 'Splittingverfahren', spouses are allowed to file a joint German income tax return under certain conditions, in which case payable tax is calculated on the basis of half of the joint income of both spouses and then multiplied by two. This method of calculation leads to tax-bracket benefits.

The most important condition for non-residents of Germany who are foreign taxpayers in Germany to be eligible for this scheme is that at least 90% of the joint income of both spouses is taxable in Germany or that the income does not exceed the threshold of EUR 17,640, the so-called 'Grundfreibetrag'.²² The easing in the tax treaty consists of lifting the abovementioned 90% threshold and the absolute income requirement for the joint income of both spouses.²³ This assumes, however, that the spouse who is taxable in Germany personally fulfils these requirements. So, if one of the spouses meets the 90% requirement or the absolute income requirement, the tax-rate benefit can be achieved on the entire joint income of both spouses under the 'Splittingverfahren'.

Due to this relaxation, it is possible for one of the spouses to acquire secondary income outside Germany, for example in The Netherlands, with both remaining entitled to application of the 'Splittingverfahren' in Germany.²⁴ In individual cases, the application of the German 'Splittingverfahren' may have a major beneficial effect on the final tax burden in Germany. After all, if the income of the spouse working in the Netherlands exceeds the income requirement for application of the 'Splittingverfahren', the tax burden on the income of the main earner will become relatively larger and a relatively higher compensation will be necessary to achieve parity with the neighbours in the Netherlands.²⁵ This relaxation of the application of the 'Splittingverfahren' is the German contribution to ensuring 'parity among colleagues'.

Apart from the relaxation of the 'Splittingverfahren', however, Germany was not prepared to ensure full parity among colleagues by also granting compensation for other personal deductions,

²¹ The full text of the Treaty can be consulted via <https://www.rijksoverheid.nl/documenten/brieven/2012/04/12/nederlandse-tekst-belastingverdrag-met-duitsland>.

²² Par. 1 (3) j^o section 1a, (2) j^o section 32a (1) sub 2, number 1, EStG.

²³ Paragraph 1 of Article XVI of the Protocol to the Treaty declares the limitations of the second sentence of Article 1, paragraph 3, jo. Article 1a(2) of the German Income Tax Act ('Einkommensteuergesetz') not applicable to spouses who live in the Netherlands.

²⁴ *Kamerstukken II 2013/14, 33 615, No. 3 (MvT), section II.24 Non-discrimination.*

²⁵ M.G.H. Schaper and R.G. Prokisch, *Onderzoek naar een algemene compensatieregeling voor Nederlands-Duitse grenswerknemers*, Maastricht University 2009, p. 30.

reimbursements and reductions resulting from civil statuses or family compositions known in Germany.²⁶ It is particularly the complexity associated with such a proportional calculation that has deterred Germany. Germany also believes that it has done enough for the fiscal treatment of frontier workers, especially in light of case law of the European Court of Justice.²⁷

2.3.1.3 Other research themes?

A quantitative analysis of the impact of the Treaty on the frontier workers and border regions is currently not possible due to a lack of data on cross-border employment. For the same reason, an analysis of the effects of the Tax Treaty on the research theme of 'Sustainable and Socio-Economic Development' is not possible yet either. It is recommended that a qualitative data analysis be carried out in the future, in order to map the relationship between the Treaty and cross-border labour mobility and its impact on sustainable and socio-economic development.

2.3.2 Dossier on the Tax Treaty Netherlands-Germany: what are the principles, benchmarks and indicators for achieving a positive situation in border regions?

Following on the descriptions from the previous section, the principles, benchmarks and method of examination can be represented as follows in this report:

Principles	Benchmarks	Method
<i>The free movement of labour pursuant to Article 45 TFEU:</i> no discriminatory fiscal treatment of retired frontier workers	Parity among neighbours (parity in the street) Parity among colleagues (parity in the workplace)	Calculation of the difference in net disposable income of Dutch frontier workers under the new tax treaty Calculation of the difference in net disposable income of German frontier workers under the new tax treaty

The above diagram will be used as a starting point for the cross-border impact assessment of the new tax treaty and for answering the question as to the consequences of the new treaty for the net disposable incomes of German and Dutch frontier workers.

3. Evaluation of the theme European Integration

In this chapter, the principles will be compared with the benchmarks using the calculations listed in the Appendices to this report. This is achieved by comparing the differences in the net disposable income of both the Dutch and the German frontier worker under the new tax treaty.

²⁶ *Kamerstukken II 2013/14*, 33 615, No. 3 (MvT), section I.4 Frontier workers. Such a provision is also included in Art. 26(2) of the Tax Treaty with Belgium.

²⁷ ECJ 14 February 1995, C-279/93, *ECLI:EU:C:1995:31 (Schumacker)*.

The scenarios are examined from two perspectives: the first is that of the new tax position of the Dutch frontier worker in comparison with colleagues, i.e. parity in the workplace, and neighbours, i.e. parity in the street. The second perspective is that of the new tax position of the German frontier worker, also in comparison with colleagues and neighbours. The ambitions of the European Commission play a large role in the above aim for parity in the workplace and in the street: the promotion of the European integration process by ensuring net wages for frontier workers that are on par with those of their neighbours and colleagues.²⁸ To what extent this ambition is reached, is illustrated below with the calculations, where the emphasis is on the effects that result from the changes in the tax treaty between the Netherlands and Germany.

In conjunction with practitioners, the following three scenarios were selected, the findings and conclusions of which will be set out in the following sections:

- Partner with no income (scenario 1)
- Partner with income, where the partner is employed in the same state (scenario 2)
- Single sole earners (scenario 3)

The following variables were used for the purpose of the calculations:

- Gross salary main earner: EUR 35,000 or EUR 75,000
- Country of employment and country of residence of main earner: The Netherlands or Germany
- Gross salary secondary earner: EUR 0, EUR 20,000 or EUR 40,000
- Children: no children or two children (8 and 12 years old)
- Income from own home after deduction of mortgage interest: - EUR 7,500 or - EUR 12,000
- Partners are either married or unmarried
- Social insurance schemes in the Netherlands that are being accounted for: AOW, Anw and Wlz
- Social insurance schemes in Germany that are being accounted for: *Krankenversicherung*, *Pflegeversicherung*, *Rentenversicherung* and *Arbeitslosenversicherung*
- Child benefits: *Kinderbijslag* and *Kindgebonden Budget* (Netherlands) and *Kindergeld* (Germany)

The concrete starting points and underlying data are listed in Appendix 1.

3.1 Scenario 1: partner with no income

The first scenario is that of a frontier worker (as the main earner) with a partner who does not have any income and in fact lives in the same state as the main earner. A summary of the variations in scenario 1 can be found in Appendix 1.1. The observations regarding these calculations are discussed below.

3.1.1 The tax position of the Dutch frontier worker

3.1.1.1 Married without children

Married Dutch frontier workers without children with a gross income of EUR 35,000 receive equal fiscal treatment to their German colleagues; both receive a net salary of EUR 18,259. Parity with

²⁸ See for an example <https://europa.eu/european-union/topics/taxation_en>.

their colleagues seems guaranteed. In this income bracket, Dutch frontier workers are in a worse tax position than their neighbours, however, since their net income is EUR 2,949 lower. The same trend can be observed for the higher income bracket of EUR 75,000, where there is fiscal parity between Dutch frontier workers and their colleagues but where frontier workers are in a worse tax position than their neighbours, leading to a EUR 1,441 income gap.

No actual effect of the new tax treaty on the tax positions can be observed. The more lenient application of the German 'Splittingverfahren' has no effect on the present case since the entire income is earned in Germany, nor is the compensation scheme effective in this case. The final situation would therefore have been the same under the old treaty. This means that parity with neighbours and colleagues is in no way promoted.

3.1.1.2 Married with two children

The same trend can be observed for the married couple with two children as for the married couple without children. The main difference in net income can be attributed to the child benefits, which are added to the net salary. Dutch frontier workers with a gross income of EUR 35,000 enjoy parity with their colleagues. They are in a worse tax position than their Dutch neighbours, however, who earn EUR 2,111 more in net income. This can be attributed to the different child benefit schemes in both states. A difference in fiscal treatment becomes observable, however, in the income bracket of EUR 75,000. The Dutch frontier workers still enjoy fiscal parity with their colleagues. In contrast to the previous variations, however, the frontier workers are in a better tax position than their neighbours, earning EUR 1,454 more net income. This difference also stems from the child benefits granted.

These cases, too, show no sign of influence of the new tax treaty; neither the relaxation of the 'Splittingverfahren', nor the compensation scheme are applicable. The difference in net income between the situation without children and the situation with two children originates from Dutch child benefits.

3.1.1.3 Unmarried without children

Unmarried Dutch frontier workers without children are in a better tax position than their German colleagues, with a positive income difference of EUR 2,995. With their net income lagging behind EUR 3,173, they are in a worse tax position than their neighbours, however. It is remarkable that the net income of frontier workers falls between that of their neighbours and colleagues. The wide spread between neighbours and colleague is due to the non-applicability of the 'Splittingverfahren' to unmarried couples. The same trend can be observed in the income bracket of EUR 75,000. Dutch frontier workers receive EUR 2,124 more in net income than their colleagues. Their neighbours, however, receive EUR 5,988 more in net income. As in the previous situation, the wide spread between neighbours and colleagues is attributable to the fact that the couple is unmarried.

The above two situations clearly show the impact of the new treaty. In both cases, the main earner receives a compensation under the compensation scheme, which is meant to compensate for the higher social security contributions in Germany. At a gross income of EUR 35,000, the main earner receives a compensation of EUR 2,996. The compensation is EUR 2,124 at a gross income of EUR 75,000. Typically, we can say: the higher the income, the lower the compensation. Thanks to the new tax treaty's compensation scheme, the difference in fiscal treatment of frontier workers, their colleagues and their neighbours has shrunk, while at the same time improving the tax position of Dutch frontier workers.

3.1.1.4 Unmarried with two children

A similar trend as in the situation without children can be observed for the situation 'unmarried with two children'. At a gross income of EUR 35,000, frontier workers are in a better tax position than their colleagues, with an income difference of EUR 2,919. Their neighbours, on the other hand, are in a better tax position still, with a net income difference of EUR 2,298. Also in this situation, the higher net income of frontier workers compared to their colleagues can be attributed to the application of the compensation scheme.

At a gross income of EUR 75,000, frontier workers are in a better tax position than their colleagues, with an income difference of EUR 1,291. Also at this income level, their neighbours are in an even better tax position, with the net income difference amounting to EUR 3,283.

3.1.2. The tax position of German frontier workers

In order to come to a comprehensive comparison, the net income position of German frontier workers will be treated below, using the same variations in the scenarios. As in the previous sections, the position of the frontier workers will be compared to that of their German neighbours and Dutch colleagues in order to identify the net income difference and to draw a comparison with the European integration process in mind.

3.1.2.1 Married without children

The comparison of the net income of German frontier worker with a gross income of EUR 35,000 to the income position of their neighbours and colleagues shows a situation that is the reverse of the previous sections. Where Dutch frontier workers were worse off than their neighbours but better off than their colleagues, German frontier workers find themselves in the opposite situation; the net income of German frontier workers is equal to that of their Dutch colleagues, but the frontier workers are better off than their German neighbours, with a net income difference of EUR 2949. This difference can be attributed to asymmetrical national tax systems in Germany and the Netherlands.

The reverse trend applies to the higher income bracket of EUR 75,000, where frontier workers receive equal fiscal treatment to their Dutch colleagues. Compared to their neighbours, however, the frontier workers receive an additional EUR 1,454, due to differences in the national tax systems. Since no new specific provision has been added in the new tax treaty to improve the tax position of German frontier workers, it can be said that the tax position of German frontier workers has not changed.

3.1.2.2 Married with two children

A different situation can be observed for married partners with children. In the lower income bracket, frontier workers are EUR 747 better off than their Dutch colleagues. The income difference with their German neighbours is EUR 2,858 in favour of the frontier workers.

In the higher income bracket, German frontier workers are even EUR 2,511 better off than their Dutch colleagues. Here too, their German neighbours are worse off, by EUR 1.057.

The difference in net income particularly originates from the different child benefit regimes. Especially for the higher income bracket, the difference is big. Considering the new tax treaty, no effect can be observed.

3.1.2.3 Unmarried without children

The variations 'unmarried without children' and 'married partners without children' lead to similar outcomes, apart from the non-application of the 'Splittingverfahren' to the German neighbours since they are not eligible for application. Therefore, German frontier workers in the lower income bracket receive EUR 6,168 more in net income than their neighbours and the same net income as their Dutch colleagues.

In the higher income bracket, the benefits of German frontier workers over their neighbours rise to no less than EUR 8,112. In comparison with their Dutch colleagues, German frontier workers receive the same net income.

The large difference with their neighbours is mainly caused by the non-applicability of the 'Splittingverfahren'. The influence of the new tax treaty as such is nil.

3.1.2.4 Unmarried with two children

The tax position of German frontier workers who are unmarried with two children is equal to that of married partners with children. The net income of German frontier workers is EUR 25,812 in the lower income bracket and EUR 42,902 in the higher income bracket.

The net income of the German frontier workers is slightly higher than that of their Dutch colleagues, due to the different child benefit grants in both states. A large gap however remains between their neighbours and unmarried partners with children residing and working in Germany. Their income is considerably lower in both income brackets as a result of the non-applicability of the 'Splittingverfahren'.

The income difference of EUR 5,964 and EUR 7,085, respectively, which is attributable to the differences in tax systems in both states, constitutes a great advantage to German frontier workers. The influence of the new tax treaty on this scenario is nil.

3.2 Scenario 2: partners with income, where the partner is employed in the same state

A summary of the variations from scenario 2 can be found in Appendix 1.2. The section below only discusses the outcomes of these calculations.

3.2.1 The tax position of Dutch frontier workers

3.2.1.1 Married without children

Married Dutch frontier workers without children, who earn an income of EUR 35,000 and have a partner who is a second earner and also works in Germany, earning EUR 20,000, are in a significantly worse tax position than their neighbours when considered jointly. The net income difference amounts to EUR 6,350. The compensation scheme insufficiently offsets the fiscal differences, at least in this income bracket.

Compared to their colleagues, however, Dutch frontier workers in this income bracket, considered jointly with their partners, are in a better tax position by EUR 2,585. This is due to the fact that the main earner receives EUR 1,601 and the second earner EUR 984 under the compensation scheme while colleague workers residing in Germany do not receive this compensation. The compensation scheme thus significantly benefits Dutch frontier workers over their German colleagues.

Dutch frontier workers with a gross income of EUR 75,000 married to a second earner with a gross income of EUR 40,000 are in a worse tax position than their neighbours, with the net income

difference amounting to EUR 4,358. The main earner with an income of EUR 75,000 will not receive any compensation under the compensation scheme. The second earner with an income of EUR 40,000 will receive a compensation of EUR 5,587. The compensation scheme insufficiently offsets the tax differences with the neighbours nevertheless.

In this income bracket, Dutch frontier workers, considered jointly with their partner, are in a better tax position than their colleagues in the workplace by EUR 5,587. This corresponds exactly to the amount that the second earner receives in compensation.

3.2.1.2 Married with two children

Dutch frontier workers with an income of EUR 35,000 who are married with two children to a second earner who also works in Germany, earning an income of EUR 20,000, are in a worse tax position than their neighbours when considered jointly with their partner. The net income difference amounts to EUR 4,391.

In this income bracket, Dutch frontier workers are in a better tax position than their colleagues in the workplace when considered jointly with their partner, with benefits amounting to EUR 12,890. The difference consists of the compensation of EUR 1,503 for the main earner and the compensation of EUR 2,547 for the partner as second earner. In addition, Dutch frontier workers receive a childcare allowance of EUR 8,839.

This difference in net income is significantly smaller than in the previous scenario without children, both in absolute terms and as a percentage. This is partly due to the right to childcare allowance in the Netherlands being worth EUR 8,839 and the right to 'Kindergeld' in Germany being worth EUR 4,608. In addition, the partner as second earner is entitled to a significantly higher compensation of EUR 2,547 under the compensation scheme. For those who are 'married without children' this partner compensation amounts to only EUR 984. Here too, however, the compensation scheme insufficiently remedies the fiscal differences.

Dutch frontier workers with a gross income of EUR 75,000 and a partner who earns a gross income of EUR 40,000 are only in a marginally worse tax position than their neighbours, with a net income difference of only EUR 37. The main earner, with an income of EUR 75,000, receives no compensation under the compensation scheme. The second earner, however, with an income of EUR 40,000, receives a considerable compensation of EUR 7,978. The compensation scheme seems to offset the fiscal differences with the neighbours.

In this income bracket, Dutch frontier workers are in a better tax position than their colleagues in the workplace by EUR 14,496 when considered jointly with their partner. This amount consists of the compensation for the second earner of EUR 7,978 and childcare allowance amounting to EUR 6,517).

3.2.1.3 Unmarried without children

Unmarried Dutch frontier workers without children who earn an income of EUR 35,000 and have a partner who is a second earner and also works in Germany, earning an income of EUR 20,000, are in a worse tax position than their neighbours when considered jointly with their partner. The net income difference amounts to EUR 6,350.

In this income bracket, Dutch frontier workers are in a better tax position than their colleagues on the work floor by EUR 2,822, however. The difference consists of the compensation of EUR 2,094 for the main earner and the compensation of EUR 728 for the partner as second earner.

Dutch frontier workers with a gross income of EUR 75,000 and a partner earning a gross income of EUR 40,000 are in a worse tax position than their neighbours, with a net income difference of EUR 7,391. The main earner with an income of EUR 75,000 receives no compensation under the compensation scheme. The partner as second earner, with an income of EUR 40,000, receives a substantial compensation of EUR 3,492. The compensation scheme insufficiently offsets the tax differences with the neighbours nevertheless. In this income bracket, Dutch frontier workers are in a better tax position than their colleagues in the workplace by EUR 3,491. The difference consists of the compensation of EUR 3,491 for the partner as second earner.

3.2.1.4 Unmarried with two children

Unmarried Dutch frontier workers without children who earn an income of EUR 35,000 and have a partner who is a second earner and also works in Germany, earning an income of EUR 20,000, are in a worse tax position than their neighbours when considered jointly with their partner. The net income difference amounts to EUR 4,391.

Note that there is also a difference in the treatment for tax purposes of married and unmarried Dutch frontier workers who are otherwise in the same position. This difference between married and unmarried Dutch frontier workers with children amounts to EUR 513 for main earners, which then results in a lower compensation for this main earner by the same amount. Unmarried secondary earners are taxed EUR 302 less than their married counterparts in Germany, leading to a compensation that is lowered by the same amount.

In this income bracket, Dutch frontier workers are in a better tax position than their colleagues by EUR 13,101. The difference consists of the compensation of EUR 2,017 for the main earner and the compensation of EUR 2,245 for the partner as second earner. In addition, Dutch frontier workers receive a childcare allowance of EUR 8,839. Note that an unmarried status does not affect the entitlement to child care allowance, child benefits, 'Kindergeld', etc. The amounts equal those for married Dutch frontier workers.

Dutch frontier workers with a gross income of EUR 75,000 and a partner with a gross income of EUR 40,000 are in a worse tax position than their neighbours, with a net income difference of EUR 2,536. The main earner, with an income of EUR 75,000, receives a compensation of EUR 331. The partner as second earner, with an income of EUR 40,000, receives a substantial compensation of EUR 6,195. The compensation scheme nevertheless insufficiently offsets the tax differences with the neighbours.

In this income bracket, Dutch frontier workers are in a better tax position than their colleagues by EUR 13,043. The difference consists of the compensation of EUR 331 for the main earner and the compensation of EUR 6,195 for the partner as second earner. In addition receives the Dutch frontier worker childcare allowance amounting to EUR 6.517.

3.2.2 The tax position of German frontier workers

3.2.2.1 Married without children

Married German frontier workers without children who earn an income of EUR 35,000 and have a partner who is a second earner and also works in the Netherlands, earning an income of EUR 20,000, are in a better tax position than their neighbours, with a positive net income difference of EUR 8,897. As far as the tax-deduction facilities are concerned, it is assumed that they meet the 90% threshold, i.e. at least 90% of the world income is taxed in the Netherlands, and no or insufficient

income is acquired in the work state, Germany, to settle these fiscal facilities with. There is no difference with their Dutch colleagues: they are in the same tax position since the Dutch tax regime is applicable. Note that the 'Splittingverfahren' is not applicable since both are subject to Dutch tax law.

German frontier workers with a gross income of EUR 75,000 and a partner who is a second earner with a gross income of EUR 40,000 are in a better tax position than their neighbours, with a net income difference of EUR 9,945. There is no difference with their Dutch colleagues as they are in the same tax position.

3.2.2.2 Married with two children

Married German frontier workers with two children, an income of EUR 35,000 and a partner who is a second earner and also works in the Netherlands, earning an income of EUR 20,000, are in a better fiscal position than their neighbours, with a positive net income difference of EUR 18,928. This is partly due to the generous financial facilities for the support of children. There is a difference of EUR 2,091 with their Dutch colleagues. Although they are in the same tax position, German frontier workers are also entitled to the German 'Kindergeld' of EUR 2,091, even though they both earn their income in the Netherlands.²⁹

German frontier workers with a gross income of EUR 75,000 and a partner who is a second earner with a gross income of EUR 40,000, are in a better tax position than their neighbours, with a positive net income difference of EUR 16,970. There is a difference of EUR 2,091 with their Dutch colleagues: although they are in the same tax position, German frontier workers are also entitled to the German 'Kindergeld' of EUR 2,511, even though they both earn their income in the Netherlands.

3.2.2.3 Unmarried without children

Unmarried German frontier workers without children, with an income of EUR 35,000 and a partner who is a second earner and also works in the Netherlands, earning an income of EUR 20,000, are in a better tax position than their neighbours, with the net income difference amounting to EUR 9,134. There is no difference with their Dutch colleagues: they are in the same tax position since the Dutch tax system is applicable.

German frontier workers with a gross income of EUR 75,000 and a partner who is a second earner with a gross income of EUR 40,000 are in a better tax position than their neighbours, with a net income difference of EUR 10,882. There is no difference with their Dutch colleagues as they are in the same tax position.

3.2.2.4 Unmarried with two children

Unmarried German frontier workers with two children, an income of EUR 35,000 and a partner who is a second earner and also works in the Netherlands, earning an income of EUR 20,000, are in a better fiscal position than their neighbours, with a positive net income difference of EUR 19,139. This is partly due to the generous financial facilities for the support of children. There is a difference of EUR 2,091 with their Dutch colleagues. Although they are in the same tax position, German frontier workers are also entitled to the German 'Kindergeld' of EUR 2,091, even though they both earn their income in the Netherlands.

²⁹ This arrangement exists on the basis of the ECJ Judgment 12 June 2012, C-611/10, ECLI:EU:C:2012:339 (*Hudzinski*).

German frontier workers with a gross income of EUR 75,000 and a partner who is a second earner with a gross income of EUR 40,000, are in a better tax position than their neighbours, with a positive net income difference of EUR 18,090. There is a difference of EUR 2,511 with their Dutch colleagues: although they are in the same tax position, German frontier workers are also entitled to the German 'Kindergeld' of EUR 2,511, even though they both earn their income in the Netherlands.

3.3 Scenario 3: single sole earners

A summary of the variations from scenario 3 can be found in Appendix 1.3. The conclusions regarding these calculations are discussed below.

3.3.1 The tax position of Dutch frontier workers

Frontier workers who reside in the Netherlands and work in Germany are much worse off in terms of income after taxes than their neighbours, even though they are entitled, as single sole earners, to compensation under the compensation scheme as laid down in the Tax Treaty. As a result, the net salary of these frontier workers with a gross salary of EUR 35,000 is EUR 3,774 lower than that of their neighbours. This difference in net salary is even greater at a gross salary of EUR 75,000, amounting to EUR 7,308. This is related, among other things, to the fact that these frontier workers receive a lower compensation than those earning a gross salary of EUR 35,000.

Dutch frontier workers are better off in terms of net income than their German colleagues, i.e. people residing and working in Germany, both in the EUR 35,000 and EUR 75,000 gross salary bracket.

3.3.2 The tax position of German frontier workers

Single frontier workers residing in Germany and working in the Netherlands are significantly better off than their neighbours both at a gross salary of EUR 35,000 and of 75,000. Note that German frontier workers also have a better net salary position than Dutch frontier workers working in Germany, despite the compensation scheme.

There is no difference with their Dutch colleagues, however: they are in the same tax position since the Dutch tax regime is applicable.

4. Conclusions and recommendations from a Euregional perspective

4.1 Substantive Conclusions

Three scenarios are used to describe the income effects of the new Tax Treaty on Dutch and German frontier workers. The principles of 'parity among neighbours' and 'parity among colleagues' have served as guidelines for the assessment of the income effects of the Tax Treaty on frontier workers. The assessment is an indication of the free movement of labour as part of the central theme of this report: European integration.

Conclusions regarding the compensation scheme and the 'Splittingverfahren'

Generally, fiscal systems between states may be very different. Tax treaties are a way of dividing tax rights divided between states. This means that frontier workers fall under either tax system, typically that of the work state.³⁰ Some tax treaties include specific provisions regarding frontier workers but not the treaty between the Netherlands and Germany. In order to stimulate cross-border mobility

³⁰ As laid down in art. 14 of the new tax treaty between the Netherlands and Germany. This Article determines which State has tax rights on income from cross-border employment.

and to accelerate the process of European integration, The Netherlands has pursued an improvement of the tax position of Dutch frontier workers in the treaty negotiations. The result of this negotiation effort is the implementation of a compensation scheme for Dutch frontier workers, as well as a more lenient application of the 'Splittingverfahren'.

The compensation scheme aims to allow Dutch frontier workers to immediately offset the deductions as per the Income Tax Act of 2001 against Dutch taxation. These deductions include, for example, mortgage interest for one's own home, annuity premiums as expenses toward income provision and personal expenses, such as alimony payments.³¹ The compensation scheme ensures that the total sum of Dutch and/or German taxes including national insurance contributions or corresponding German social security contributions payable by the person performing the cross-border labour in Germany does not exceed the total sum of Dutch taxes and national insurance contributions payable by those who perform such labour exclusively in the Netherlands.³² Dutch frontier workers receive a compensation if the first amount exceeds the latter. This is achieved by treating German taxes and social security contributions as Dutch wage tax whenever necessary.

Note that Germany has not implemented a compensation scheme for German frontier workers because Germany has to deal with eight more neighbouring countries besides the Netherlands.³³ In addition, it appears that German frontier workers are generally in a better tax position than their neighbours, i.e. German domestic taxpayers.

The compensation scheme does not seem to work in conjunction with the 'Splittingverfahren', however. In practice, there is still uncertainty about the relationship between both, which is why the compensation scheme is only beneficial to specific categories of Dutch frontier workers. In some cases it seems to ensure parity for Dutch frontier workers, but full parity with their neighbours seems difficult to reach, unless the tax and social security systems would be. This lack of parity seems particularly to stem from the large differences in national tax and social security systems. As already discussed in the above, the difference in fiscal treatment may be due to the large differences in the grant of child benefits.

Conclusion on the Calculations

This report has examined three scenarios in more detail. Of course, many other scenarios are conceivable, one of them being a scenario that shows the impact of the 'Splittingverfahren'. It would make this effect visible in situations where one of the partners works in Germany and the other partner in the Netherlands, for example. The extension of the 'Splittingverfahren' under the new tax treaty particularly refers to the situation where one partner earns 90% or more of his/her income in Germany and the other partner is employed outside Germany. In these cases, both partners can still invoke the 'Splittingverfahren', unlike under the old treaty.

Scenario 1

The calculations for scenario 1 show that the compensation scheme under the new treaty greatly impacts the income tax position of Dutch frontier workers. While it particularly compensates unmarried partners for the higher tax burden in Germany, full parity is not reached. Since this scenario only refers to the situation where only one of the partners receives an income, the more

³¹ *Kamerstukken II 2012/13, 33 615, nr. 3, p.23-24.*

³² *Kamerstukken II 2012/13, 33 615, nr. 3, p.23-24.*

³³ *Kamerstukken II 2012/13, 33 615, No.. 3, p.23-24.*

lenient application of the 'Splittingverfahren' is not relevant here. Although Dutch frontier workers are still in a worse tax position than their neighbours, their situation has improved. The situation remains unchanged for married partners, probably due to the uncertainty about the overlapping of the compensation scheme and the 'Splittingverfahren'.

Calculations suggest that the new tax treaty does not affect the net income of married German frontier workers where only one of the partners receives an income. It is noteworthy, however, that German frontier workers are generally in a better tax position than their German neighbours. From a tax perspective, cross-border working thus seems to be advantageous for German frontier workers.

As can be seen from the calculations under scenario 1, the compensation scheme improves the tax position of unmarried Dutch frontier workers with a partner. They experience a net increase in income, and the disparity with neighbours and colleagues decreases. The situation of their Dutch colleagues is nevertheless still better. Considering all variations, the compensation scheme seems to ensure fiscal parity to a certain degree or up to a certain level.

Scenario 2

Dutch frontier workers are generally in a worse tax position than their neighbours in the street, i.e. Dutch domestic taxpayers, particularly in the lower-income brackets. This means that the compensation scheme does not succeed at adequately ensuring the parity between Dutch border workers and their neighbours. On the other hand, Dutch frontier workers are in a better tax position than their colleagues in the workplace, i.e. German residents and taxpayers, thanks to the reimbursement that Dutch frontier workers receive under the compensation scheme.

German frontier workers are generally in a better tax position than their neighbours, i.e. German residents and taxpayers. This advantage is larger in the low income bracket, both in absolute and relative terms. A compensation scheme for German frontier workers to ensure parity with their neighbours therefore seems unnecessary under the new tax treaty. In addition, German frontier workers are, in some cases, in a better tax position than their colleagues in the workplace, i.e. Dutch taxpayers and residents, mostly thanks to the export of German 'Kindergeld' (child benefits) to the Netherlands.

Scenario 3

It can be noted that single frontier workers residing in the Netherlands and working (as sole earners) in Germany are significantly worse off with respect to net income than their neighbours, despite their eligibility for the compensation scheme. They do, however, have a better tax and income position than their German colleagues.

Nor is there parity for single German frontier workers employed in the Netherlands: they take home considerably more than their German neighbours, in fact. On the other hand, they do have parity with their Dutch colleagues.

4.2 Outlook

A quantitative analysis of the impact of the Treaty on frontier workers and border regions is not possible due to a lack of data on cross-border employment. For the same reason, is not possible either to perform an analysis of the effects of the Tax Treaty on the sustainable and socio-economic development of border regions. As stated in last year's cross-border impact assessment, continuous and coherent monitoring of the cross-border activities of frontier workers is required in order to obtain a representative picture of the impact of new legislation on their positions. Coherence in the

collection of these data will make a more representative analysis possible, allowing us to perform a future review of cross-border mobility and, by extension, of the success of the European integration process. These coherent data will also enable further research from an economic perspective into the effects of the new Tax Treaty on the sustainable economic development of the border region and its business climate. It is furthermore recommended that a qualitative data analysis be carried out for both themes in the future, in order to map the relationship between the Treaty, cross-border labour mobility and impact on sustainable and socio-economic development. The actual effect of the new tax treaty on the European freedoms of movement and the process of European integration in the border regions will therefore only become measurable when all tax declarations of frontier workers are based on the new tax treaty and coherent data on cross-border labour mobility are available.

Annexes

Annex 1 Detailed Calculations

Explanation: outline of the overviews on the following pages where the calculations have been included. The underlying data used by Bol is available on request.

Data	
<i>Home State</i>	NL = the Netherlands GER = Germany
<i>Work State</i>	NL = the Netherlands GER = Germany
<i>M/UM/S</i>	M = Married UN = Unmarried S = Single
<i>Children or not</i>	No If yes, 2 children
Main earner	
<i>Gross Salary</i>	
<i>Social Security GER</i>	
<i>Non-deductible part in NL</i>	
<i>Taxable salary NL</i>	
<i>Deduction Primary Residence</i>	
<i>Taxable income Box 1</i>	
<i>Income Tax NL</i>	
<i>Social Security NL</i>	
<i>Tax credit NL</i>	
<i>Income Tax GER</i>	
<i>Compensation Arrangement</i>	
<i>Health Care Insurance NL</i>	
<i>Health Care Allowance NL</i>	
Net Income After Tax and Social Security	
<i>Child Benefit NL</i>	
<i>Child Budget NL</i>	
<i>Child (Day)Care Allowance NL</i>	
<i>Child Benefit GER</i>	
Net Income Including Child Support	
Partner	
<i>Gross Salary Partner</i>	
<i>Social Security GER</i>	
<i>Non-deductible part in NL</i>	
<i>Taxable salary NL</i>	
<i>Deduction Primary Residence</i>	
<i>Taxable income Box 1</i>	
<i>Income Tax NL</i>	
<i>Social Security NL</i>	
<i>Tax credit NL</i>	
<i>Tax credit low income partner</i>	
<i>Income Tax GER</i>	
<i>Compensation Arrangement</i>	
<i>Health Care Insurance NL</i>	
<i>Health Care Allowance NL</i>	
Net Income After Tax and Social Security	
Total Net Income Taxpayer and Partner	

Annex 1.1 Scenario 1: Partner with no income

The neighbour of the Dutch frontier worker and also colleague to the German frontier worker (living in the Netherlands and main earner working in the Netherlands)

Data				
Home State	NL	NL	NL	NL
Work State	NL	NL	NL	NL
M/UM/S	M	UM	M	UM
Children or not	No	Yes	No	Yes
Main earner				
Gross Salary	35,000	35,000	75,000	75,000
Social security GER	0	0	0	0
Nono-deductible part in NL	0	0	0	0
Taxable salary NL	35,000	35,000	75,000	75,000
Deduction primary residence	-7,500	-7,500	-12,000	-12,000
Taxable income Box 1	27,500	27,500	63,000	63,000
Income Tax NL	-2,767	-2,767	-15,510	-15,510
Social security NL	-7,604	-7,604	-9,343	-9,343
Tax credit NL	5,025	5,025	1,886	1,886
Income Tax GER	0	0	0	0
Compensation arrangement	0	0	0	0
Health care insurance NL	-1,320	-1,320	-1,320	-1,320
Health care allowance NL	792	792	0	0
Net Income after tax and social security	21,626	21,626	38,712	38,712
Child Benefit NL	0	2,097	0	2,097
Child Budget NL	0	1,764	0	0
Child (day) care allowance NL	0	0	0	0
Child benefit GER	0	0	0	0
Net income including child support	21,626	25,487	38,712	40,810
Partner				
Gross salary partner	0	0	0	0
Social security GER	0	0	0	0
Non-deductible part in NL	0	0	0	0
Taxable salary NL	0	0	0	0
Deduction primary residence	0	0	0	0
Taxable income Box 1	0	0	0	0
Income Tax NL	0	0	0	0
Social security NL	0	0	0	0
Tax credit NL	0	0	0	0
Tax credit	902	902	902	902
Income tax GER	0	0	0	0
Compensation arrangement	0	0	0	0
Health care insurance NL	-1,320	-1,320	-1,320	-1,320
Health care allowance NL	0	0	0	0
Net income after tax and social security	-418	-418	-418	-418
Total net income taxpayer and partner	21,208	25,069	38,294	40,391

**The neighbour of the German frontier worker and also colleague to the Dutch frontier worker
(living in Germany and main earner working in Germany)**

Data								
Home State	GER	GER	GER	GER	GER	GER	GER	GER
Work State	GER	GER	GER	GER	GER	GER	GER	GER
M/UM/S	M	M	UM	UM	M	M	UM	UM
Children or not	No	Yes	No	Yes	No	Yes	No	Yes
Main earner								
Gross Salary	35,000	35,000	35,000	35,000	75,000	75,000	75,000	75,000
Social Security GER	-7,271	-7,184	-7,271	-7,184	-13,318	-13,188	-13,318	-13,188
Non-deductible part in NL	0	0	0	0	0	0	0	0
Taxable salary NL	0	0	0	0	0	0	0	0
Deduction Primary Residence	0	0	0	0	0	0	0	0
Taxable income Box 1	0	0	0	0	0	0	0	0
Income Tax NL	0	0	0	0	0	0	0	0
Social Security NL	0	0	0	0	0	0	0	0
Tax credit NL	0	0	0	0	0	0	0	0
Income Tax GER	-1,970	-1,966	-5,189	-5,072	-12,822	-12,575	-19,500	-18,603
Compensation Arrangement	0	0	0	0	0	0	0	0
Health Care Insurance NL	0	0	0	0	0	0	0	0
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	18,259	18,350	15,040	15,244	36,860	37,237	30,182	31,209
Child Benefit NL	0	0	0	0	0	0	0	0
Child Budget NL	0	0	0	0	0	0	0	0
Child (Day)Care Allowance NL	0	0	0	0	0	0	0	0
Child Benefit GER	0	4,608	0	4,608	0	4,608	0	4,608
Net Income Including Child Support	18,259	22,958	15,040	19,852	36,860	41,845	30,182	35,817
Partner								
Gross Salary Partner	0	0	0	0	0	0	0	0
Social Security GER	0	0	0	0	0	0	0	0
Non-deductible part in NL	0	0	0	0	0	0	0	0
Taxable salary NL	0	0	0	0	0	0	0	0
Deduction Primary Residence	0	0	0	0	0	0	0	0
Taxable income Box 1	0	0	0	0	0	0	0	0
Income Tax NL	0	0	0	0	0	0	0	0
Social Security NL	0	0	0	0	0	0	0	0
Tax credit NL	0	0	0	0	0	0	0	0
Tax credit low income partner	0	0	0	0	0	0	0	0
Income Tax GER	0	0	0	0	0	0	0	0
Compensation Arrangement	0	0	0	0	0	0	0	0
Health Care Insurance NL	0	0	0	0	0	0	0	0
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	0	0	0	0	0	0	0	0
Total Net Income Taxpayer and Partner	18,259	22,958	15,040	19,852	36,860	41,845	30,182	35,817

Dutch frontier worker (living in the Netherlands and main earner working in Germany)

Data								
Home State	NL	NL	NL	NL	NL	NL	NL	NL
Work State	GER	GER	GER	GER	GER	GER	GER	GER
M/UM/S	M	M	UM	UM	M	M	UM	UM
Children or not	No	Yes	No	Yes	No	Yes	No	Yes
Main earner								
Gross Salary	35,000	35,000	35,000	35,000	75,000	75,000	75,000	75,000
Social Security GER	-7,271	-7,184	-7,271	-7,184	-13,318	-13,188	-13,318	-13,188
Non-deductible part in NL	2,538	2,363	2,538	2,363	3,785	3,524	3,785	3,524
Taxable salary NL	30,266	30,179	30,266	30,179	65,466	65,336	65,466	65,336
Deduction Primary Residence	-7,500	-7,500	-7,500	-7,500	-12,000	-12,000	-12,000	-12,000
Taxable income Box 1	22,766	22,679	22,766	22,679	53,466	53,336	53,466	53,336
Income Tax NL	0	0	0	0	0	0	0	0
Social Security NL	0	0	0	0	0	0	0	0
Tax credit NL	0	0	0	0	0	0	0	0
Income Tax GER	-1,970	-1,966	-5,189	-5,072	-12,822	-12,575	-19,500	-18,603
Compensation Arrangement	0	0	2,996	2,919	0	0	2,124	1,291
Health Care Insurance NL	0	0	0	0	0	0	0	0
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	18,259	18,350	18,035	18,163	36,860	37,237	32,306	32,500
Child Benefit NL	0	0	0	0	0	0	0	0
Child Budget NL	0	0	0	0	0	0	0	0
Child (Day)Care Allowance NL	0	0	0	0	0	0	0	0
Child Benefit GER	0	4,608	0	4,608	0	4,608	0	4,608
Net Income Including Child Support	18,259	22,958	18,035	22,771	36,860	41,845	32,306	37,108
Partner								
Gross Salary Partner	0	0	0	0	0	0	0	0
Social Security GER	0	0	0	0	0	0	0	0
Non-deductible part in NL	0	0	0	0	0	0	0	0
Taxable salary NL	0	0	0	0	0	0	0	0
Deduction Primary Residence	0	0	0	0	0	0	0	0
Taxable income Box 1	0	0	0	0	0	0	0	0
Income Tax NL	0	0	0	0	0	0	0	0
Social Security NL	0	0	0	0	0	0	0	0
Tax credit NL	0	0	0	0	0	0	0	0
Tax credit low income partner	0	0	0	0	0	0	0	0
Income Tax GER	0	0	0	0	0	0	0	0
Compensation Arrangement	0	0	0	0	0	0	0	0
Health Care Insurance NL	0	0	0	0	0	0	0	0
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	0	0	0	0	0	0	0	0
Total Net Income Taxpayer and Partner	18,259	22,958	18,035	22,771	36,860	41,845	32,306	37,108

German frontier worker (living in Germany and main earner working in the Netherlands)

Data								
Home State	GER	GER	GER	GER	GER	GER	GER	GER
Work State	NL	NL	NL	NL	NL	NL	NL	NL
M/UM/S	M	M	UM	UM	M	M	UM	UM
Children or not	No	Yes	No	Yes	No	Yes	No	Yes
Main earner								
Gross Salary	35,000	35,000	35,000	35,000	75,000	75,000	75,000	75,000
Social Security GER	0	0	0	0	0	0	0	0
Non-deductible part in NL	0	0	0	0	0	0	0	0
Taxable salary NL	35,000	35,000	35,000	35,000	75,000	75,000	75,000	75,000
Deduction Primary Residence	-7,500	-7,500	-7,500	-7,500	-12,000	-12,000	-12,000	-12,000
Taxable income Box 1	27,500	27,500	27,500	27,500	63,000	63,000	63,000	63,000
Income Tax NL	-2,767	-2,767	-2,767	-2,767	-15,510	-15,510	-15,510	-15,510
Social Security NL	-7,604	-7,604	-7,604	-7,604	-9,343	-9,343	-9,343	-9,343
Tax credit NL	5,025	5,025	5,025	5,025	1,886	1,886	1,886	1,886
Income Tax GER	0	0	0	0	0	0	0	0
Compensation Arrangement	0	0	0	0	0	0	0	0
Health Care Insurance NL	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320
Health Care Allowance NL	792	792	792	792	0	0	0	0
Net Income After Tax and Social Security	21,627	21,627	21,627	21,627	38,712	38,712	38,712	38,712
Child Benefit NL	0	2,097	0	2,097	0	2,097	0	2,097
Child Budget NL	0	1,764	0	1,764	0	0	0	0
Child (Day)Care Allowance NL	0	0	0	0	0	0	0	0
Child Benefit GER	0	747	0	747	0	2,511	0	2,511
Net Income Including Child Support	21,627	26,235	21,627	26,235	38,712	43,320	38,712	43,320
Partner								
Gross Salary Partner	0	0	0	0	0	0	0	0
Social Security GER	0	0	0	0	0	0	0	0
Non-deductible part in NL	0	0	0	0	0	0	0	0
Taxable salary NL	0	0	0	0	0	0	0	0
Deduction Primary Residence	0	0	0	0	0	0	0	0
Taxable income Box 1	0	0	0	0	0	0	0	0
Income Tax NL	0	0	0	0	0	0	0	0
Social Security NL	0	0	0	0	0	0	0	0
Tax credit NL	0	0	0	0	0	0	0	0
Tax credit low income partner	902	902	902	902	902	902	902	902
Income Tax GER	0	0	0	0	0	0	0	0
Compensation Arrangement	0	0	0	0	0	0	0	0
Health Care Insurance NL	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	-418	-418	-418	-418	-418	-418	-418	-418
Total Net Income Taxpayer and Partner	21,208	25,816	21,208	25,816	38,294	42,902	38,294	42,902

Annex 1.2 Scenario 2: partner with no income where the partner works in the same state

The neighbour of the Dutch frontier worker and also colleague to the German frontier worker (living in the Netherlands, main earner and partner working in the Netherlands)

Data				
Home State	NL	NL	NL	NL
Work State	NL	NL	NL	NL
M/UM/S	M	M	M	M
Children or not	No	Yes	No	Yes
Main earner				
Gross Salary	35,000	35,000	75,000	75,000
Social Security GER	0	0	0	0
Non-deductible part in NL	0	0	0	0
Taxable salary NL	35,000	35,000	75,000	75,000
Deduction Primary Residence	-7,500	-7,500	-12,000	-12,000
Taxable income Box 1	27,500	27,500	63,000	63,000
Income Tax NL	-2,767	-2,767	-15,510	-15,510
Social Security NL	-7,604	-7,604	-9,343	-9,343
Tax credit NL	5,025	5,025	1,886	1,886
Income Tax GER	0	0	0	0
Compensation Arrangement	0	0	0	0
Health Care Insurance NL	-1,320	-1,320	-1,320	-1,320
Health Care Allowance NL	0	0	0	0
Net Income After Tax and Social Security	20,835	20,835	38,712	38,712
Child Benefit NL	0	2,097	0	2,097
Child Budget NL	0	420	0	0
Child (Day)Care Allowance NL	0	8,519	0	5,739
Child Benefit GER	0	0	0	0
Net Income Including Child Support	20,835	31,871	38,712	46,548
Partner				
Gross Salary Partner	20,000	20,000	40,000	40,000
Social Security GER	0	0	0	0
Non-deductible part in NL	0	0	0	0
Taxable salary NL	20,000	20,000	40,000	40,000
Deduction Primary Residence	0	0	0	0
Taxable income Box 1	20,000	20,000	40,000	40,000
Income Tax NL	-1,780	-1,780	-6,126	-6,126
Social Security NL	-5,530	-5,530	-9,343	-9,343
Tax credit NL	5,446	7,310	4,247	7,025
Tax credit low income partner	0	0	0	0
Income Tax GER	0	0	0	0
Compensation Arrangement	0	0	0	0
Health Care Insurance NL	-1,320	-1,320	-1,320	-1,320
Health Care Allowance NL	0	0	0	0
Net Income After Tax and Social Security	16,815	18,680	27,457	30,235
Total Net Income Taxpayer and Partner	37,650	50,551	66,170	76,784

The neighbour of the German frontier worker and also colleague to the Dutch frontier worker (living in Germany, main earner and partner working in Germany)

Data								
Home State	GER	GER	GER	GER	GER	GER	GER	GER
Work State	GER	GER	GER	GER	GER	GER	GER	GER
M/UM/S	M	M	UM	UM	M	M	UM	UM
Children or not	No	Yes	No	Yes	No	Yes	No	Yes
Main earner								
Gross Salary	35,000	35,000	35,000	35,000	75,000	75,000	75,000	75,000
Social Security GER	-7,271	-7,184	-7,271	-7,184	-13,318	-13,188	-13,318	-13,188
Non-deductible part in NL	0	0	0	0	0	0	0	0
Taxable salary NL	0	0	0	0	0	0	0	0
Deduction Primary Residence	0	0	0	0	0	0	0	0
Taxable income Box 1	0	0	0	0	0	0	0	0
Income Tax NL	0	0	0	0	0	0	0	0
Social Security NL	0	0	0	0	0	0	0	0
Tax credit NL	0	0	0	0	0	0	0	0
Income Tax GER	-4,696	-4,559	-5,189	-5,072	-16,468	-15,642	-19,500	-18,545
Compensation Arrangement	0	0	0	0	0	0	0	0
Health Care Insurance NL	0	0	0	0	0	0	0	0
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	15,532	15,758	15,040	15,244	33,214	34,170	30,182	31,267
Child Benefit NL	0	0	0	0	0	0	0	0
Child Budget NL	0	0	0	0	0	0	0	0
Child (Day)Care Allowance NL	0	0	0	0	0	0	0	0
Child Benefit GER	0	4,608	0	4,608	0	4,608	0	4,608
Net Income Including Child Support	15,532	20,366	15,040	19,852	33,214	38,778	30,182	35,875
Partner								
Gross Salary Partner	20,000	20,000	20,000	20,000	40,000	40,000	40,000	40,000
Social Security GER	-4,155	-4,105	-4,155	-4,105	-8,310	-8,210	-8,310	-8,210
Non-deductible part in NL	0	0	0	0	0	0	0	0
Taxable salary NL	0	0	0	0	0	0	0	0
Deduction Primary Residence	0	0	0	0	0	0	0	0
Taxable income Box 1	0	0	0	0	0	0	0	0
Income Tax NL	0	0	0	0	0	0	0	0
Social Security NL	0	0	0	0	0	0	0	0
Tax credit NL	0	0	0	0	0	0	0	0
Tax credit low income partner	0	0	0	0	0	0	0	0
Income Tax GER	-2,625	-2,547	-2,369	-2,245	-8,679	-8,243	-6,584	-6,460
Compensation Arrangement	0	0	0	0	0	0	0	0
Health Care Insurance NL	0	0	0	0	0	0	0	0
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	13,220	13,348	13,476	13,650	23,011	23,547	25,106	25,330
Total Net Income Taxpayer and Partner	28,753	33,713	28,516	33,502	56,225	62,325	55,288	61,205

Dutch frontier worker (living in the Netherlands, main earner and partner working in Germany)

Data								
Home State	NL	NL	NL	NL	NL	NL	NL	NL
Work State	GER	GER	GER	GER	GER	GER	GER	GER
M/UM/S	M	M	UM	UM	M	M	UM	UM
Children or not	No	Yes	No	Yes	No	Yes	No	Yes
Main earner								
Gross Salary	35,000	35,000	35,000	35,000	75,000	75,000	75,000	75,000
Social Security GER	-7,271	-7,184	-7,271	-7,184	-13,318	-13,188	-13,318	-13,188
Non-deductible part in NL	2,538	2,363	2,538	2,363	3,785	3,524	3,785	3,524
Taxable salary NL	30,266	30,179	30,266	30,179	65,466	65,336	65,466	65,336
Deduction Primary Residence	-7,500	-7,500	-7,500	-7,500	0	0	0	0
Taxable income Box 1	22,766	22,679	22,766	22,679	65,466	65,336	65,466	65,336
Income Tax NL	0	0	0	0	0	0	0	0
Social Security NL	0	0	0	0	0	0	0	0
Tax credit NL	0	0	0	0	0	0	0	0
Income Tax GER	-4,696	-4,559	-5,189	-5,072	-16,468	-15,642	-19,500	-18,545
Compensation Arrangement	1,601	1,503	2,094	2,017	0	0	0	331
Health Care Insurance NL	0	0	0	0	0	0	0	0
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	17,133	17,261	17,133	17,261	45,214	46,171	42,182	43,598
Child Benefit NL	0	0	0	0	0	0	0	0
Child Budget NL	0	0	0	0	0	0	0	0
Child (Day)Care Allowance NL	0	8,839	0	8,839	0	6,517	0	6,517
Child Benefit GER	0	4,608	0	4,608	0	4,608	0	4,608
Net Income Including Child Support	17,133	30,708	17,133	30,708	45,214	57,296	42,182	54,723
Partner								
Gross Salary Partner	20,000	20,000	20,000	20,000	40,000	40,000	40,000	40,000
Social Security GER	-4,155	-4,105	-4,155	-4,105	-8,310	-8,210	-8,310	-8,210
Non-deductible part in NL	1,450	1,350	1,450	1,350	2,900	2,700	2,900	2,700
Taxable salary NL	17,295	17,245	17,295	17,245	34,590	34,490	34,590	34,490
Deduction Primary Residence	0	0	0	0	-12,000	-12,000	-12,000	-12,000
Taxable income Box 1	17,295	17,245	17,295	17,245	22,590	22,490	22,590	22,490
Income Tax NL	0	0	0	0	0	0	0	0
Social Security NL	0	0	0	0	0	0	0	0
Tax credit NL	0	0	0	0	0	0	0	0
Tax credit low income partner	0	0	0	0	0	0	0	0
Income Tax GER	-2,625	-2,547	-2,369	-2,245	-8,679	-8,243	-6,584	-6,460
Compensation Arrangement	984	2,547	728	2,245	5,587	7,978	3,492	6,195
Health Care Insurance NL	0	0	0	0	0	0	0	0
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	14,204	15,895	14,204	15,895	16,598	19,525	16,598	19,525
Total Net Income Taxpayer and Partner	31,338	46,603	31,338	46,603	61,812	76,821	58,779	74,248

German frontier worker (living in Germany, main earner and partner working in the Netherlands)

Data								
Home State	GER	GER	GER	GER	GER	GER	GER	GER
Work State	NL	NL	NL	NL	NL	NL	NL	NL
M/UM/S	M	M	UM	UM	M	M	UM	UM
Children or not	No	Yes	No	Yes	No	Yes	No	Yes
Main earner								
Gross Salary	35,000	35,000	35,000	35,000	75,000	75,000	75,000	75,000
Social Security GER	0	0	0	0	0	0	0	0
Non-deductible part in NL	0	0	0	0	0	0	0	0
Taxable salary NL	35,000	35,000	35,000	35,000	75,000	75,000	75,000	75,000
Deduction Primary Residence	-7,500	-7,500	-7,500	-7,500	-12,000	-12,000	-12,000	-12,000
Taxable income Box 1	27,500	27,500	27,500	27,500	63,000	63,000	63,000	63,000
Income Tax NL	-2,767	-2,767	-2,767	-2,767	-15,510	-15,510	-15,510	-15,510
Social Security NL	-7,604	-7,604	-7,604	-7,604	-9,343	-9,343	-9,343	-9,343
Tax credit NL	5,025	5,025	5,025	5,025	1,886	1,886	1,886	1,886
Income Tax GER	0	0	0	0	0	0	0	0
Compensation Arrangement	0	0	0	0	0	0	0	0
Health Care Insurance NL	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	20,835	20,835	20,835	20,835	38,712	38,712	38,712	38,712
Child Benefit NL	0	2,097	0	2,097	0	2,097	0	2,097
Child Budget NL	0	420	0	420	0	0	0	0
Child (Day)Care Allowance NL	0	8,519	0	8,519	0	5,739	0	5,739
Child Benefit GER	0	2,091	0	2,091	0	2,511	0	2,511
Net Income Including Child Support	20,835	33,961	20,835	33,961	38,712	49,059	38,712	49,059
Partner								
Gross Salary Partner	20,000	20,000	20,000	20,000	40,000	40,000	40,000	40,000
Social Security GER	0	0	0	0	0	0	0	0
Non-deductible part in NL	0	0	0	0	0	0	0	0
Taxable salary NL	20,000	20,000	20,000	20,000	40,000	40,000	40,000	40,000
Deduction Primary Residence	0	0	0	0	0	0	0	0
Taxable income Box 1	20,000	20,000	20,000	20,000	40,000	40,000	40,000	40,000
Income Tax NL	-1,780	-1,780	-1,780	-1,780	-6,126	-6,126	-6,126	-6,126
Social Security NL	-5,530	-5,530	-5,530	-5,530	-9,343	-9,343	-9,343	-9,343
Tax credit NL	5,446	7,310	5,446	7,310	4,247	7,025	4,247	7,025
Tax credit low income partner	0	0	0	0	0	0	0	0
Income Tax GER	0	0	0	0	0	0	0	0
Compensation Arrangement	0	0	0	0	0	0	0	0
Health Care Insurance NL	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320	-1,320
Health Care Allowance NL	0	0	0	0	0	0	0	0
Net Income After Tax and Social Security	16,815	18,680	16,815	18,680	27,457	30,235	27,457	30,235
Total Net Income Taxpayer and Partner	37,650	52,641	37,650	52,641	66,170	79,295	66,170	79,295

Annex 1.3 Scenario 3: Single sole earner

The neighbour of the Dutch frontier worker and also colleague to the German frontier worker (single sole earner living and working in the Netherlands)

Data		
Home State	NL	NL
Work State	NL	NL
M/UM/S	S	S
Children or not	No	No
Main earner		
Gross Salary	35,000	75,000
Social Security GER	0	0
Non-deductible part in NL	0	0
Taxable salary NL	35,000	75,000
Deduction Primary Residence	-7,500	-12,000
Taxable income Box 1	27,500	63,000
Income Tax NL	-2,767	-15,510
Social Security NL	-7,604	-9,343
Tax credit NL	5,025	1,886
Income Tax GER	0	0
Compensation Arrangement	0	0
Health Care Insurance NL	-1,320	-1,320
Health Care Allowance NL	72	0
Net Income After Tax and Social Security	20,907	38,712
Child Benefit NL	0	0
Child Budget NL	0	0
Child (Day)Care Allowance NL	0	0
Child Benefit GER	0	0
Net Income Including Child Support	20,907	38,712
Partner		
Gross Salary Partner	0	0
Social Security GER	0	0
Non-deductible part in NL	0	0
Taxable salary NL	0	0
Deduction Primary Residence	0	0
Taxable income Box 1	0	0
Income Tax NL	0	0
Social Security NL	0	0
Tax credit NL	0	0
Tax credit low income partner	0	0
Income Tax GER	0	0
Compensation Arrangement	0	0
Health Care Insurance NL	0	0
Health Care Allowance NL	0	0
Net Income After Tax and Social Security	0	0
Total Net Income Taxpayer and Partner	20,907	38,712

**The neighbour of the German frontier worker and also colleague to the Dutch frontier worker
(single sole earner living and working in Germany)**

Data		
Home State	GER	GER
Work State	GER	GER
M/UM/S	S	S
Children or not	No	No
Main earner		
Gross Salary	35,000	75,000
Social Security GER	-7,271	-13,318
Non-deductible part in NL		
Taxable salary NL	0	0
Deduction Primary Residence	0	0
Taxable income Box 1	0	0
Income Tax NL	0	0
Social Security NL	0	0
Tax credit NL	0	0
Income Tax GER	-5,189	-19,500
Compensation Arrangement	0	0
Health Care Insurance NL	0	0
Health Care Allowance NL	0	0
Net Income After Tax and Social Security	15,040	30,182
Child Benefit NL	0	0
Child Budget NL	0	0
Child (Day)Care Allowance NL	0	0
Child Benefit GER	0	0
Net Income Including Child Support	15,040	30,182
Partner		
Gross Salary Partner	0	0
Social Security GER	0	0
Non-deductible part in NL	0	0
Taxable salary NL	0	0
Deduction Primary Residence	0	0
Taxable income Box 1	0	0
Income Tax NL	0	0
Social Security NL	0	0
Tax credit NL	0	0
Tax credit low income partner	0	0
Income Tax GER	0	0
Compensation Arrangement	0	0
Health Care Insurance NL	0	0
Health Care Allowance NL	0	0
Net Income After Tax and Social Security	0	0
Total Net Income Taxpayer and Partner	15,040	30,182

Dutch frontier worker (single sole earner living in the Netherlands and working in Germany)

Data		
Home State	NL	NL
Work State	GER	GER
M/UM/S	S	S
Children or not	No	No
Main earner		
Gross Salary	35,000	75,000
Social Security GER	-7,271	-13,318
Non-deductible part in NL	2,538	3,785
Taxable salary NL	30,266	65,466
Deduction Primary Residence	-7,500	-12,000
Taxable income Box 1	22,766	53,466
Income Tax NL	0	0
Social Security NL	0	0
Tax credit NL	0	0
Income Tax GER	-5,189	-19,500
Compensation Arrangement	2,094	1,222
Health Care Insurance NL	0	0
Health Care Allowance NL	0	0
Net Income After Tax and Social Security	17,133	31,404
Child Benefit NL	0	0
Child Budget NL	0	0
Child (Day)Care Allowance NL	0	0
Child Benefit GER	0	0
Net Income Including Child Support	17,133	31,404
Partner		
Gross Salary Partner	0	0
Social Security GER	0	0
Non-deductible part in NL	0	0
Taxable salary NL	0	0
Deduction Primary Residence	0	0
Taxable income Box 1	0	0
Income Tax NL	0	0
Social Security NL	0	0
Tax credit NL	0	0
Tax credit low income partner	0	0
Income Tax GER	0	0
Compensation Arrangement	0	0
Health Care Insurance NL	0	0
Health Care Allowance NL	0	0
Net Income After Tax and Social Security	0	0
Total Net Income Taxpayer and Partner	17,133	31,404

German frontier worker (single sole earner living in Germany and working in the Netherlands)

Data		
Home State	GER	GER
Work State	NL	NL
M/UM/S	S	S
Children or not	No	No
Main earner		
Gross Salary	35,000	75,000
Social Security GER	0	0
Non-deductible part in NL	0	0
Taxable salary NL	35,000	75,000
Deduction Primary Residence	-7,500	-12,000
Taxable income Box 1	27,500	63,000
Income Tax NL	-2,767	-15,510
Social Security NL	-7,604	-9,343
Tax credit NL	5,025	1,886
Income Tax GER	0	0
Compensation Arrangement	0	0
Health Care Insurance NL	-1,320	-1,320
Health Care Allowance NL	72	0
Net Income After Tax and Social Security	20,907	38,712
Child Benefit NL	0	0
Child Budget NL	0	0
Child (Day)Care Allowance NL	0	0
Child Benefit GER	0	0
Net Income Including Child Support	20,907	38,712
Partner		
Gross Salary Partner	0	0
Social Security GER	0	0
Non-deductible part in NL	0	0
Taxable salary NL	0	0
Deduction Primary Residence	0	0
Taxable income Box 1	0	0
Income Tax NL	0	0
Social Security NL	0	0
Tax credit NL	0	0
Tax credit low income partner	0	0
Income Tax GER	0	0
Compensation Arrangement	0	0
Health Care Insurance NL	0	0
Health Care Allowance NL	0	0
Net Income After Tax and Social Security	0	0
Total Net Income Taxpayer and Partner	20,907	38,712



Gemeente Maastricht



Maastricht University



Zuyd
Hogeschool



provincie limburg
gesubsidieerd door de Provincie Limburg



ITEM is an initiative of Maastricht University (UM), the Dutch Centre of Expertise and Innovation on Demographic Changes (NEIMED), Zuyd Hogeschool, the city of Maastricht, the Meuse-Rhine Euregion (EMR) and the (Dutch) Province of Limburg.

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