



Example

**Relocation from Israel to Amsterdam, Netherlands**  
**Employee Income and Employer Cost Analysis**

**Work Assumptions**

1. The relocation assignment is for 2 years. The assignee is married. His spouse will relocate with him.
2. The current monthly Base Salary of the assignee is 44,000. The assignee is also entitled to an annual actual bonus of 460,000 Nis.
3. During the assignment the Base Salary and actual bonus will not change and the assignee will be entitled to a Relocation Allowance (including COLA) equalizing the current level of Total Free Income.
4. Contributions to Managerial Insurance plan and to Education Fund are according to base salary. The employee contribution rates are 5% to Managerial Insurance program and 2.5% to Training Fund. The employer contribution rates are 13.33% and 7.5% respectively. In case the assignee will be employed under an Israeli payroll (Scenario B) those contributions will continue according to the current rate.
5. The assignee is currently entitled to a company car (class 4). This status will remain during the assignment.
6. The assignee currently resides in a 4-Bdr accommodation. During the assignment the company will cover the lease of a 3-bdr furnished apt.
7. The assignee and his spouse will be covered by a Medical Insurance plan financed by the company.
8. All calculations are annual.
9. All tax calculations are hypothetical.
10. The exchange rates used are 5.0 Nis and US\$1.3 to€1.0

**Annual Employee Income Analysis**

	Scenario A:		Scenario B:		Scenario C:	
	Current Status In Israel		Future Status During Assignment		Dutch Payroll	
	Nis	€	Israeli Payroll	€	€	€
Base Salary	528,000	€ 105,600	€ 105,600	€ 105,600	€ 105,600	€ 105,600
Actual Bonus	460,000	€ 92,000	€ 92,000	€ 92,000	€ 92,000	€ 92,000
Relocation Allowance (including COLA)	0	€ 0	€ 34,707	€ 34,707	€ 36,293	€ 36,293
Accommodation Allowance	0	€ 0	€ 32,400	€ 32,400	€ 32,400	€ 32,400
Company Car/Car Allowance	67,200	€ 13,440	€ 18,000	€ 18,000	€ 18,000	€ 18,000
<b>Gross Compensation</b>	<b>1,055,200</b>	<b>€ 211,040</b>	<b>€ 282,707</b>		<b>€ 284,293</b>	
Managerial Insurance (employee contributions)	26,400	€ 5,280	€ 5,280	€ 5,280	€ 0	€ 0
Education Fund (employee contributions)	13,200	€ 2,640	€ 2,640	€ 2,640	€ 0	€ 0
Israeli Social Taxes (employee contributions)	54,990	€ 10,998	€ 10,998	€ 10,998	€ 0	€ 0
Dutch Social Taxes (employee contributions)	0	€ 0	€ 0	€ 0	€ 10,415	€ 10,415
Israeli Income Tax	397,684	€ 79,537	€ 20,078	€ 20,078	€ 8,436	€ 8,436
Dutch Income Tax	0	€ 0	€ 87,435	€ 87,435	€ 88,013	€ 88,013
<b>Annual Net Salary</b>	<b>495,726</b>	<b>€ 99,145</b>	<b>€ 105,875</b>		<b>€ 135,465</b>	
Goods and Services	159,969	€ 31,994	€ 38,724	€ 38,724	€ 38,724	€ 38,724
Accommodation	35,040	€ 7,008	€ 7,008	€ 7,008	€ 7,008	€ 7,008
National Health Cont. Payment+RISK Insurance	0	€ 0	€ 0	€ 0	€ 2,559	€ 2,559
<b>Annual Spendable Free Income</b>	<b>300,717</b>	<b>€ 60,143</b>	<b>€ 60,143</b>		<b>€ 87,174</b>	
Managerial Insurance (total contributions)	74,288	€ 14,858	€ 14,858	€ 14,858	€ 0	€ 0
Education Fund (total contributions)	52,800	€ 10,560	€ 10,560	€ 10,560	€ 0	€ 0
<b>Annual Total Free Income</b>	<b>427,805</b>	<b>€ 85,561</b>	<b>€ 85,561</b>		<b>€ 87,174</b>	



Example

<b>Annual Employer Cost Analysis</b>				
	<b>Scenario A:</b>		<b>Scenario B:</b>	<b>Scenario C:</b>
	<b>Current Status In Israel</b>		<b>Future Status During Assignment</b>	
	<b>Nis</b>	<b>€</b>	<b>Israeli Payroll</b>	<b>Dutch Payroll</b>
			<b>€</b>	<b>€</b>
Base Salary	528,000	€ 105,600	€ 105,600	€ 105,600
Actual Bonus	460,000	€ 92,000	€ 92,000	€ 92,000
Relocation Allowance (including COLA)	0	€ 0	€ 34,707	€ 36,293
Accommodation Allowance	0	€ 0	€ 32,400	€ 32,400
Company Car/Car Allowance	67,200	€ 13,440	€ 18,000	€ 18,000
Israeli Social Taxes (employer contributions)	28,110	€ 5,622	€ 7,020	€ 0
Dutch Social Taxes (employer contributions)	0	€ 0	€ 2,591	€ 7,873
Managerial Insurance (employer contributions)	70,224	€ 14,045	€ 14,045	€ 0
Education Fund (employer contributions)	39,600	€ 7,920	€ 7,920	€ 0
Medical Insurance	0	€ 0	€ 8,210	€ 8,210
<b>Annual Compensation Cost</b>	<b>1,193,134</b>	<b>€ 238,627</b>	<b>€ 322,493</b>	<b>€ 300,376</b>

<b>Direct Relocation Cost Analysis (One-Time)</b>	
Visa Process	€ 3,650
Pre-Departure Visit (1 week, assignee + spouse)	€ 2,768
Tax Consulting	€ 1,000
Settling-in Allow./Expenses (hotel, rented car, furniture rental, ground t., overweight, misc.)	€ 7,000
Real Estate Commission	€ 2,700
Shipment Allowance (20' container, both ways)	€ 11,870
Home-Leave (annually, flights _ rented car + hotel)	€ 7,108
Repatriation Allow./Expenses (hotel, rented car, furniture rental, ground t., overweight, misc.)	€ 4,000
Flights (one way at the beginning & end of assignment)	€ 2,084
<b>Total Direct Relocation Cost</b>	<b>€ 42,180</b>

<b>Summary/Conclusions</b>	
1.	<b>Base Salary</b> - In order to equalize the current level of Total Free Income (~€6K), The annual Relocation Allowance should be ~€5K under the Israeli Payroll (Scenario B) and ~€6K under the Dutch Payroll (Scenario C).
2.	<b>Compensation Cost</b> - In order to equalize the current level of Total Free Income (~€6) the annual Compensation Cost will increase by ~€7K under the Israeli payroll (Scenario B) and by ~€5K under Dutch Payroll (Scenario C) (~€39K, ~€25K and ~€30K respectively).
3.	<b>Direct Relocation Cost</b> - the Total Direct Relocation Cost is €43K.
4.	<b>Israeli Vs. Dutch Payroll</b> – there is a tax advantage to the Dutch payroll as the annual Compensation Cost is lower by €2K.
5.	<b>Tax Exposure</b> - under Dutch payroll, the employee will be exposed to an annual Israeli income tax of ~€8K in case he will be defined as an Israeli resident during the assignment.
7.	<b>Cost of Living</b> - The monthly Expenditure Rate (including Accommodation, Car and G&S) for a married couple in Amsterdam is ~€7K.