A Marie Curie fellowship is always paid by the European Commission/Research Executive Agency to a host organisation. The host organisation in turn has to make sure that the fellowship benefits the fellow. No profit is to be made by the host organisation. So, what will my net salary be, many Marie Curie fellows in the Netherlands wonder. Do I pay taxes? Do I pay for a pension scheme? Why do colleagues in other countries receive a different amount than I do? The Marie Curie National Contact Point in the Netherlands often receives these and similar questions. This document will clarify these issues and provide you with answers.

1. Why do I receive a different salary than the amount indicated in the EC documentation?

The living allowances mentioned in the EC documentation (the Work Programme for instance) include the provisions for all compulsory deductions under national applicable legislation. That means that the living allowance is not just your gross salary, but additionally includes the compulsory employers' contributions. How much these amount to varies from country to country, but in the Netherlands they are around 50% of the employee's gross salary (about one third of the salary sum in total). These include insurance schemes that provide for decline in income due to unemployment (WW), accidents at work or occupational disability (WIA), illness (ZW) and company pension.

Visible on your payslip

|                     | For universities around 50% |
|---------------------|-----------------------------|-------------------|
| EC allowance        | (Super gross)               | Employer's tax and social contributions |
| (gross)             | (gloss)                     | Employee's tax     |
| Net salary          |                             | Visible on your payslip |

2. Why do Marie Curie fellows in other countries or even within the same institute receive more salary than I do?

3. Which allowances am I entitled to and which of them are taxed?

4. How can I avoid double taxation?

5. According to the Work Programme, I am entitled to a mobility allowance, but I don’t see it on my salary slip. Is this correct?

6. Why do I receive the same amount as a researcher who gets a PhD salary from a Dutch university?

7. How will the fourth year of my PhD be funded?

8. Do I qualify for the 30% tax facility?

9. Do I pay for a pension scheme?

10. Can I transfer my foreign pension savings to the Dutch pension fund or vice versa before I retire?

11. How do I file for an International Value Transfer of my pension?

12. What happens with my pension if I do not get an International Value Transfer of pension savings?
So your host institution receives the allowances for the benefit of the fellow from the EC and from that amount the institution has to pay the employers’ contribution and deduct your income tax. The remaining amount is your nett salary, which you receive in your bank account each month.

Also, the yearly salary mentioned in the Work Programme is not necessarily divided into 12 equal parts. Salary conditions follow local practice, and in many cases, organisations are obliged to hire their employees according to the national collective labour agreements for a certain sector. These can determine, for example, an obligatory payment for summer holidays or a Christmas benefit. In these cases, the employer can split the yearly amount into 13 or 14 shares. Consequently, the monthly allowance may be lower than the yearly allowance divided by 12. On a yearly basis, you will receive the correct amount that is due (after taxation).

2. Why do Marie Curie fellows in other countries or even within the same institute receive more salary than I do?

It seems unfair that a Marie Curie fellow in another country, or even within your own host institution, with the same amount of experience as you have, receives more salary than you do. Don’t you both receive your grant from the European Commission (EC)? Indeed, the source is the same. However, a few factors influence the amount of the fellowship that you receive. First, in order to make sure that a Marie Curie fellow has the same rights and duties and the same access to social security as other employees in the country where the fellow works, the EC decided that national regulations apply to all fellows. If you have an employment contract in the Netherlands, as will be most likely the case when you have a Marie Curie fellowship, your employer will have to pay the compulsory employers’ contributions and you are obliged to pay income tax. Your employer will withhold the relevant amount for both employers’ contributions and income tax from your salary and transfer it to the tax authorities. The Netherlands has a progressive tax system, which means the amount of income tax deducted from your salary depends on how much you earn. The amount can vary between 33% and 52% of your gross salary (2012 rates), depending on the level of your income (the Human Resources department of your host institution can give you exact information). In some countries the fellowship is not taxed at all or the tax deduction is much less, as a result of which your colleague in another country may receive a higher net salary than you do. Second, the overall level of the fellowship, before taxation, is influenced by the EC decision on the level of the allowances for all calls for proposals of a specific year. If salaries are rising in Europe, than the Marie Curie living allowances usually also rise. This happened between 2007 and 2011. Between 2011 and 2012, average salary levels in Europe showed no further increase, and also the Marie Curie allowances stayed at the same level. Finally, a correction factor is carried out, according to the cost of living in the country where the fellowship is. These correction factors are updated by the European Commission for every Work Programme, according to calculations by Eurostat. Sometimes the cost of living calculations can vary considerably from one year to another.

So together these factors explain why your colleague Marie Curie fellow in another country or on a project funded in another year may receive a different amount than you do.

3. Which allowances am I entitled to and which of them are taxed?

The fellowship that the host institution receives from the European Commission is a gross amount, meant to pay the researcher and to pay for other costs directly related to the employment of the researcher. The total amount is divided by the European Commission in cost categories. Below you can find an explanation of the cost categories for host driven actions (ITN, IAPP) and individual fellowships (IEF, IOF, IIF) that started between 2007 and 2012:

Cost categories with regards to the fellow

Part of the Marie Curie fellowship that the host organisation receives from the EC are allowances that are to be used by the host organisation to pay the researcher during the time of the project. The Research Executive Agency (REA) of the EC checks whether the entire amount has been used for the benefit of the researcher. If this appears not to be the case, REA will ask for corrective action (an additional payment at the end of the fellowship), to make sure that the entire amount intended for the researcher is indeed used to pay you. How your allowances are structured, and which country correction coefficients apply, is determined by the Work programme of the year of the call for proposals that funded your project. The amounts are not subsequently adapted, even if the Work programme for later calls for proposals changes.

The following allowances are to be paid to the researcher:

Living allowance

The living allowance is a financial contribution of the EC to the salary costs of the researcher (gross salary and employer’s social security charges). A correction coefficient is applicable.

What about tax in the Netherlands?

In the Netherlands, researchers on a Marie Curie fellowship typically have an employment contract with their host organisation rather than a fellowship. The living allowance is liable to the same social security reductions and taxation that applies to the salary of other employed workers in the Netherlands.

Mobility (and travel) allowance

The mobility allowance is meant to cover expenses linked to the personal household, relocation and travel expenses of the researcher and his/her family. If your fellowship started before 2011, you receive a travel allowance for personal travel on top of the mobility allowance. As of 2011, the travel allowance is included in the mobility allowance. A correction coefficient applies to the mobility allowance.

1 Marie Curie IRSES, ERG/IRG/CIG and CoFunded fellowships have a different cost structure. Please contact your NCP for questions related to these Marie Curie schemes.
What about tax in the Netherlands?
Whether or not the mobility (and travel) allowance is taxed depends whether it is paid as a flat rate directly to you as a researcher, or treated as a reimbursement of expenses. In the first case, the allowance makes up part of your salary and is seen as income by the Dutch tax authorities. It is therefore taxed as salary. In the second case, when it is treated as a reimbursement of expenses, it is not seen as income and it might not be taxed. Certain expenses may be reimbursed tax free by the employer in any case, according to their internal rules and the collective labour agreement in force. Others might only be reimbursed tax free if they fit the tax authorities’ definition of ‘extra territorial costs’. Ask your employer for more information. Notice however, that you can only make use of tax free reimbursement of actual ‘extra territorial costs’ costs, if you are not already making use of a flat rate tax reduction instrument, called the 30% tax facility. (see Q&A nr. 8). The mobility allowance is mostly paid as a flat rate directly to the researcher. However, it is advisable to discuss these options with your host institution before signing the grant agreement.

Career exploratory allowance (only IEF, ITN and IAPP)
This allowance is paid to researchers who have worked on the project for at least one year. It is intended to enable each researcher to help develop his/her career by e.g. attending job interviews, job fairs, etc. Please note: since 2011 this cost category has been merged with the mobility allowance.

What about tax in the Netherlands?
Like the mobility allowance, this allowance will also be taxed as salary, unless it is paid as a reimbursement of expenses.

Cost categories with regards to the host organisation
The following contributions are managed by the host organisation. These are granted as flat rates for various categories of expenses.

Participation expenses of eligible researchers
This contribution is managed by the host organisation for expenses related to the participation of the researcher in research and training activities (research expenses, meetings, conference attendance, training actions, courses, etc.). It is not paid to the researcher. In most cases, the researcher can just use lab materials, go to conferences, buy publications, etc. without having to monitor expenditure, in common agreement with the scientist in charge.

Research/training/transfer of knowledge programme expenses (only ITN and IAPP)
This is a contribution of a fixed amount per researcher-month that goes to the host organisation for the execution of the project (e.g. publication of vacant positions, internal training sessions); the participation of the researcher in research and transfer of knowledge activities (e.g. research costs, participation in meetings and conference attendance); expenses related to the coordination between host organisations (e.g. partnership meetings, secondment of staff).

Since 2011 this contribution can also be used to invite external researchers for conferences and workshops organized by the host institution. Before 2011 this was mentioned in a separate cost category, called ‘Organization of international conferences, workshops and events.’

Management / overheads
This contribution is managed by the host organisation and is intended to cover the costs for the legal, ethical, financial and administrative management of the project. It can also be used to cover indirect costs (e.g. communication costs, water/gas/electricity, maintenance, insurance).

Note that before 2012, management and overheads were two separate cost categories. (Please also notice that for individual fellowships as from 2009 this is one cost category and from 2011 management is no longer a cost category).

4. How to avoid double taxation?
It is possible that even though you stay in the Netherlands, from a fiscal point of view, you are still seen as a non-resident tax payer. For example, because other family members still live in your country of origin and you visit them regularly. Because the Dutch employer performs his task as withholding agent on the source of income and the taxable country of residence will tax you on your world income, this may lead to double taxation.

To avoid double taxation it is first important for the employer to make a correct judgment on what your taxable country of residency is. In most treaties the country of residence is determined by balancing someone’s social, economic and legal ties to a country. A strong social tie to the country of origin could be decisive. If the country of fiscal residency is not the same as the country of source income, the bilateral tax agreement applies. To avoid double taxation the Netherlands has concluded tax treaties with a large number of countries. A tax treaty is an arrangement between two countries about which of them has the right to tax certain types of income. In this way, a situation is avoided where you would have to pay tax in two countries on the same income. Treaties with different countries are not always identical in content. If the Netherlands has concluded a tax treaty with the country from which you receive income, you can only find out about the exact tax consequences in the Netherlands by consulting the applicable treaty.

5. According to the Work Programme I am entitled to a mobility allowance, but I don’t see it on my salary slip. Is this correct?
The host institution has to pay you the Marie Curie mobility allowance on top of the Marie Curie living allowance. For early stage Marie Curie fellows in the Netherlands, the level of the living allowance plus mobility allowance is typically equal to or slightly lower than the obligatory minimum salary level for PhDs according to Dutch law. The host institution is not obliged to pay the mobility allowance on top of the salary, if the salary is higher than the living allowance. If it is paid to you directly (not as a reimbursement of expenses), the fiscal rules in the Netherlands do not provide room for a different fiscal treatment of the mobility allowance.
It is seen as salary, the same as the living allowance. For this reason, you will typically not see the mobility allowance as a separate heading on your pay slip.

6. Why do I receive the same salary amount as a PhD hired by a Dutch university?

Employers in the Netherlands are obliged to pay their employees according to the rules set in a collective national labour agreement. Since in the Netherlands PhDs (in Dutch: AIO's or promovendi) are hired as employees, their monthly salary is determined as well in such an agreement. Marie Curie fellows at universities in the Netherlands are almost always hired as employees and therefore the collective labour agreement also applies to them. Thus they must be treated the same as other employees. Also, when split up in monthly salaries, the Marie Curie fellowship amounts to roughly the same as a Dutch PhD salary (including all costs of taxation and social deductions), contrary to some other European countries where the local wage of a PhD student can be much lower than the amount of a Marie Curie fellowship. The Dutch employer is obliged to pay at least the salary required by the collective labour agreement, therefore the host institution has to pay the difference between the living allowance (plus the mobility allowance, if applicable) and the legally required salary, if this is higher than the allowance received from the Marie Curie fellowship.

Since the legally required salary for PhD students in the Netherlands is in the first year lower than the amount of the Marie Curie living allowance, but higher in the following years, the host university may compensate this in the salaries paid in year 2 and 3. So over the 3 years, the total of the Marie Curie fellowship has been paid to the researcher (see graphic below).

7. How will the fourth year of my PhD be funded?

Within a Marie Curie Initial Training Network, the EU funds PhD positions for three years, since in most EU countries PhDs are three years. In the Netherlands it usually takes four years to finalize a PhD. The Marie Curie fellowship however should be used in three years. It is not possible for the host institution to keep a part of the Marie Curie fellowship to pay for the fourth year. If Dutch host institutes participate in an ITN and want to offer a four-year PhD position, they should ask the funding for the fourth year themselves. Of course, when starting a position as a researcher in an ITN, it should be clear if it concerns a three-year or four-year position.

8. Do I qualify for the 30% tax facility?

The Netherlands’ tax authority allows employers to provide international employees in the Netherlands a tax-free compensation for the extra expenses incurred by working outside their home country (the so-called extraterritorial costs). This can be done by reimbursing actual extraterritorial costs. The Tax Office has a list of expenses that are eligible as extraterritorial costs. It is also possible to opt for a flat-rate method through the ‘30% tax facility’. This means that a fixed allowance of up to 30% of an expatriate’s salary can be paid tax-free. It is easier to administrate, and in most cases more profitable for researchers on a Marie Curie fellowship, because the 30% is calculated over the total sum of your salary, which includes the Marie Curie living allowance, mobility allowance and (for fellowships granted before 2011) travel allowance. Whereas if you opt for the actual reimbursement of ‘extraterritorial costs’, only part of the Marie Curie fellowship - the mobility and travel allowance – will be eligible. Just to be clear: you can not make use of both tax free facilities, you will have to choose one.

Your employer may apply for the 30% tax facility for you. The Dutch tax administration decides whether you are eligible or not. The eligibility criteria have been changed since 1 January 2012.

An important eligibility rule is that you have specific expertise that is scarce in the Netherlands. Since 1 January 2012 this is determined by a minimum annual salary threshold of more than € 35,000, exclusive of the tax free allowance under the 30% facility. For PhD students and graduates, a lower threshold of minimum € 26,605 is applicable. This threshold is indexed every year. However, this salary threshold does not apply for scientific personnel (including PhD students) working at qualifying scientific institutions, or medical trainees at qualifying institutions. In other words, if you are a Marie Curie fellow and you have a contract with a university or research centre, than you do not have to meet the salary threshold to qualify for the 30% facility. If you work as a Marie Curie fellow in industry, you do have to meet this threshold.

Another eligibility rule is that you need to be an ‘incoming employee’. This means that you need to have resided outside the so-called foreign border region (defined as within a range of 150 kilometres from the Dutch border) for more than two thirds of the previous 24 months. This criteria does not apply to you if you have been recruited within one year after obtaining your PhD in the Netherlands.

You can make use of the 30% tax facility for a maximum of 8 years. During that time a continual assessment of the criteria will be required. In practice this means the salary level will be checked at the end of each calendar year. The facility stops immediately after you stop meeting the criteria, if necessary in retrospective.

If you started working in the Netherlands before 31 December 2011, transitional rules may apply to you. For more information you can check www.euraxess.nl.
9. Do I pay for a pension scheme?
The European Commission wants the researchers who are funded by Marie Curie fellowships to build up a pension. There are many differences in personal situations of the researchers and in national pension systems. Therefore the EC/REA provides flexibility to find the most suitable arrangement, provided that social security, including pension, is taken care of.

Let us first explain the Dutch pension system to answer the question. The Dutch pension system is made up of three tiers. The first tier consists of government pension provision (AOW, ‘old age’ pension). The second tier consists of company pension provision, accrued via one or more employers. The aim of company pension schemes is to supplement the AOW amount to a level where the final pension equals 70% of the salary. The third tier is optional and consists of personal future provisions schemes.

Every resident and every employee in the Netherlands accumulates 2% AOW entitlement each year between the ages of 15 and 65. As a foreign researcher employed in the Netherlands, you too will accumulate these AOW entitlements provided that you pay into the Dutch national insurance schemes while in this country (this is the case if you are obliged to take out a Dutch public healthcare insurance). When you leave the Netherlands, these accumulated AOW rights are retained.

However AOW payments are only made to countries with which the Netherlands has a treaty. See: www.svb.nl http://www.svb.nl/int/en/aow/wonen_buiten_nederland/beu/index.jsp

The pension provisions that you pay into a Dutch pension fund will be deducted from the total Marie Curie allowance. These provisions are marked on your salary slip with abbreviations such as ABP, OP/NP, etc. These deductions (about 7.5% of your gross salary) will take place before taxation. Besides your own contribution the employer also contributes into the Dutch pension fund. The employer’s contribution is about 17% of your gross salary.

10. Can I transfer my foreign pension savings to the Dutch pension fund or vice versa before I retire?
National pension systems generally do not facilitate for a smooth connection with your new pension fund when you move abroad, therefore it is often not easy or possible to transfer your foreign pension savings to a Dutch pension fund or vice versa. Each country, whether a member or not of the European Union, has its own set of rules. In the European Union, the Netherlands is one of the few (member) countries where specific rules for international value transfers (IVT) or transition are in use. However, all international transfer procedures of pension benefits accumulated in the Netherlands to a foreign country are subject to stringent and various (mandatory) legal and fiscal conditions. There are many reasons why an IVT cannot be effectuated. Foreign insurers are not always willing to cooperate or cannot qualify for the conditions. Also tax authorities do not always approve of an IVT because pension savings have been saved before taxes when transferred income tax has to be paid on it. In this case it is not advisable to continue the process of IVT.

11. How do I file for an International Value Transfer of my pension?
The first step is to ask your foreign pension fund if they are willing to cooperate in an International Value Transfer. If you are insured at ABP (the pension insurer for all civil servants, schools and universities), you may start the process for International Value Transfer via a written letter, which can be sent to: ABP Pensioenen, Service Verzekerden/KTD, Postbus 4830, 6401 JM Heerlen. If you are not insured at ABP please check with your own pension insurer for the procedure.

When your insurance company receives your request for an IVT it will contact the foreign pension fund and request an overview of your pension accruals. The offer should consist of the eligibilities towards an old age pension and a surviving dependants’ pension. This provides you with the possibility to compare the pension accruals.

What about my pension?
Working in different countries often results in a lower pension, as by changing pension fund or pension system generally this has a negative influence on your pension accumulation. It depends on the fund or system that you come from and go to what the specific impact is in your situation.
12. What happens with my pension if I do not get an International Value Transfer of pension savings?
This will be the situation in most cases. If you have saved pension with a Dutch pension insurer, at the legal retirement age (currently 65) they will start carrying out periodical pension payments to you. The only thing you need to do is keep the Dutch pension fund informed about your legal address. You can find your pension funds on this website: www.mijnpensioenoverzicht.nl (DigiD required).
Depending on your country of residence it can be determined if and where you need to pay tax on the periodical pension payments. This is stated in tax treaties that the Netherlands has with most other countries. In most situations the tax liability lies in your home country. You can always consult a tax advisor to see what applies to your specific situation.

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