SEPTEMBER 16 2025

BUDGET DAY 2025

On Tuesday, 16 September 2025 (Budget Day), the Dutch government announced the Tax Plan 2026 and additional tax proposals.

Although the government's room for manoeuvre was limited due to its caretaker status, the implementation of certain amendments may still be relevant for our clients.

This contribution therefore provides a high-level discussion of the most notable measures.

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Tax Plan 2026

The Tax Plan 2026 and the other legislative proposals still need to be debated and approved by the Dutch Parliament (House of Representatives and Senate) and may therefore be subject to change.

If you have questions regarding one or more measures, or if you would like more detailed information, please feel free to contact your regular contact person at Dirkzwager. If you do not have a regular contact person, you will find the contact details of our tax specialists on the final page of this document.

1. Corporate income tax (1/2)

Rate

The corporate income tax rate will remain unchanged in 2026.

Taxable amount	Rate
€ 0 - € 200.000	19,00%
€ 200.001 >	25,80%

Transitional regime for transparent funds for joint account

As of 1 January 2025, investment funds, including partnerships (such as limited partnerships), will become subject to corporate income tax (non-transparent) if they qualify as a fund for joint account (*fonds voor gemene rekening*, FGR). The new definition of a taxable FGR leads to various practical issues. At present, the government is reconsidering the definition of a taxable FGR. The objective is to safeguard fiscal transparency of investment funds as much as possible. However, the proposed legislative amendment can take effect no earlier than 1 January 2027.

To avoid short-term tax liability for corporate income tax in the period from 1 January 2025 up to 1 January 2027, the Tax Plan 2026 introduces a transitional regime under which fiscal transparency for investment funds may be retained as from 1 January 2025. The following cumulative conditions apply for the transitional regime:

- The investment fund was immediately prior to 1 January 2025 transparent (non-taxable).
- The investment fund would, as from 1 January 2025, have become non-transparent (taxable).
- All participants must, no later than 28 February 2026, consent to the choice for the investment fund to remain transparent.

The latter condition does not apply if, before 1 January 2025, the fund has documented its intention (for example, in minutes and/or correspondence) to include the buy-back conditions in the fund terms and conditions (the transitional regime already introduced in 2024).

1. Corporate income tax (2/2)

The proposed new transitional regime is expected to apply until 1 January 2028 and will also cover investment funds that did not make use of the earlier transitional regime in 2024. Investment funds that are subject to corporate income tax under the current regime and do not wish to use the proposed transitional regime, must register the investment fund as an FGR liable to Dutch corporate income tax with the tax authorities and file a corporate income tax return for the year 2025.

Aggregation rule for the Energy Investment Allowance

As of 1 January 2026, an aggregation rule will apply for the Energy Investment Allowance (EIA), so that the investment ceiling of €151 million per year applies per taxpayer. As a result, energy investments in the taxpayer's own business and in partnerships in which the taxpayer participates will no longer count separately toward this ceiling.

Simplification of deduction of mixed expenses

As of 1 January 2026, a minor amendment will be introduced in the rules regarding the deduction of mixed expenses. The introduction of the work-related costs scheme had complicated the concept of wages and unintentionally restricted the deductibility of expenses. From now on, reference will be made to the wages actually subject to wage tax.

Restriction of appeal possibility for uncredited foreign tax

Under certain circumstances, it is possible to credit foreign tax levied on the profits of a low-taxed foreign investment enterprise, a low-taxed foreign investment subsidiary, or a controlled foreign company against Dutch corporate income tax due. If in a given year insufficient room is available to credit, for example due to a loss position in the Netherlands and little or no corporate income tax is payable, the remaining creditable amount can be carried forward to the following year. Each year, at year-end, the cumulative amount available to carry forward is determined by means of a formal decision subject to appeal. As of 1 January 2026, it will only be possible to file an appeal against the amount thus determined to the extent it relates to the most recent year, and not against amounts determined in earlier formal decisions.

2. Minimum Tax (OECD Pillar 2)

Second Act amending the Minimum Tax Act 2024

The Minimum Tax Act 2024 (*Wet minimumbelasting 2024*, MTA 2024) entered into force on 31 December 2023 and aims to ensure that multinational and domestic groups with a turnover of €750 million or more pay at least 15% tax on their profits.

The MTA 2024 is the Dutch implementation of the EU Directive on a worldwide minimum tax and is based on the so-called Pillar 2 Model Rules as adopted by the OECD Inclusive Framework on BEPS (IF). This legislative proposal incorporates the remaining elements of the Administrative Guidance published by the IF since December 2023 into the MTA 2024. It includes, among other things:

- Further elaboration on the concepts of "flow-through entity" and "hybrid entity";
- A clarification of the ttransitional CbCR Safe Harbour; and
- A regime for deviating fiscal years for non-consolidated group companies.

Implementation of EU Directive on Information Exchange ("DAC9")

Multinational groups with a turnover exceeding €750 million are in principle required to file a so-called GloBE information return in each jurisdiction where a group entity is established. To minimise the resulting administrative burden, the EU Directive "DAC 9" provides that the group as a whole is only required to file such an information return in one Member State, which will then ensure dissemination of the information to the relevant other Member States. This legislative proposal regulates the implementation of the EU Directive in Dutch law.

In addition, this proposal provides for the exchange of information with non-EU jurisdictions on the basis of the Multilateral Competent Authority Agreement (MCAA) developed by the OECD. In this respect, the legislative proposal imposes two obligations on the group entity filing the GloBE information return. First, the entity must use a specific standardised form made available for this purpose. Second, it must determine which parts of the GloBE information return must be exchanged with other countries.

3. Personal income tax (1/4)

Box 1 rates (income from work and home)

The rates and brackets applicable for taxable income in box 1 in 2026 are shown below. These are the combined rates for personal income tax and national insurance contributions. Separate tables apply for state pension recipients (AOW) and for taxpayers born before 1 January 1946.

Income (box 1)	Rate
€ 0 - € 38.883	35,70%
€ 38.884 - € 79.137	37,56%
€ 79.138 >	49,50%

SME profit exemption

The profit exemption for Small and Medium-sized Enterprises will remain unchanged in 2026, amounting to 12.7%.

Self-employed deduction

The self-employed deduction (*zelfstandigenaftrek*) will be reduced to €1,200 in 2026. In 2027, this deduction will be further reduced to €900.

General tax credit

The general tax credit (*algemene heffingskorting*, maximum €3,115) applies to all taxpayers and is phased out from an income of €29,736 until it reaches zero.

Employment tax credit

The employment tax credit (*arbeidskorting*, maximum €5,712) depends on the employment income and increases gradually for employment income up to €45,593 and is gradually phased out beyond that point as income rises further.

Income-dependent combination tax credit (IACK)

The IACK (*inkomensafhankelijke combinatiekorting*, maximum €3,032) is a tax credit that parents with children under 12 may apply, subject to certain conditions.

Aggregation rule for the Energy Investment Allowance

The amendments to the Energy Investment Allowance are described under Corporate income tax (2/2).

3. Personal income tax (2/4)

Box 2 rate (income from substantial interests)

The rates and brackets for taxable box 2 income in 2026 are as follows:

Income (box 2)	Rate
€ 0 - € 68.843	24,50%
€ 68.843 >	31,00%

For fiscal partners, a joint first tax bracket of €137,686 applies.

Amendment of the lucrative interest regime

The legislator introduces two measures regarding the applicable tax rate for income from indirectly held so called lucrative interests. Lucrative interests are shareholdings or profit rights granted by an employer to an employee, which are taxed as employment income rather than as investment income, because they are considered remuneration for work performed. The proposed measures are aimed at ensuring a balanced taxation of such income.

Until now, benefits from a lucrative interest held through a company in which the taxpayer holds a substantial interest were taxed in box 2 instead of in box 1, provided the so-called “distribution obligation” was met. Under the new broadened tax base, such income in box 2 will be multiplied by a factor, resulting in a higher effective tax rate.

The resulting effective tax rate on lucrative interest income is progressive. It starts at 28.45% but increases towards 36%. Benefits not distributed (maximum 5% of the lucrative interest income per year) will continue to be effectively taxed at the regular box 2 rates.

Existing settlement agreements with the Dutch Tax Authorities will, according to the State Secretary, not lapse as a result of this legislative amendment.

In addition, a measure is proposed to counter undesirable structures involving indirectly held lucrative interests. Where a lucrative interest is held through a company in which a substantial interest (at least 5% of the issued share capital) arises just before exit, income from the substantial interest could be (almost) entirely offset, thereby limiting taxation. This measure ensures that appreciation up to the moment the substantial interest arises will still be taxed in box 1.

3. Personal income tax (3/4)

Box 3 rate (income from savings and investments)

The box 3 rate remains unchanged at 36%.

Tax-free allowance

The tax-free allowance (*heffingsvrij vermogen)* will be reduced in 2026 to €51,396 (€102,792 for tax partners jointly).

Deemed return – other assets

The deemed return for other assets (investments) in box 3 is based on long-term average historical market returns. The calculation method for this deemed return will be adjusted, resulting in a deemed return of 7.78% in 2026 instead of 6.00%.

Exemption for green investments

The exemption for green investments will be reduced as of 1 January 2026 to €26,715 (€53,430 for tax partners). The exemption for green investments was initially scheduled to lapse as of 1 January 2027. In line with the delayed implementation of the new box 3 system, the abolition date has been postponed to 1 January 2028.

Valuation ratio for rented property

When valuing residential property in box 3, the starting point is generally the WOZ value (municipal property tax value). For rent-controlled (*huurbescherming*) residential properties, landlords may apply a value discount reflecting the rented condition of the property. The amount of this discount depends on the gross annual rent and is referred to as the "valuation ratio."
If the calculated value of a rented property based on the WOZ value exceeds the actual market value of the property by at least 10%, the actual market value may be applied retroactively up to and including 3 April 2015 (23 September 2016 for gift and inheritance tax). This codifies the Dutch Supreme Court rulings of 2015 and 2016.

As of 1 January 2026, the valuation ratio – or a lower actual value of the rented property – may no longer be applied if the rental takes place between related parties and the agreed rent is not at arm's length.

3. Personal income tax (4/4)

Counter-evidence scheme

In 2025, the counter-evidence scheme was introduced. By invoking this scheme, taxpayers can use the Statement of Actual Return (*Opgaaf Werkelijk Rendement*, OWR) to disclose the return actually realised to the Tax Authorities. If the actual return under the counter-evidence scheme is lower than the deemed return, taxation in box 3 will then be based on the lower actual return.

Closing the loophole in the counter-evidence scheme

The counter-evidence scheme in box 3 will be amended to close a loophole with respect to certain bonds and similar instruments. This loophole arose because interest income was considered as actual return in the year it was received (cash basis).

By purchasing bonds at the end of the year where the interest is paid out the following year, the interest included in the purchase price was treated as negative actual return in the year of purchase. This allowed the creation of a negative actual return. In the year the interest was received and deemed actual return, taxpayers could then opt for the deemed return system.

This loophole will be closed by requiring bonds and comparable instruments under the counter-evidence scheme to be valued at fair market value (including accrued interest), thereby abandoning the cash basis for this category.

Future box 3 system (as from 2028)

The intended introduction of a box 3 system based on actual returns has been postponed by one year to 1 January 2028. The aim is that in the new box 3 system both realised and unrealised returns will be taken into account (*vermogensaanwasbelasting*, capital gains tax on asset growth). For real estate and shares in start-ups and scale-ups, however, the intention is to only include realised gains (*vermogenswinstbelasting*, capital gains tax).

4. VAT (1/2)

VAT adjustment for services related to immovable property

The Tax Plan 2025 included the introduction of an adjustment scheme for services relating to immovable property as of 1 January 2026.

Currently, an adjustment scheme applies for capital goods. The deduction of input VAT on costs related to a capital good is adjusted in the years following the year of first use if the use changes. For immovable capital goods, this adjustment period is 10 years. For investment services relating to immovable property, the adjustment period is currently 1 year.

As of 1 January 2026, the adjustment period for investment services will be amended so that the adjustment period is 5 years from the year of first use of the service. Based on case law of the European Court of Justice, a 10-year period may also be chosen.

To determine whether the 5-year adjustment period applies, it must be assessed whether a service qualifies as an investment service. This is the case if:

- The service relates to one or more immovable properties and is intended to have a multi-year effect on the property (qualitative test); and
- The consideration amounts to at least €30,000 excluding VAT (quantitative test).

No abolition of the reduced VAT rate for cultural goods and services and sports

The announced abolition of the reduced 9% VAT rate for art, books (including lending), sports and swimming, museums, performing arts, and sports competitions has been cancelled. The reduced 9% VAT rate will therefore continue to apply to these goods and services.

Increase of VAT rate to 21% for accommodation services

The reduced 9% VAT rate will be abolished as of 1 January 2026 for accommodation services (hotels, holiday resorts, guesthouses, etc.). Advance payments in 2025 for vouchers still to be used for overnight stays in 2026 will also be subject to 21%. The reduced 9% VAT rate will, however, remain applicable to camping.

4. VAT (2/2)

Correction of VAT exemption for supplies and services of a social or cultural nature

VAT legislation provides for an exemption for social and cultural supplies and services, provided that the entrepreneur does not seek to make a profit and does not cause distortion of competition in relation to entrepreneurs who do seek profit. The Implementing Decree stipulates that certain institutions are allowed to make a profit.

On 14 April 2023, the Supreme Court ruled that the exception in the Implementing Decree, which permits profit-seeking, is invalid, as its basis is not found in the VAT legislation itself.

The legislative proposal remedies this by establishing a statutory basis allowing institutions, under certain conditions, to seek profit, thereby reinstating the validity of the annotation in Annex B.

No transitional provision is required: following the ruling, the State Secretary for Finance had already approved that profit-seeking institutions could continue applying the exemption.

Extension of the reduced VAT rate to radiopharmaceuticals

This amendment explicitly classifies radiopharmaceuticals as medicinal products, so that the reduced VAT rate of 9% applies. Retroactive effect is not necessary, as reliance on the reduced rate has already been possible for the period 1 January 2019 through 31 December 2025 by virtue of a policy decree.

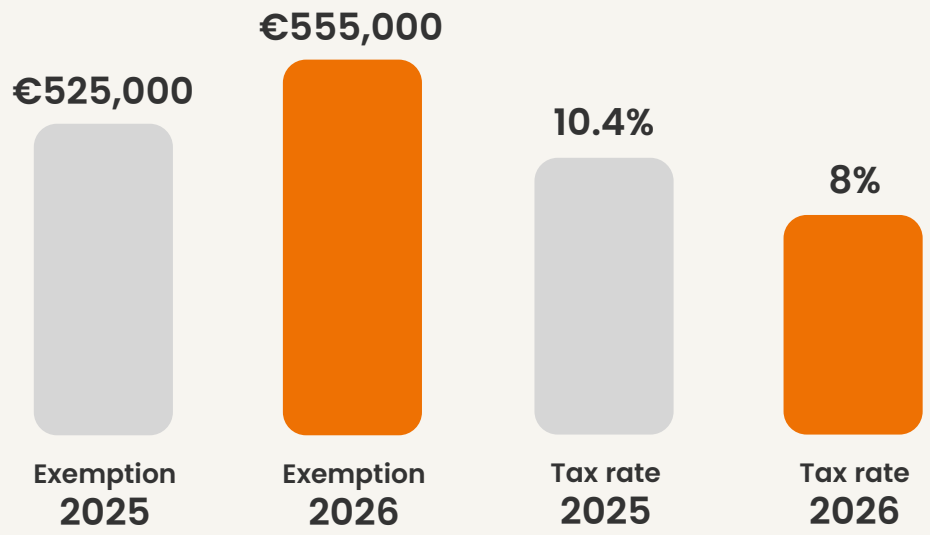
Filing objections and appeals against nil returns

When a VAT return results in a nil balance, it has not always been clear in practice whether an objection or appeal could be filed. By amending the law so that “filing a return” also includes “filing a nil return,” it will now be possible to file objections and appeals against a nil return.

5. Real estate transfer tax

Increase of threshold for first-time buyers' exemption

The exemption from real estate transfer tax for first-time homebuyers (*starters-vrijstelling*) currently applies to homes up to €525,000 for buyers aged 18 to 35 who are purchasing a home for owner-occupation. As of 1 January 2026, this threshold will be increased to €555,000.



Reduction of general real estate transfer tax rate for residential property to 8%

As of 1 January 2026, the general rate for the acquisition of residential property (not intended as a primary residence) will be reduced from 10.4% to 8%. The new 8% rate applies to acquisitions of residential property where neither the reduced 2% rate nor an exemption applies.

For application of the 8% rate, it is only required that the acquisition concerns a residential property.

6. Wage tax (1/5)

Amendment of the wage tax rate table

In line with the tax rate changes in personal income tax, it is proposed that, as of 1 January 2026, the tax on annual wage periods will be determined on the basis of the following table*:

Wage	Tax Rate
€ 0 - € 38,883	35.70%
€ 38,884 - € 79,137	37.56%
€ 79,138 >	49.50%

*Note: this table applies to employees born after 1 January 1946 only. A different table applies to employees born before 1946.

Changes to Aof and Awf contributions

As of 1 January 2026, the higher Aof contribution rate will be increased by 0.03% and the lower Aof contribution rate will be reduced by 0.21%. The Awf contribution rate will remain unchanged.

6. Wage tax (2/5)

Amendment of the 30% ruling to 27% ruling in 2027

The expatriate scheme, currently also known as the 30% ruling, will be amended as of 1 January 2027. From that date, the scheme will consist of a fixed allowance of 27% as a tax-free reimbursement. The salary threshold will be increased from €46,107 (2024 figures) to €50,436 for regular employees and from €35,048 to €38,338 for employees under 30 years of age with a master's degree. The salary thresholds will be indexed annually based on the table correction factor. This means that the thresholds applicable as of 2027 will be higher than the amounts stated above. For employees who already apply the expatriate scheme before 2027, the following transitional provisions will apply:

Application of decision	In 2026	As of 2027
Before 2024	30% and indexed 2024 salary threshold	30% and indexed 2024 salary threshold
In 2024	30% and indexed 2024 salary threshold	27% and indexed 2024 salary threshold
As of 2025	30% and indexed 2024 salary threshold	27% and new 2027 salary threshold

Tightening of extraterritorial expenses (ETEs)

Instead of applying the flat-rate 30% ruling, employer and employee may opt for reimbursement of the actual extraterritorial expenses (ETEs). It is proposed that, as of 2026, additional living expenses (the so-called 'cost of living allowance' or 'cola') and expenses incurred by an incoming employee for additional private communication with the home country will no longer qualify as ETEs. As a result, it is expected that the actual expenses will be reimbursed less frequently and that the flat-rate 30% ruling will be applied more often.

Increase in taxable benefit in kind for electric cars

In 2025, the taxable benefit in kind (*fiscale bijtelling*) for private use of an electric car amounts to 17% on the first €30,000 of the list price and 22% on the remainder. As of 2026, the benefit in kind will amount to 22% of the list price. If an electric car has a date of first registration (DFR) prior to 2026, the applicable benefit-in-kind percentage of that year will continue to apply for a period of 60 months from the first day of the month following the DFR.

6. Wage tax (3/5)

Regulation of the lease market as of 2027

It is proposed to regulate the market for company cars made available for private use as of 2027. The objective is that all passenger cars (vehicle classification M1) made available by an employer to an employee for private use from 2027 onwards must be fully emission-free. Regulation will be implemented through the pseudo-final levy. The pseudo-final levy is payable by the employer and may not be passed on to the employee.

As of 1 January 2027, the pseudo-final levy will be due on fossil-fuel passenger cars that are, from that date onwards, first made available by the employer for private use (including commuting).

The proposed rate of the pseudo-final levy is 12%:

- on the list price of fossil-fuel passenger cars up to 25 years old;
- on the fair market value of fossil-fuel passenger cars older than 25 years.

The pseudo-final levy must be calculated on a monthly basis. It must be paid no later than with the tax return for the second wage tax period of the following calendar year. This gives employers sufficient time after the end of the calendar year to determine whether, and if so, what amount of pseudo-final levy is due. Employers may assess their entire vehicle fleet at year-end and determine the total levy at that time. Employers also have the option to pay the pseudo-final levy during the calendar year.

The pseudo-final levy is not due for the full calendar year if the fossil-fuel passenger car is made available only part of the year. If the car is made available for private use for part of a calendar month, it is deemed to have been made available for the entire month.

Transitional provisions

If an employer has provided a fossil-fuel passenger car for private use to one or more of its employees before 2027, a transitional period applies until 17 September 2030. During this period, the pseudo-final levy will not apply.

6. Wage tax (4/5)

Clarification of regulations on employer-provided bicycles

If an employer provides a bicycle to an employee, it is deemed to be used partly for private purposes if it is also used for commuting. In that case, a taxable benefit applies for private use equal to 7% of the list price of the bicycle. In practice, there has been considerable uncertainty regarding hub bikes, service bikes, public transport bikes, and other shared bicycles. It is now proposed that if such bicycles are parked at the employee's home or place of residence no more than incidentally (<10%), the taxable benefit will be set at nil. This proposed amendment will apply retroactively as of 1 January 2020.

Amendments to hirer's liability as of 2027

To more effectively combat abuses in the temporary employment sector, liability under the fiscal hirer's liability regime (*inlenersaansprakelijkheid*) will be simplified. Under the proposed simplification, the tax collector will no longer be required to conduct further investigations into the exact amount of the liability debt. Two presumptions will be introduced.

The first concerns the presumed amount of the liability debt. The tax collector may, without further investigation, hold the hirer liable for 35% of the invoiced amount, unless the hirer has deposited this amount into the blocked account (*g-rekening*) of the intermediary or temporary employment agency. Liability for a lower amount is possible if the hirer has deposited less than 35% of the invoiced amount into the blocked account. The hirer may provide counterevidence regarding the actual amount of the liability debt.

The second presumption to be introduced is that an enterprise registered in the public register qualifies as a temporary employment agency within the meaning of the fiscal hirer's liability regime.

The use of the blocked account will also be encouraged through a policy-based safe harbor for hirers who engage workers from licensed agencies or intermediaries and subsequently deposit 35% of the invoiced amount into the blocked account.

The introduction of these changes is linked to the enactment of the proposed Act on the Licensing of the Supply of Workers (*Wet toelating terbeschikkingstelling van arbeidskrachten, Wtta*), which is expected to enter into force in 2027.

6. Wage taxe (5/5)

Agreement ‘Healthy Transition to Retirement’

The exemption threshold for early retirement schemes (*Regeling Vervroegd Uittreden*, RVU) was temporary until the end of 2025 and will become permanent as of 2026, without an end date, subject to monitoring and a three-yearly review. The first review will take place in 2028. The maximum amount eligible for the exemption is €2,273 per month in 2025 and will thereafter be annually based on the net state pension (AOW). This exemption threshold may be increased by an additional fiscal exemption of up to €300 per month in pressing cases (low income or limited supplementary pension). It is up to employer and employee representatives to assess and substantiate whether this additional fiscal exemption is necessary.

Until 2025, the employer is liable for a pseudo-final levy of 52% on the excess above the RVU exemption threshold. It is proposed that, as of 2026, the pseudo-final levy be gradually increased: to 57.7% in 2026, 64% in 2027, and 65% in 2028.

7. Other developments

Changes to the energy tax

The energy tax reduction is a fixed credit against the energy tax due for immovable properties with a residential function. In previous legislative amendments, a baseline path was established for determining the amount of the reduction for the years 2025 up to and including 2030. Under that baseline path, the reduction would decrease from €524.95 in 2025 to €510.50 in 2026. Compared to the baseline, the reduction for 2026 will be increased by €9.30, resulting in a total reduction of €519.80 in 2026. The baseline path through 2030 will continue according to the ratios previously established.

Taxes on mains water

The levy ceiling in the Tax on Mains Water (*Belastingen op leidingwater*) will be abolished in two steps. As of 2026, the levy ceiling will be raised from 300 m^3 of water per connection per year to 50,000 m^3 per connection per year. As of 2027, the levy ceiling will be completely abolished. As a result, every user will be taxed based on actual consumption. Also, as of 2027, the tax base will be narrowed to water of drinking-water quality, combined with the abolition of the existing exemption for fewer than 1,000 connections.

Right of access to the tax file

The 2024 Tax Plan introduced a right of access that will take effect on 31 December 2025. This new right will exist alongside the already existing right of access available to taxpayers in the appeal phase relating to a tax assessment. Upon request, the Dutch tax authorities must grant taxpayers or withholding agents access to the data relating to them. This right of access has been amended in several respects to make it more feasible for the tax authorities to implement.

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