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Budget Day Special 2025 Tax Plan

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This Budget Day Special outlines important proposals in the 2025 Tax Plan and additional legislative proposals. Many proposals have already been announced, for example in the Spring Memorandum.

This special is divided into the following topics:

- measures for companies;
- measures for business succession facilities;
- measures for employers;
- measures for VAT & excise duties;
- measures for property;
- measures for cars & mobility;
- measures for (wealthy) individuals;
- measures for international situations;
- measures for energy & environment; and
- other measures.

The proposed measures will enter into force on 1 January 2025, unless stated otherwise.





Companies

Adjustment of liquidation loss scheme

The liquidation loss scheme determines whether a loss incurred in the liquidation of a subsidiary is deductible from corporation tax. It is proposed to amend the liquidation loss scheme in two respects. The first amendment implies that calculation of the liquidation loss also takes into account a subsequent upward revaluation of a claim on the subsidiary. Secondly, the law is being amended so that non-deductible losses on sales of an indirectly held subsidiary cannot be converted into deductible liquidation losses of a directly held subsidiary.

Increased threshold of interest deduction restriction

In determining the tax profit before corporation tax, interest is not to be deducted to the extent that it exceeds the higher of (currently) 20% of the adjusted profit or €1,000,000. It is proposed to increase the rate of this interest deduction restriction (earning stripping rule) to 25%. The amendment partially reduces a previous tightening and brings the rate more into line with the European average. The government wants this to improve the Dutch business climate.

Tip

Assess the financing structure within the company. The increased threshold offers more scope for deduction.

Adjustment of the remission profits scheme

Due to the 2022 restriction of loss setoff, companies with more than €1,000,000 in deductible losses and a taxable profit (including remission profits) of more than €1,000,000 always pay corporation tax. This may be a hindrance in concluding an agreement with creditors. For this reason, the exemption from remission profits is being adjusted for purposes of corporation tax. If the company has more than €1,000,000 in deductible losses, the remission profits in that year are fully exempted to the extent that it exceeds the other losses in the year.

Take note!

If the present deductible losses are less than €1,000,000, the remission profits are exempted only to the extent that they exceed the losses present.

Side-step merger facilities

Simplified direct side-step mergers, in which a shareholder holds all the shares of the companies to be merged, will also qualify for tax transfer facilities. This avoids tax obstacles for substantial interest holders in these mergers. The existing approval is thus enshrined in legislation. In the case of indirect side-step mergers, the scheme will not be amended because, in practice, there seems to be less need and its complexity is greater.

Mandatory exemption of dividend withholding tax The dividend withholding tax has several exemptions which are optional, such as in inter-company situations or within a tax group. The entity distributing dividend may choose whether or not to apply the exemption. This makes the beneficiary to the income dependent on the entity's choice.

It is proposed to abolish this option. If the conditions for exemption are met, then it is mandatory to apply it. This would eliminate the need to withhold and remit dividend tax, which would eliminate the liquidity costs or loss of interest for the shareholder.

Deduction of working space costs clarified

The deductibility of costs for a non-autonomous working space in a dwelling belonging to the business assets is being clarified. Tenancy charges such as fitting-out costs, gas, water and electricity are not deductible. The measure explicitly enshrines case law and existing practice in the law.



Tip

Assess whether it is possible to transform the non-autonomous working space into an autonomous working space. This would create more scope for deduction of costs.

Adaptation of measure on excessive borrowing

Since 2023, directors and major shareholders (directeur-groootaandeelhouder, dga) can no longer borrow more than €500,000 from their own company without tax consequences. However, an unintended consequence of this measure has led to a double counting of loans in joint ventures, such as commercial partnerships (vennootschap onder firma's, vof) and limited partnerships (commanditaire vennootschappen, cv). Such double counting will now be prevented. It also prevents debts from being taken into account at more than the nominal value.

Tip

This measure will have retroactive effect to 1 January 2023. So, also check existing partnerships and debts carefully to prevent unjustified double counting.

Deduction of gifts ceases to apply for private limited companies

The deduction of gifts for purposes of corporation tax (vennootschapsbelasting, Vpb) and 'donations from the private limited company' scheme are being abolished. As from 1 January 2025, companies will no longer be able to deduct charitable donations from their profits. This applies both to deductions for gifts for purposes of corporation tax and to donations from companies following shareholder's motives. Sponsorship and Corporate Social Responsibility will remain deductible as business expenses.

Take note!

Companies will need to review and possibly restructure their donations from 2025 onwards to optimise tax advantages. Consider business sponsorship as an alternative.

Tax rate for box 2 reduced to 31%

The government is reversing the tax rate increase in the second tax bracket of box 2. On 1 January 2024, this tax rate rose to 33%, but is being reduced again to 31%. In doing so, the government aims to bring the tax burden on substantial interest holders more into line with that of employees and entrepreneurs subject to income tax rules. The aim is to limit tax-driven choices of the legal form.

Tip

Deferring a dividend distribution until 2025 may be beneficial for tax purposes.





Business Succession Facilities

Business succession scheme

The transfer of business assets by donation or succession, may result in the levying of gift or inheritance tax. To avoid that the continuity of a company is jeopardized by this, the business succession scheme (bedrijfsopvolgingsregeling, BOR) can be used. As a result, no or less inheritance tax or gift tax is due.

Transfer facilities

The transfer of business assets often leads to the levying of income tax. There are various transfer facilities (doorschuifregelingen, DSR) which ensure that this levy is deferred in certain situations, so as not to jeopardize the continuity of the company. One of those transfer facilities is specifically aimed at granting a substantial interest (doorschuifregeling aanmerkelijk belang, DSR ab). A substantial interest is, simply put, an interest that represents at least 5% of the (class of) shares in a company.

Restriction on qualifying substantial interests

From 1 January 2026, the BOR and DSR ab are being restricted to direct and indirect equity interests of at least 5% of the total issued share capital. Only ordinary shares still qualify, for which it is not of importance whether those shares give voting rights. Smaller interests, options, profit-sharing certificates and tracking stocks are excluded from the schemes. A usufruct or bare ownership of ordinary shares may still qualify. The purpose of the amendments is to limit the schemes to shares with sufficient entrepreneurial risk.

Tip

The BOR and DSR ab schemes will continue to apply to preference shares issued in the context of a phased business succession scheme.

Corrections to previous amendments in the law

As from 1 January 2024, amendments were made in the BOR and DSR ab schemes that have undesirable effects. For example, the existence of foreign capital may lead to an incorrect calculation of the exemption in the BOR scheme or to negative qualifying business assets. In order to correct this, the law is being amended slightly in some sections.

Holding and continuation requirement of business succession scheme (BOR)

The BOR scheme can only be applied if an acquirer continues operating the business for five years. This time limit is being changed to three years. Bottlenecks in the holding and continuation requirement relating to amendments in the legal shell of a company, such as the transfer from a sole proprietorship to a private limited company (besloten vennootschap, bv), are being resolved. If the institutional entitlement to the company does not increase (holding requirement) or decrease (continuation requirement), this may not be an obstacle for application of the BOR scheme. The requirements for mergers etc. will also be eased, so that no new holding term commences if the economic entitlement to the company remains the same.

Tip

Contrary to previous reports, the shorter continuation term will already apply to acquisitions occurring from 1 January 2025 (and therefore not 2026).

Take note!

Proposals to solve the various bottlenecks will take effect as of 1 January 2026.



Heavier holding requirement for old-age pensioners

The holding term in the BOR scheme will be extended with effect from 1 January 2026 for elderly testators and grantors. This does not apply to companies started by a testator or grantor at the latest within two years of reaching the statutory retirement age. In the case of a testator, the holding term is extended by six months per year that the testator is two years older than the statutory retirement age at the time of death. For a grantor, the holding term is extended by six months per year that the grantor is more than six years older than the statutory retirement age at the time of the donation.

Repeated use of business succession scheme (BOR)

Companies are sometimes transferred several times within a family (and sometimes also through third parties) in order to achieve a non-taxable transfer of assets. For example, parents apply the BOR scheme when granting a company to a child. The company is bought back at a later stage and granted once more under the BOR scheme. A measure is being introduced with effect from 1 January 2026 which excludes the BOR scheme in situations where the company has already been held by the acquirer at any previous time. The exclusion may not exceed the amount of the purchase price for the business assets.

Take note!

The antiabuse measure will be wide-ranging and will also apply, for example, if the company's activities have changed or the legal form has been amended.

Diluted income and small family interests

It was previously announced that with effect from 1 January 2025, the dilution scheme for the BOR and DSR ab schemes, as well as access for small family interests to the BOR scheme, would be extended. These amendments required approval from the European Commission. The effective date has therefore been postponed to a time still to be determined.

Preference shares

Preference shares are often issued in the context of a business succession but the definition of preference shares often leads to uncertainty. It is proposed that preference shares be designated as priority shares in respect of profit appropriation or liquidation proceeds.

This means that the risk of a preference share is lower than the risk of an ordinary share. The priority must, however, be essential. This is not the case, for example, if the paid-up premium has priority and the nominal paid-up capital does not.

Tip

The proposed definition is broadly in line with the Tax Administration's current practice. The impact of this change is therefore limited.

Take note!

The definition will be codified in Dutch tax law with effect from 1 January 2026 and will still be developed further.





Employer

Reparation of Belgian seafarer's tax levy omission

Based on current law, the Netherlands cannot, in rare situations, levy a tax on a Belgian resident who is employed as a seafarer by a Dutch employer and works entirely outside the Netherlands. A reparation is being made in cases where the Netherlands has tax jurisdiction to levy taxes under international conventions. This legislative proposal already takes account of additional arrangements that the Netherlands wants to make with other countries on the allocation of wages to what is known as working from home days.

Exemption of private use of public transport pass

The government proposes to clarify the 'targeted exemption of public transport subscriptions' measure. If an employer allows an employee to travel for free or at a discounted rate, these costs are specifically exempted, provided that some degree of business use takes place. The targeted exemption therefore also applies to private trips with a right to free travel or a right to a discount from the employer. The targeted exemption has also been extended to non-Dutch public transport.

Take note!

The targeted exemption does not apply to private trips made with a private public transport pass. The same trips made with an employer's public transport pass are exempt.

Duration of contribution limit for pensions

The fiscal contribution limit for accruing old-age and partner's pension in the event of death on or after the retirement date remains at 30%, but the calculation is being adjusted. Instead of a term of 100 years, this has now been legally enacted at 60 years. This will provide a more accurate yield expectation that is more in line with the original calculations in the Future Pensions Act (Wet toekomst pensioenen). The amendment is being introduced on 1 January 2025 and will have a retroactive effect to 1 October 2024.

Authorisation to change R&D deduction

Companies can get a tax reduction on research and development (R&D) services. To date, R&D rates and tax bracket limits have been bound to changes in the law. It is pro-posed to make the scheme more flexible, in which it is easier for the Minister for Economic Affairs to amend the scheme. On the basis of the proposal, the Minister may amend both the limit amounts and the deduction rates.

Reverse austerity of the 30% facility

The austerity of the 30% facility in 2024 (30-20-10 scheme) will partially be reversed. As from 1 January 2027, the maximum non-taxable allowance will be 27%. For 2025 and 2026, the rate remains at 30% for all incoming employees.

The salary standard increases to €50,436 and for employees below the age of 30 who have a Master's degree, to €38,338. Incoming employees who have made use of the 30% facility before 2024 are covered by transitional law. They will continue to be subject to a 30% rate until the end of the term and the old (indexed) salary standards apply.





Vat & Excise Duties

General Customs Act penalty stipulation

Customs performs the tasks that are subject to the State Taxes Act (Algemene wet inzake rijksbelastingen, AWR) and the General Customs Act (Algemene douanewet, Adw). That is why the Adw is being brought into line with the AWR. This ensures that the inspector who imposes penalties relating to the Adw applies the same rules as when imposing penalties relating to the AWR. This amendment ensures, inter alia, that the inspector who handles the tax return and finds an infringement, can also impose an administrative fine. Also, following a fine for omissions and neglect, a fine for an offence can be imposed for the same offence, if new objections have become known.

Revocation of excise permits

The envisaged amendment to the Excise Duty Act (Wet op de accijns, WA) makes it possible to revoke a permit for a distillery and a permit for tobacco processing equipment. This is not possible under the current scheme, which leads to an outdated permit database with permits that are no longer used. This amendment will ensure that the Customs Service can monitor this more effectively.

Fuel excise duty correction abolished

The proposal is to abolish the provisions regarding additional tax assessment and refunds of fuel excise duty on fuel stocks on which excise duty was levied. These rules are impracticable for the Customs Service and create uncertainty for businesses. The measure simplifies the Excise Tax Act and provides more clarity for the future.

Adjustment for VAT investment services

As at 1 January 2026, the VAT adjustment scheme is being extended to investment services for immovable property. VAT on these services is being monitored for five years, comparable to movable property acquired as capital goods. A threshold amount of €30,000 applies. Smaller-scale services are therefore not covered by this scheme.

Tip

This measure allows some entrepreneurs to deduct previously non-deducted VAT as input tax.

Take note!

This measure may lead to VAT adjustments for entrepreneurs who, after the first year of taxed use, may let the immovable property exempt of VAT within the adjustment period.

21% VAT for certain services

As from 1 January 2026, the reduced VAT rate for accommodations and certain cultural goods and services will be discontinued. This means that the VAT rate will change from 9% to 21%. This can be expected to - not exhaustively - at least apply for: hotels, boarding houses, books, sports, museums, music and theatre performances. Exceptions to this increase are camping resorts, theme parks, playgrounds and ornamental gardens, circuses, zoos and cinemas.

Take note!

The VAT rate at the time of the event applies. For example, if a theatre performance is paid in advance in 2025, but the event takes place in 2026, then 21% VAT is payable.



Property

Extension of exemption of transfer tax for first-time buyers

The exemption of transfer tax for first-time buyers and the reduced transfer tax rate are extended to the acquisition of economic ownership of owner-occupied dwellings. In future, both the exemption of transfer tax for first-time buyers and the reduced rate may be applied to cases where economic ownership is acquired, as long as the other conditions are met.

Take note!

If the exemption of transfer tax for first-time buyers was used in the acquisition of economic ownership, then it cannot be used again in the subsequent acquisition of legal ownership.

Extension of exemption on sale under specified conditions

On the repurchase of dwellings in the context of 'sale under specified conditions' (verkoop onder voorwaarden, VoV) the so-called VoV exemption can be applied. The exemption on sale under specified conditions is extended to 'appurtenances' at dwellings, such as sheds and garages, which are simultaneously acquired with the dwelling.

Up to 8% property transfer tax

The government aims to increase the supply of rental housing, so that more citizens have access to affordable housing. Therefore, the proposal is to reduce the standard property transfer tax rate for the acquisition of dwellings from 10.4% to 8% with effect from 1 January 2026. For a dwelling which the purchaser will personally continue to occupy, the (existing) reduced rate of 2% or the exemption of transfer tax for first-time buyers continues to apply.

Housing benefit simplification

The housing benefit is being simplified, so that the housing benefit will only distinguish between single-person households and multi-person households. In addition, the income-dependent scale down of the housing benefit is being simplified. Recipients of housing benefits will be able to better assess the impact of a higher income, and marginal pressures will decline for most recipients of housing benefits. In 2026, the own contribution will be reduced.

No transfer tax for key agreement

Key agreements that usually lead to economic ownership of a dwelling are excluded from transfer tax (overdrachtsbelasting, OVB). The following requirements apply to this:

- The key agreement must be linked to the commitment agreement for delivery of the dwelling.
- Legal ownership must be transferred within six months of the key agreement.
- The exemption of transfer tax for first-time buyers or the 2% rate must apply.

For example, there is no longer a taxable acquisition prior to the legal acquisition.





Cars & Mobility

Rate discount for emission-free vehicles

Owners of emission-free vehicles currently do not pay any motor vehicle taxes (motorrijtuigenbelasting, mrb) and a one-quarter rate applies as from 1 January 2025. However, this discount will end on 1 January 2026, after which the motor vehicle tax for electric cars will be higher than for comparable petrol cars. In order to avoid stagnation in the growth of emission-free cars, a new 25% rate discount in motor vehicle tax is being introduced as from 1 January 2026.

This discount applies until 2030 and is applied to both the government's part and the provincial surcharges. This should make the purchase of new and second-hand electric vehicles more attractive.

Continuous use of commercial van

If, because of the nature of the work, a commercial van is continuously used alternately by two or more employees, it is often difficult to determine whether and to whom the commercial van has been made available for private purposes. Instead of taking into account an additional tax liability for the employees, the employer can pay a fixed amount of €300 per annum via the final levy. Since 2006, this amount has remained unchanged. This amount will increase to €438 per annum and will be indexed annually as from 1 January 2026, so that it aligns better to the actual extent of the private advantage.

Take note!

Ensure that the annual final levy increase is applied in the payroll administration.

End of Special BPM rate for PHEV

Since 1 January 2017, the Private Motor Vehicle and Motorcycle Tax Act of 1992 (Wet op de belasting van personenauto's en motorrijwielen 1992, BPM) introduced a specific rate table for plug-in hybrid electric vehicles (PHEVs) to compensate for the difference between tested and actual carbon emissions.

Recent European regulations adjust the carbon emission measuring method for PHEVs, making the emissions figures more realistic. From 2025 onwards, the specific PHEV rate table will be discontinued and PHEVs will be taxed under the general private motor vehicle and motorcycle tax (BPM) rates for passenger vehicles. This could result in higher taxes on PHEVs with the new type approval, but makes the system simpler and more in line with actual emissions.

End of BPM exemption for commercial vans

The private motor vehicle and motorcycle tax (BPM) exemption for commercial vans ceases to apply. The BPM basis shifts to carbon emissions. For commercial vans without a fixed carbon emissions value, a fixed sum of 330 grams per kilometre will be applied. In addition, the refund scheme for vans for disabled persons is being improved. The BPM can be offset against the refund upon registration, thus avoiding pre-financing by disabled persons. These measures ensure a more effective taxation and aligns better in practice.

Tip

Check that your commercial vans comply with the new carbon emissions rules to avoid additional costs.

New vehicle definitions

The 2025 Tax Plan aims to simplify vehicle taxes by harmonising vehicle tax definitions with registrations at RDW (the Netherlands Vehicle Authority).

This means that, from 2027 onwards, vehicle tax definitions will be in line with the vehicle registration system definitions, eliminating differences between passenger vehicles and vans, for example. This will simplify vehicle taxes and reduce the administrative burden on citizens and businesses.

**Take note!**

Check the new vehicle definitions carefully to understand how they affect motor vehicle taxes. This can be important for both private individuals and entrepreneurs.

Application procedure for zero-rated buses

Natural gas-driven or LPG-driven buses which are mainly used for public transport, currently benefit from a zero rate for purposes of motor vehicle taxes. Any change in the transferred ownership details of these buses may lead to uncertainty as to (the time of) application of this rate. To ensure that the zero rate is applied correctly, the bus owner must submit an application to the tax inspector. This application is necessary to ensure that the rate is applied as from the correct time.

Take note!

Ensure an application is submitted to the tax inspector if the bus requires transferred ownership details, to avoid zero rate issues.

Tip

An application is only necessary for a bus which requires transferred ownership details after entry into force of the 2025 Tax Plan.





(Wealthy) Individuals

2025 Income tax rates for taxpayers below the statutory retirement age

Taxpayers who have not reached the statutory retirement age (Algemene ouderdomswet, AOW) at the beginning of 2025, can expect the following tax brackets to be applied in 2025.

2025 Income tax			
Box 1	Tax.inc. more than (€)	but not more than (€)	2025 rate (%)
Tax bracket 1		38,441	35.82%
Tax bracket 2	38,441	76,814	37.48%
Tax bracket 3	76,814		49.50%

2024 Income tax			
Box 1	Tax.inc. more than (€)	but not more than (€)	2025 rate (%)
Tax bracket 1		38,098	36.97%
Tax bracket 2	38,098	75,518	36.97%
Tax bracket 3	75,518		49.50%

These percentages include national social insurance contributions. A different rate structure applies for those who qualify for fewer or no national insurance contributions.

Take note!

The combined rate adjustments for the years 2026 to 2029 are:

	First bracket	Second bracket
2026	-0.22%	0.03%
2027	-0.09%	0.03%
2028	-0.15%	-0.10%
2029	-0.05%	-0.05%

2025 Income tax rates for old-age pensioners

Taxpayers who have reached the statutory retirement age (Algemene ouderdomswet, AOW) at the beginning of 2025 and were born after 1946, are expected to have the following tax brackets applied in 2025.

2025 Income tax for old-age pensioners (AOW)			
Box 1	Tax.inc. more than (€)	but not more than (€)	2025 rate (%)
Tax bracket 1		38,441*	17.92%
Tax bracket 2	38,441	76,814	37.48%
Tax bracket 3	76,814		49.50%

2024 Income tax for old-age pensioners (AOW)			
Box 1	Tax.inc. more than (€)	but not more than (€)	2024 rate (%)
Tax bracket 1		38,098*	19.07%
Tax bracket 2	38,098	75,518	36.97%
Tax bracket 3	75,518		49.50%

* Born before 1946: tax bracket 1 up to €40,021

These percentages include national social insurance contributions. A different rate structure applies for those who qualify for fewer or no national insurance contributions.

Changed tax credits

Below are the expected tax credits for 2025. With the exception of the elderly person's tax credit and the single elderly person's tax credit, these are tax credits for taxpayers who are younger than the statutory retirement age. For people older than the statutory retirement age, lower limits apply.





Tax credits	2025 (€)	2024 (€)
General tax credit max.	3,068	3,362
Employed person's tax credit max.	5,599	5,532
Income-dependent combination tax credit max.	2,986	2,950
Young disabled person's tax credit	909	898
Elderly person's tax credit	2,035	2,010
Single elderly person's tax credit	531	524

The scale down of the general tax credit is matched to the statutory minimum wage (Wet minimumloon en minimumvakantiebijslag, WML). As a result, taxpayers with income up to the WML-level will retain the maximum tax credit.

Tax relief for transport as healthcare costs

Transport costs for obtaining medical assistance and devices may be deducted as healthcare costs. For sake of ease, it is proposed to assume €0.23 per kilometre when travelling by car (not by taxi). For other forms of transport, such as a taxi or public transport, the actual costs remain deductible. In addition, for excessive transport costs due to sickness or disability, a deduction of €925 per annum is proposed, provided that the taxpayer can convincingly prove that they are unable to walk more than 100 metres independently, in accordance with rules for a disabled parking card and the public transport companion card.

Tax solution for single earners

Without additional measures, the income of some single earner households is below the social minimum due to a combination of schemes. The proposed solution is to partially pay the general tax credit that is unused or not fully used to the least-earning partner whose date of birth is on or after 1 January 1963. In the process, a number of additional conditions must be met.

This measure could possibly only be introduced as from 1 January 2028. So, for the years 2025 to 2027, a temporary concession is provided by the municipality to this type of household.

Take note!

This measure requires, among other things, that the gross household income is below €48,500 per annum. This is an estimated amount for the year 2028.

Simplification of objection to benefits

An objection to the amount of an established benefit will in future also be an objection to the corresponding recovery decision which is notified in the same letter. An objection to a recovery decision will in future also be an objection to the corresponding set amount of a benefit which is notified in the same letter. This improves legal certainty for citizens and reduces the administrative burden.

Take note!

These measures do not apply if the objection indicates that objection is only made against determining the benefit or the recovery decision.

Visits to persons requiring long-term nursing

In order to deduct travel expenses for visits to persons requiring long-term nursing, the visitor must have a joint household with the nursed person at the inception of the illness or disability. In certain cases, such assessment date may be considered unreasonable. It is therefore proposed, to change that assessment date so that, at the inception of the nursing process, it is assessed whether the visitor had a joint household with the person requiring the nursing. That date is also easily verifiable for the Tax Administration based on the Personal Records Database.





Box 3: rules for effective yield

New legislation is being introduced with rules for determining the effective yield in box 3. These rules are necessary because the Supreme Court has decided that if the effective yield in box 3 is lower than the notional yield, tax should be levied on the effective yield. The new rules are relative to the years since 2017 and are important for taxpayers with box 3 income who can rely on the rulings by the Supreme Court.

Take note!

The intention is to introduce the new rules as at 1 June 2025.

Box 3 exemption: compensation for earth-quake damage

An exemption will apply in box 3 for reparation of earthquake damage in Groningen and Drenthe and similar property rights. This change will not yet be reflected in the provisional 2025 income tax assessment. The exemption does not apply to compensation for damage paid out in cash.

Tip

This special box 3 exemption will partly be applied with retroactive effect to 1 July 2020 and partly be applied with retroactive effect to 1 July 2023.

Remission profits and allowances

On remission of a business debt, the entrepreneur will have a profit. For income tax purposes, that profit is exempt or the profit is offset against deductible losses. For allowances, however, no account is taken of deductible losses.

In this situation, remission may result in either no entitlement or a lower entitlement to allowances, which is undesirable. In such situations, therefore, at the taxpayer's request, the benefits do not take remission profits into account which are not fully exempted from income tax due to losses to be offset.

Take note!

This is a specific scheme and does not mean that other income on paper can also be disregarded for the allowances.

Allowance partnership age

Currently, parents and adult children or foster children over the age of 27, are considered as allowance partners. This may result in lower allowances in the event of cohabitation. It is therefore proposed to abolish the age limit of 27 for first-degree blood relatives and relatives by marriage when determining allowance partnerships.

Take note!

The Tax Administration applies the age limit of 27, which means that first-degree blood relatives and relatives by marriage remain partners for tax purposes, but are no longer an allowance partner for benefits.





International situations

Corporation tax liability tests

For purposes of corporation tax, various tax liability tests are used for provisions and antiabuse or anti-avoidance rules, to determine whether a taxpayer pays sufficient tax. The proposed amendment clarifies that a qualifying pillar two additional tax is also included in some tax liability tests. Pillar two ensures that multinational group companies and domestic group companies with a turnover of at least €750 million, effectively pay at least 15% tax on their profits. This applies, among other things, to rules on the interest deduction restriction, participation exemption, as well as exemption for business income from foreign permanent establishments.

Tip

A tax consultant is able to identify whether the changes affect the existing structure.

Exemption for business income from foreign permanent establishments

The exemption for business income from foreign permanent establishments for foreign company profits has been adjusted to avoid double taxation of permanent establishments taxed in the Netherlands but not recognised as permanent establishments in other countries. With this adjustment, the exemption is now also applied if profits abroad are subject to taxation. This avoids unintended double taxation due to mismatches in recognising permanent establishments.

General anti-avoidance rule ATAD1

The Netherlands has transposed the general anti-avoidance rule (GAAR) of ATAD1 into national legislation. When ATAD1 was implemented in 2019, it was opted not to do so, because the GAAR was already included in the Netherlands' legislation with the doctrine of *fraus legis* (fraud of law). Now that the European Commission has explicitly requested implementation of the GAAR, the Netherlands meets this request.

Amendments to Minimum Taxation Act 2024

The Minimum Taxation Act 2024 (Wet minimum-belasting 2024, WMB) is an implementation of the EU Directive. Remaining issues in administrative guidelines which require a legal basis, have been incorporated in the WMB, as are some technical changes. These include qualifying interest schemes, qualifying tradeable tax credits, currency conversion, domestic additional taxation, excess negative tax expenditures carried forward, income excluded on the basis of actual presence, the transitional Country-by-Country Reporting (CbCR) Safe Harbor rule and procedural-law aspects.

New group concept for withholding tax

The Netherlands applies a withholding tax on interest, royalties and dividends paid to an affiliated entity established in a low-tax country. The withholding tax is relevant when a qualifying interest exists. This may also be the case if a collaborating group is involved. The concept of 'collaborating group' is replaced by the group concept: qualifying entity. This is when entities act together for the main purpose (or one of the main purposes) of avoiding taxation at one of the entities.

Tip

The burden of proof that a qualifying entity exists lies with the tax inspector, but in case of doubt it is wise to hold preliminary consultations. That offers a sense of security in advance.





International transfer payment

In 2023, the European Court of Justice delivered judgments on the international transfer payment of accrued pension benefits in the event of a job change. In response, legislation was amended for international transfer payments of accrued pension benefits. These amendments, effective since 16 November 2023, ensure that the conditions for transfer payments are in line with European law.

Two important conditions are being discontinued: i) the obligation for foreign pension funds to accept liability and ii) the restriction on commutation options abroad.

Take note!

The condition of no wider-ranging commutation options abroad than pursuant to national law continues to apply for individual transfer payments outside the EU, the EEA and Switzerland.





Energy & Environment

Energy tax reduction

The tax reduction for electricity will be increased retroactively to €521.81 up to 1 January 2024. This measure replaces the scale down of the reduced rate for shore-side electricity, which would result in an insignificant advantage of up to 3.6 euro cents per year for electricity consumers. By increasing the tax reduction, the advantage is given to consumers in a simpler way, without any additional burden on energy suppliers and the Tax Administration. The tax reduction will likewise be increased for the period 2025 to 2033.

Greenhouse horticulture carbon emissions levy

The Fiscal Climate Measures (Greenhouse Horticulture) Act (Wet fiscale klimaatmaatregelen glastuinbouw) makes three important changes. Firstly, the definition of energy companies is amended: only companies supplying at least 75% of their heat generated with natural gas to greenhouse horticulture farms are liable for tax. Secondly, the tariffs of the carbon emissions levy are being reduced with a new tariff structure that is reviewed every year according to current data. Finally, enforcement of the carbon emissions tax on greenhouse horticulture has been transferred from the Minister of Agriculture, Nature and Food Quality (landbouw, natuur en voedselkwaliteit, LNV) to the Tax Administration.

Take note!

In the spring of 2025, the government wants to decide on an extension of the European Emissions Trading System (ETS2) to the greenhouse horticulture sector and its impact on the carbon emissions levy.

Prolongation of low fuel excise duties

The reduction in excise duties on unleaded petrol, diesel and LPG, which began on 1 April 2022, will continue to remain in force until 31 December 2025. This measure keeps the rates equal to those of 1 July 2023 and prevents

indexation, which means that the reduction is more broad-based than before. This policy aims to reduce fuel costs for households and businesses and gives them more time to adapt to changing economic circumstances.

Take note!

If prolongation is not effectuated, the rates could increase significantly in 2025. The total amount is currently €0.18473 (unleaded petrol), €0.11964 (diesel) and €0.04362 (LPG).

Abolition of netting arrangement

End customers with a small installation currently receive the same rate for electricity fed into the grid (supply costs, energy tax and VAT) as for the electricity consumed. In 2024, this is a tax advantage of around €0.167 (energy tax and VAT) per netted kWh. This advantage will be cancelled.

The government proposes that as from 2027, electricity fed into the grid should no longer be offset against supplied electricity. It is being monitored that compensation for the electricity fed into the grid is transparent and reasonable. This compensation cannot be negative.

Take note!

When calculating the yield of solar panels, take the cancellation of the netting scheme as at 2027 into account.

Reduction of energy tax on natural gas

The energy tax on natural gas is being reduced for consumption up to 170,000 m³. This reduction starts at 2.8 euro cents per m³ in 2025 and rises to 4.8 euro cents per m³ in 2030. Households with an average consumption of 1,050 m³ will save around €29 per year in 2025, rising to around €50 in 2030. Businesses will also benefit from lower costs through this adjustment in tax rates.





Separate tariff for hydrogen

As from 1 January 2026, hydrogen will be taxed at a lower rate than natural gas for purposes of energy tax. This will provide an incentive to use hydrogen as a renewable energy source and supports the energy transition. In addition, the exemption for producing hydrogen via electricity has been clarified and extended. These measures incentivise development of the hydrogen market, create new opportunities for economic growth and employment, and strengthen the Netherlands' competitiveness.

Take note!

The reduced rate will be reviewed by 2030 at the latest. In the event of an adverse evaluation, the separate rate will be cancelled on 1 January 2031.

Abolition of coal tax exemption

Companies importing, transporting or storing coal must pay coal tax. Revenues from coal tax are low. The government proposes to abolish the exemptions for dual use and the non-energy efficient usage of coal by 2027.

The refund scheme too, with which any non-applied exemptions are reclaimed, will be abolished. This scheme will still remain available for old cases for five years after its abolition. The objective of abolishing the exemptions is twofold: to reduce coal usage in the Netherlands and to generate more tax revenue.

Take note!

Apply for a coal tax refund in good time before the scheme is abolished.

Levy for waste incineration plants

Due to various changes in the law, waste incineration plants (afvalverbrandingsinstallaties, AVIs) have been covered both by the definition of AVI and by the definition of greenhouse gas installation since 2024.

To avoid confusion about the carbon emissions levy, AVIs are now specifically treated as AVIs in order to avoid double regulation and ambiguity about tariffs.

Take note!

For 2024, the ambiguity remains. The more favourable tariff for greenhouse gas installations will apply for waste incinerator plants for 2024.

Clarification of waste taxation

The in/out method for purposes of waste taxation is clarified. Carbon emissions released through the stack after incineration may not be deducted from the tax base for purposes of waste taxation. The in/out method specifically provides an incentive to prevent waste incineration and pollution, which is made more explicit by this change in the law.

Adaptation of tax rules for greenhouse horticulture

The tax rules for natural gas and electricity in greenhouse horticulture will be adapted. At present, an exemption exists for electricity generated with an efficiency yield of at least 30% and by means of cogeneration (combined heat and power). These exemptions will be limited and will, in future, be based on the electrical power of installations. Installations with more than 20 megawatts of electrical power become liable for tax, while medium-sized installations remain exempt. This ensures a more uniform control and application of the rules.

Tip

Check if an installation falls within the new reference value to avoid unexpected taxation.





Plastic levy, diesel tax, and flight tax

There are also several tax measures in the framework coalition agreement that are not included in the 2025 Tax Plan. The introduction of a circular usage plastic levy, the reintroduction of red diesel for agriculture, and a differentiation in flight tax based on distance of travel. These measures will be elaborated at a later stage because they are complicated and, according to the government, require a careful policy pathway and a balanced parliamentary debate.

AVI correction factor for carbon emissions levy

The carbon emissions levy for industry, which has been in force since 2021, is being raised with the introduction of a waste incinerator plant (AVI) correction factor. This measure will reduce the number of dispensation rights for waste incineration plants (AVIs) by 1Mton in 2030, which will intensify the incentive to reduce carbon emissions. The correction factor will gradually be introduced as from 2026, allowing the sector to adapt. After 2030, the correction factor will remain in place to support the broad-based objectives of the carbon emissions levy: reducing greenhouse gases and being conducive to the circular economy.

Take note!

AVIs should prepare in good time for the stricter carbon emission rules and take measures to reduce their carbon emissions.





Other measures

More flexible setting of interest on tax

The proposed change aims to make it possible to set interest on tax rates more flexibly in future. If the rate of interest on tax to be reimbursed should be different from the rate of interest on tax to be charged, this will no longer require any change in the law, and a general administrative measure will suffice.

Extension of the penalty period for third parties

The penalty period for third parties, such as consultants and accomplices, will be extended to 12 years if the taxpayer concerned is also subject to an additional tax assessment period or an extended time limit for making an additional assessment. This will prevent the third parties involved from being fined, whereas the taxpayer can still be dealt with within the extended time limit. For existing cases, transitional law will apply.

Tightened property measure for fiscal investment institutions (FIIs)

The 2025 Tax Plan contains a measure taken to ensure that a fiscal investment institution (FII) can no longer invest directly in Dutch property: the property measure. If an FII does invest directly in Dutch property from 1 January 2025 onwards, the FII cannot apply the special corporation tax regime for FIIs. This measure will be followed by further adjustments to plug a leak and to give substance to the concept of "property". The precise amendment proposals are not yet known at this time.

Tip

Ensure the FII complies in good time with the new property investment rules to prevent loss of the FIIs favourable corporation tax rate.

Compensation of costs for WOZ and BPM objections

In order to discourage the earnings model of 'no-cure-no-pay agencies', payment of the costs of proceedings for objections to the immovable property valuation assessment (Wet waardering onroerende zaken, WOZ) and private motor vehicle and motorcycle tax (BPM) was reduced to 25% as from 1 January 2024. The Supreme Court ruled that the low tariff for payment of the costs of proceedings in tax and contribution cases should remain outside the scope of application. As a result, the tariff for other matters applies and such tariff is currently twice as high. In order to bring the level of compensation in line with the legislator's intention, it is proposed to reduce the payment of the costs of proceedings for WOZ and BPM cases to 12.5%.

Refund without tax return form

The government will introduce a legislative proposal to determine an income tax assessment for taxpayers who have failed to submit their tax returns, even through their income tax assessment shows an amount of zero or a tax refund. This is in the interests of citizens who do not respond to requests to submit a tax return, while there is a right to a tax refund.

Take note!

It is always a good idea to respond in good time to a request to submit a tax return.

Tax treatment of foreign legal forms

The tax treatment will change not only for various foreign legal forms, but also for a number of Dutch legal forms. This means, for example, a discontinuation of the independent liability for tax for the open limited partnership and similar partnerships. Some refinements are now being made to this legislative proposal.



For example, introducing the change in the tax treatment of various legal forms has unintentionally limited the scope of the restriction on deductibility for the allocation and issuance of shares and option rights within a group of companies. These types of omissions are now being adjusted.

Tip

In principle, the loss of corporation tax liability of an open limited partnership, for example, leads to a tax settlement. But with certain means, e.g. a facilitated share merger, the tax claim can be deferred.

Increase in tax on games of chance

The tax rate on games of chance will be increased substantially from 30.5% to 34.2%, and then increased further to 37.8% as from 1 January 2026.

Interest on overdue tax for loss setoff

A tax assessment must be paid within the applicable deadline. Where that deadline is exceeded, interest on overdue tax will be charged. A change in the law erroneously deleted a scheme in 2013. This cancelled the legal basis to recalculate the interest on overdue tax when loss setoff is applied. This scheme is now being reintroduced into the law, so that the scheme corresponds again to the situation prior to 2013. This amendment is only expected to enter into force as at 1 January 2027 due to the necessary change in the automation system.

Take note!

For many years after loss setoff, the Tax Administration erroneously did not recalculate the interest on overdue tax. In 2021, the Tax Administration launched a recovery action to rectify this situation.

BES Islands

The following changes have been proposed for the tax system in the BES islands (Bonaire, St. Eustatius and Saba):

- The term of investment facilities for purposes of property tax (no levy on the increased excess value of immovable property) is being reduced from 10 to 5 years.
- The rate for purposes of property tax for properties in which a hotel establishment is carried out is being increased from 10% to 11%.
- The rate of revenue tax is being increased from 5% to 7.5%.
- The amount of the schemes for small entrepreneurs will be indexed annually as from 2025.
- Some erroneous references are being restored for purposes of transfer tax.
- There will be a separate transitory rule for some formal deadlines in a year under review ending by 31 March 2025.
- The concepts of 'owner-occupied dwelling' and 'wages' for income tax purposes are being tightened.
- The personal tax allowance for income tax purposes is matched to the statutory minimum wage.
- The rate structure for income tax purposes is being adjusted.
- The rate for substantial interest holders for income tax purposes has been increased from 5% to 7.5%.
- Various substantive and technical changes are being applied to wage taxes, such as an adaptation of the wage definition.
- A notional employment relationship is being introduced for a substantial interest holder's partner.
- The treatment of claims for the account of savings and provident funds is being adapted.





- The statement that tax withholding may be omitted, ceases to apply.
- A final levy regime is being introduced for situations where an additional tax assessment is imposed on the employer.

Child-related budget increase

In order to improve the financial position of families in a targeted manner, the government is increasing the amount for a child in the child-related budget. In addition, the phase-out percentage is raised incrementally each year to make the child-related budget more targeted.

No reduction of social security payments

The planned incremental reduction of a number of minimum social security benefits will be paused over the next three years (2025, 2026 and 2027). As a result, these benefit payments will be higher than they would have been without this proposal until the end of 2038. This concerns the social assistance benefit, survivors' benefits, and supplemental allowance up to the level of the social minimum for single persons on UWV (Employee Insurance Agency) benefits.

Take note!

This does not concern an increase in benefits, but the cancellation of a proposed reduction.

Unjustified rejection of debt settlement

From 2012 to March 2021, requests by citizens for cooperation in an amicable out-of-court debt restructuring for natural persons (minnelijke schuldsanering natuurlijke personen, MSNP requests) were rejected by the Tax Administration for one reason. It should not have happened that the Tax Administration only rejected MSNP requests (automated) for one reason. This concerns vulnerable citizens, for whom the possibility of achieving a debt-free start was unjustifiably limited.

It is for this reason that a legislative proposal is being drafted in which the government introduces a basis for the concessionary scheme policy designed to meet the needs of the citizens concerned.

Previously submitted legislation, includes:

- The margin scheme for the purposes of VAT on antiques, art objects, and collectables can no longer be applied if a reseller has purchased the goods at a price other than the general price.
- The location of virtual services of a cultural, artistic, sporting, scientific, educational and entertaining nature for the purposes of VAT, will in future be where the customer (entrepreneur or non-entrepreneur) lives, is established, or where the permanent establishment is.
- A number of agricultural goods are no longer subject to the low VAT rate.
- The small businesses scheme (kleineondernemersregeling, KOR) for the purposes of VAT is now applicable throughout the EU.
- Foreign legal forms are taxed by way of the legal form comparison method in the same way as similar Dutch legal forms.
- The open limited partnership is no longer independently liable for corporation tax.
- A common account fund is only liable for corporation tax if it is an investment fund or fund for collective investment in securities within the meaning of the Financial Supervision Act (Wet op het financieel toezicht, Wft). The certificates of participation must also be tradeable.
- A tax-exempt investment institution is only considered exempt from corporation tax if it is an investment institution within the meaning of the Financial Supervision Act.





- The manner of determining the qualifying business assets, the extent of the exemption, and the requirements for the acquirer for the BOR/DSR ab, are changing.
- The additional tax liability for an electric vehicle is 17% on the first €30,000 and 22% on the value above €30,000.
- The self-employed deduction will be reduced further to €2,470.
- The tax liability for the private motor vehicle and motorcycle tax (BPM) changes from the holder of the registration certificate to the applicant.
- The levy and payment of the BPM must take place prior to registration.
- The zero rate for passenger vehicles with carbon emissions of 0 g/km is being replaced by a one-quarter rate of the motor vehicle tax. Passenger vehicles with carbon emissions above 0 g/km up to 50 g/km are subject to a three-quarter rate of the motor vehicle tax.
- The wage cost benefit for low-income employees ceases to apply. For elderly employees too, the wage cost benefit is incrementally being phased out.
- The concurrence exemption for the purposes of transfer tax for share transactions is being adjusted. A rate of 4% will apply in future if it concerns new property for the purposes of VAT which is exploited for less than 90% subject to VAT.





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