



Budget Day *Special 2025*

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tax lawyers



Budget Day Special 2025

In this Budget Day Special, we have listed the most important proposals from the 2025 Tax Plan and additional legislative proposals for you. Many proposals have already been announced earlier, for example in the Spring Memorandum. The special is divided into the following topics:

- Measures for businesses;
- Measures for business succession facilities;
- Measures for employers;
- Measures for VAT & excise duties;
- Measures for real estate;
- Measures for cars & mobility;
- Measures for (wealthy) individuals;
- Measures for international situations;
- Measures for energy & environment; and
- Other measures.

The proposed measures will take effect on January 1, 2025, unless otherwise stated.

BUSINESSES

Adjustment of interest deduction for real estate entities

The interest deduction limitation for real estate entities will be tightened. For rented real estate, the interest deduction is optimized by spreading interest balances over multiple companies. This prevents hitting the limits of the earnings stripping measure (€1,000,000 or 25% of adjusted profit). To counter this, the threshold of €1,000,000 will be removed for companies that mainly rent out real estate to third parties (not affiliated with the company). Splitting real estate entities to optimize interest deduction will no longer have the intended effect.

Tip

Reassess the structuring of real estate activities.

Objection and appeal to RVO for MIA and Vamil

Income tax and corporate tax include several fiscal investment schemes, such as the EIA, MIA, and Vamil. The investment must first be registered with the Netherlands Enterprise Agency (RVO). The application process for the MIA and Vamil currently differs from the EIA. It is desirable to streamline this process. Therefore, it is proposed that the RVO will also issue a statement for the MIA/Vamil, against which the taxpayer can object to the RVO. This way, the technical assessment of the application will be entirely with the RVO.

Dividend tax registration date

The registration date was introduced on January 1, 2024. This date is intended to determine who is entitled to the proceeds of listed shares from that moment. In practice, the regulation proved unclear in some parts. It has therefore been clarified that the registration date refers to the end of the working day on the date set by the issuing institution. Based on this date, it can then be determined who is entitled to the dividend payments and thus also to offsetting, exemption, refund, or reduction of dividend tax. Of course, all other conditions must also be met.

Note!

The registration date only serves to indicate the moment at which it must be determined who is entitled to the proceeds. The provision does not define the term 'entitled to proceeds'.

Reduction of plot exchange exemption

The plot exchange exemption in the transfer tax will no longer apply to residential properties, except for agricultural business residences.

Other buildings are only eligible if they are used for agricultural purposes for at least ten years. If this continuation requirement is not met, transfer tax is still due, unless the withdrawal from agriculture is due to government intervention.



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These changes reduce administrative burdens and improve enforceability. The government also aims to counteract 'plot exchange constructions' with these measures.

Reversing the abolition of the buyback facility

The purchase of own shares is subject to dividend tax. Under certain conditions, there is an exemption for the purchase of own shares by a listed company. This exemption was set to expire on January 1, 2025, which would worsen the competitive position of Dutch listed companies compared to foreign listed companies. The Tax Plan proposes not to abolish the buyback facility.

Adjustment of the liquidation loss scheme

The liquidation loss scheme determines whether a loss on the liquidation of a subsidiary is deductible for corporate tax purposes. It is proposed to amend the liquidation loss scheme in two parts. The first change involves considering a later revaluation of a claim on the subsidiary when calculating the liquidation loss. Secondly, the law will be adjusted so that non-deductible sales losses on an indirectly held subsidiary cannot be converted into deductible liquidation losses on a directly held subsidiary.

Increase in the interest deduction limitation threshold

When determining the taxable profit for corporate tax, interest is not deductible 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 percentage of this interest deduction limitation (earnings stripping measure) to 25%.

This change partially reverses a previous tightening and aligns the percentage more closely with the European average. The government aims to improve the Dutch business climate with this adjustment.

Tip

Reassess the financing structure within the company. The increased threshold provides more room for deduction.

Adjustment of the debt forgiveness profit scheme

Due to the limitation of loss carryforward in 2022, companies with more than €1,000,000 in carryforward losses and a taxable profit (including debt forgiveness profit) of more than €1,000,000 always pay corporate tax. This can hinder reaching an agreement with creditors. Therefore, the debt forgiveness profit exemption in corporate tax will be adjusted. If the company has more than €1,000,000 in carryforward losses, the debt forgiveness profit in that year is fully exempt to the extent it exceeds the other losses in the year.

Note!

If the available carryforward losses are less than €1,000,000, the debt forgiveness profit is only exempt to the extent it exceeds the available losses.

Sister merger facilities

Simplified direct sister mergers, where a shareholder owns all shares of the merging companies, will also qualify for the fiscal rollover facilities. This prevents tax barriers for substantial interest holders in these mergers.

The existing approval will thus be enshrined in legislation.

Indirect sister mergers will not be adjusted, as there seems to be less need for them in practice and the complexity is greater.



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Mandatory dividend tax exemption

Dividend tax includes various exemptions that are optional, such as in participation situations or within a fiscal unity. The entity paying the dividend can choose whether or not to apply the exemption. This makes the entitled party dependent on the entity's choice. It is proposed to abolish this option. If the conditions for the exemption are met, it must be applied mandatorily. Consequently, no dividend tax needs to be withheld and paid, eliminating liquidity or interest disadvantages for the shareholder.

Clarification of workspace cost deduction

The deductibility of costs for a non-independent workspace in a home that belongs to business assets is clarified. Tenant expenses such as furnishing costs, gas, water, and electricity are not deductible. This measure explicitly anchors case law and existing practice in the law.

Tip

Assess whether it is possible to convert the non-independent workspace into an independent workspace, as this allows for more cost deductions.

Adjustment of excessive borrowing measure

Since 2023, directors-major shareholders (DGA's) 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 double counting in loans within partnerships, such as general partnerships (vof's) and limited partnerships (cv's). These double counts are now prevented. It is also ensured that debts are not considered for more than their nominal value.

Tip

This measure is retroactive to January 1, 2023. Therefore, carefully check existing partnerships and debts to avoid unjustified double counts.

Abolition of corporate gift deduction

The gift deduction in corporate tax (Vpb) and the 'giving from the company' scheme will be abolished. From January 1, 2025, companies can no longer deduct donations to charities from their profits. This applies to both the gift deduction in Vpb and gifts from companies with shareholder motives. Sponsorship and Corporate Social Responsibility (CSR) remain deductible as business expenses.

Note!

Companies must review and possibly restructure their donations from 2025 to optimize tax benefits. Consider business sponsorship as an alternative.

Box 2 rate reduced to 31%

The government is reversing the increase in the Box 2 rate in the second bracket. This rate went up to 33% on January 1, 2024, but will be reduced to 31%. The government aims to align the tax burden on substantial interest holders more closely with that of employees and self-employed entrepreneurs. The goal is to limit tax-driven choices of legal form.

Tip

It may be fiscally advantageous to postpone a dividend distribution until 2025.

BUSINESS SUCCESSION FACILITIES

Business succession regulation

When business assets are transferred through a gift or inheritance, it can lead to the imposition of gift or inheritance tax. To prevent this from endangering the continuity of a business, the Business Succession Regulation can be used.

This results in no or reduced gift or inheritance tax being due.



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Deferral regulations

The transfer of business assets often leads to the imposition of income tax. There are various deferral regulations (DSR) that ensure this tax is deferred in certain situations, so the continuity of the business is not endangered. One of these deferral regulations is specifically aimed at the gift of a substantial interest (DSR ab). A substantial interest is, simply put, an interest that represents at least 5% of the (type of) shares in a company.

Limitation of qualifying interests

From January 1, 2026, the BOR and DSR ab will be limited to direct and indirect shareholdings of at least 5% of the total issued share capital. Only ordinary (regular) shares will qualify, regardless of whether those shares carry voting rights. Smaller interests, options, profit-sharing certificates, and tracking stocks will be excluded from the regulations. A usufruct or bare ownership of ordinary shares can still qualify. The aim of these changes is to limit the regulations to shares with sufficient business risk.

Tip

The BOR and DSR ab will continue to apply to preference shares issued as part of a phased business succession.

Corrections to previous legislative changes

As of January 1, 2024, changes were made to the BOR and DSR ab that had unintended consequences. For example, the presence of foreign capital can lead to an incorrect calculation of the exemption in the BOR or to a negative qualifying business asset. To correct this, the law will be slightly adjusted in some parts.

Ownership and continuation requirement BOR

The BOR can only be applied if the acquirer continues the business for five years.

This period will change to three years. Issues in the ownership and continuation requirement related to changes in the legal structure of a business, such as the incorporation of a sole proprietorship into a BV (private limited company), will be resolved. If the subjective entitlement to the business does not increase (ownership requirement) or decrease (continuation requirement), this should not be an obstacle to applying the BOR. The requirements for mergers, etc., will also be relaxed, so that no new ownership period starts if the economic entitlement to the business remains the same.

Tip

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

Note!

The proposals to resolve various issues will take effect on January 1, 2026.

Stricter ownership requirement for AOW recipients

The ownership period in the BOR will be extended for older testators and donors from January 1, 2026.

This does not apply to businesses started by a testator or donor within two years after reaching the state pension age (AOW). For a testator, the ownership period is extended by six months for each year that the testator is two years older than the state pension age at the time of death. For a donor, the ownership period is extended by six months for each year that the donor is more than six years older than the state pension age at the time of the donation.



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Repeated use of BOR

Businesses are sometimes transferred multiple times within a family (and sometimes through third parties) to achieve a tax-free transfer of assets. For example, parents may gift a business to a child using the BOR. Later, the business is bought back and gifted again under the BOR. Starting January 1, 2026, a measure will exclude the use of the BOR in situations where the business has previously been owned by the acquirer. The exclusion is limited to the amount of the purchase price for the business assets.

Note!

The anti-abuse measure is broadly defined and applies even if the business activities have changed or the legal form has been adjusted.

Diluted and small family interests

It was previously announced that, starting January 1, 2025, the dilution rule for the BOR and DSR ab and the access for small family interests to the BOR would be expanded. Approval from the European Commission is necessary for these adjustments. Therefore, the effective date has been postponed to a yet-to-be-determined time.

Preference shares

In the context of business succession, preference shares are often issued, but the definition of preference shares can sometimes be unclear. It is proposed to define preference shares as shares with priority regarding profit distribution or liquidation proceeds. This means that the risk of a preference share is lower than that of an ordinary share. However, the priority must be substantial. For example, this is not the case if the paid-in surplus has priority but the nominal paid-in capital does not.

Tip

The proposed definition largely aligns with the current practice of the Tax Authorities. Therefore, the impact of this change is limited.

Note!

The definition will be included in the law starting January 1, 2026, and will be further elaborated.

EMPLOYER

Repair of tax leak for Belgian seafarers

Under the current law, the Netherlands cannot, in rare situations, tax a Belgian resident who is employed as a seafarer by a Dutch employer and works entirely outside the Netherlands. This will be corrected for cases where the Netherlands has taxing rights under international treaties. This bill already takes into account additional agreements that the Netherlands wants to make with other countries regarding the allocation of wages to so-called home working days.

Exempt private use of public transport card

The government proposes to clarify the measure 'targeted exemption for public transport subscriptions'. If an employer allows an employee to travel freely or at a discount at the employer's expense, these costs are exempted, provided there is some degree of business use. The targeted exemption also applies to private travel with a right to free travel or a discount provided by the employer. The exemption is also extended to non-Dutch public transport.

Note!

The targeted exemption does not apply to private travel made with a private public transport card. The same journey made with an employer-provided public transport card can be exempted.

Pension premium limit duration

The fiscal premium limit for building up old-age and partner pensions upon death on or after the pension date remains 30%, but the calculation is adjusted. Instead of a duration of 100 years, it is now legally set at 60 years.



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This ensures a more accurate return expectation that better aligns with the original calculations in the Future Pensions Act. The change is retroactive to October 1, 2024.

Authority to change R&D deduction

Companies can receive a tax reduction for research and development (R&D) activities. Until now, the R&D percentages and thresholds were tied to legislative changes. It is proposed to make the scheme more flexible, allowing the Minister of Economic Affairs to change the scheme more easily. Based on the proposal, the minister can change both the threshold amounts and the deduction percentages.

Reversal of 30% ruling reduction

The reduction of the 30% ruling from 2024 (30-20-10 ruling) will be partially reversed. From January 1, 2027, the maximum tax-free allowance will be 27%. For 2025 and 2026, the percentage remains 30% for all incoming employees. The salary standard rises to €50,436 and for employees under 30 with a master's degree to €38,338. Incoming employees who used the 30% ruling before 2024 fall under transitional law. For them, a percentage of 30% and the old (indexed) salary standards apply until the end of the term.

VAT & EXCISE DUTIES

Penalty provisions in the General Customs Act

Customs performs tasks under the General Tax Act (AWR) and the General Customs Act (Adw). Therefore, the Adw is aligned with the AWR. This ensures that the inspector imposing penalties under the Adw applies the same rules as when imposing penalties under the AWR. This change ensures, among other things, that the inspector handling the declaration and detecting a violation can also impose a penalty. And that after a default penalty, a fraud penalty can be imposed for the same fact if new objections have become known.

Revocation of excise licenses

The proposed amendment to the Excise Duty Act will make it possible to revoke a license for a distillation device and a license for a tobacco production device. Currently, this is not possible, leading to a polluted license database with unused licenses. This change ensures that Customs can oversee this more effectively.

Abolition of fuel excise correction

The proposal is to abolish the provisions regarding additional levies and refunds of excise duties on excised fuel stocks. These rules are unworkable for Customs and cause confusion for businesses. The measure simplifies the Excise Duty Act and provides more clarity for the future.

Revision of VAT on investment services

From January 1, 2026, the VAT revision scheme will be extended to investment services for real estate. The VAT on these services will be followed for five years, similar to movable investment goods. There is a threshold amount of €30,000. Smaller services are therefore not covered by this scheme.

Tip

This measure offers some entrepreneurs the opportunity to deduct previously non-deductible VAT as input tax.

Note!

This measure may lead to revision VAT for entrepreneurs who, after the first year of taxable use, start renting out the real estate exempt from VAT within the revision period.

21% VAT for certain services

From January 1, 2026, the reduced VAT rate for accommodation and certain cultural goods and services will be abolished. This means that the VAT rate will increase from 9% to 21%.



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This applies, among others, to hotels, guest-houses, books, sports, museums, music and theater performances. Camping, amusement parks, playgrounds, ornamental gardens, circuses, zoos, and cinemas are excluded from this increase.

Note!

The VAT rate at the time of the service applies. For example, if a theater performance is paid for in advance in 2025 but takes place in 2026, 21% VAT is due.

REAL ESTATE

Expansion of starter exemption

The starter exemption and the reduced rate for transfer tax will be extended to the acquisition of the economic ownership of owner-occupied homes. In the future, both the starter exemption and the reduced rate can be applied to cases where economic ownership is acquired, as long as the other conditions are met.

Note!

If the starter exemption is used for the acquisition of economic ownership, it cannot be used again for the later acquisition of legal ownership.

Expansion of VoV exemption

When repurchasing homes under the 'sale under conditions' (VoV) scheme, the so-called VoV exemption can be applied. The VoV exemption is extended to 'appurtenances' of homes, such as sheds and garage boxes, acquired simultaneously with the home.

Maximum 8% transfer tax for homes

The government aims to increase the supply of rental homes so that more citizens have access to affordable housing.

Therefore, the proposal is to reduce the regular rate for transfer tax on the acquisition of homes from 10.4% to 8% as of January 1, 2026. For a home that the buyer will occupy long-term, the (existing) reduced rate of 2% or the starter exemption remains applicable.

Simplification of housing allowance

The housing allowance will be simplified so that it only distinguishes between single-person and multi-person households. Additionally, the income-dependent reduction of the housing allowance will be simplified.

Housing allowance recipients

Housing allowance recipients will soon be able to better estimate the effects of a higher income, and the marginal pressure will decrease for most housing allowance recipients. In 2026, the personal contribution will be reduced.

No transfer tax for key agreements

Key agreements that normally lead to the economic ownership of a home are excluded from transfer tax (OVb). The following requirements apply:

The key agreement must be related to the obligation agreement for the delivery of the home.

The legal ownership must be transferred within six months of the key agreement.

The starter exemption or the 2% rate must apply. This means there is no longer a taxable acquisition prior to the (legal) acquisition.

CARS & MOBILITY

Rate discount for emission-free cars

Owners of emission-free vehicles currently pay no motor vehicle tax, and from January 1, 2025, a quarter rate applies.



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However, this discount ends on January 1, 2026, after which the motor vehicle tax for electric cars will be higher than for comparable gasoline cars. To prevent stagnation in the growth of emission-free cars, a new rate discount of 25% on motor vehicle tax will be introduced from January 1, 2026. This discount applies until 2030 and is applied to both the national and provincial surcharges. This should make the purchase of new and used electric cars more attractive.

Continuous use of delivery vans

If a delivery van is continuously used alternately by two or more employees due to the nature of the work, it is often difficult to determine if and to whom the delivery van is made available for private purposes.

Instead of adding a benefit to the employees, the employer can pay a fixed amount of €300 per year through the final levy. This amount has not changed since 2006. This amount will increase to €438 per year and will be indexed annually from January 1, 2026, to better match the actual size of the private benefit.

Note!

Ensure that the increase in the final levy (annually) is implemented in the payroll administration.

End of special BPM rate for PHEVs

Since January 1, 2017, the Passenger Car and Motorcycle Tax Act 1992 (BPM) has included a specific rate table for plug-in hybrid vehicles (PHEVs) to compensate for the difference between tested and actual CO2 emissions. Due to recent European regulations, the CO2 measurement method for PHEVs will be adjusted, making the emission figures more realistic. From 2025, the specific PHEV rate table will be abolished, and PHEVs will be taxed under the regular BPM rates for passenger cars.

This may lead to higher taxes for PHEVs with the new type approval but makes the system simpler and more in line with actual emissions.

End of BPM exemption for delivery vans

The BPM exemption for delivery vans of entrepreneurs will be abolished. The BPM base will shift to CO2 emissions. For delivery vans without a determined CO2 value, a flat rate of 330 grams per kilometre will be applied.

Additionally, the refund scheme for delivery vans used by disabled persons will be improved. The BPM can be offset against the refund upon registration, preventing pre-financing by disabled persons. These measures ensure more effective taxation and better align with practice.

Tip

Check if your delivery vans comply with the new CO2 regulations to avoid extra costs.

New vehicle definitions

The 2025 Tax Plan aims to simplify car taxes by harmonizing fiscal vehicle definitions with RDW registrations. This means that from 2027, fiscal definitions of vehicles will align with the license register definitions, eliminating differences between, for example, passenger cars and delivery vans. This will simplify car taxes and reduce the administrative burden for citizens and businesses.

Note!

Carefully check the new vehicle definitions to understand how they affect car taxes. This can be important for both individuals and businesses.

Request procedure for zero rate buses

Buses running on natural gas or LPG, mainly used for public transport, currently benefit from a zero rate in motor vehicle tax.



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When the registration of these buses changes, there can be uncertainty about (the timing of) the application of this rate. To ensure the zero rate is correctly applied, the bus owner must submit a request to the inspector. This request is necessary to guarantee that the rate is applied from the correct moment.

Note!

Ensure to submit a request to the inspector if the registration of the bus changes to avoid issues with the zero rate.

Tip

A request is only necessary for a bus that is registered after the 2025 Tax Plan comes into effect.

(WEALTHY) INDIVIDUALS

Income tax rates 2025 for non-AOW recipients

Taxpayers who have not yet reached the state pension age (AOW) at the beginning of 2025 are expected to face the following tax brackets in 2025:

| Income Tax 2025 | | | |
|-----------------|-----------------------|-------------------|---------------|
| Box 1 | Tax. Income up to (€) | But not up to (€) | Rate 2025 (%) |
| Bracket 1 | | 38.441 | 35,82% |
| Bracket 2 | 38.441 | 76.814 | 37,48% |
| Bracket 3 | 76.814 | | 49,50% |

| Income Tax 2024 | | | |
|-----------------|-----------------------|-----------------------|---------------|
| Box 1 | Tax. Income up to (€) | Tax. Income up to (€) | Rate 2024 (%) |
| Bracket 1 | | 38.098 | 36,97% |
| Bracket 2 | 38.098 | 75.518 | 36,97% |
| Bracket 3 | 75.518 | | 49,50% |

These percentages include national insurance contributions. For those who pay less or no national insurance contributions, a different rate structure applies.

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% |

Income tax rates 2025 for AOW recipients

Taxpayers who have reached the state pension age (AOW) at the beginning of 2025 and were born after 1946 are expected to face the following tax brackets in 2025:

| Income Tax 2025 (AOW recipients) | | | |
|----------------------------------|-----------------------|-------------------|---------------|
| Box 1 | Tax. Income up to (€) | But not up to (€) | Rate 2025 (%) |
| Bracket 1 | | 38.441* | 17,92% |
| Bracket 2 | 38.441 | 76.814 | 37,48% |
| Bracket 3 | 76.814 | | 49,50% |

*Born before 1946: bracket 1 till € 40.502

| Income Tax 2024 (AOW recipients) | | | |
|----------------------------------|-----------------------|-------------------|---------------|
| Box 1 | Tax. Income up to (€) | But not up to (€) | Rate 2024 (%) |
| Bracket 1 | | 38.098* | 19,07% |
| Bracket 2 | 38.098 | 75.518 | 36,97% |
| Bracket 3 | 75.518 | | 49,50% |

These percentages include national insurance contributions. For those who pay less or no national insurance contributions, a different rate structure applies.



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Changed tax credits

Below are the expected tax credits for 2025. Except for the elderly credit and single elderly credit, these are tax credits for taxpayers younger than the AOW age. For those older than the AOW age, lower maximums apply.

| Tax credits | 2025 (€) | 2024 (€) |
|---|----------|----------|
| General tax credit (maximum) | 3.068 | 3.362 |
| Employment tax credit (maximum) | 5.599 | 5.532 |
| Income-dependent combination credit (maximum) | 2.986 | 2.950 |
| Young disabled person's credit | 909 | 898 |
| Elderly credit | 2.035 | 2.010 |
| Single elderly credit | 531 | 524 |

Reduction of the general tax credit linked to the statutory minimum wage (WML)

The reduction of the general tax credit will be linked to the statutory minimum wage (WML). As a result, taxpayers with an income up to the WML will retain the maximum credit.

Deduction of transportation as medical expenses

Transportation costs for obtaining medical assistance and aids can be deducted as medical expenses. For simplicity, it is proposed to use €0.23 per kilometre when traveling by car (not a taxi). For other transportation, such as taxis or public transport, the actual costs remain deductible. Additionally, for excessive transportation costs due to illness or disability, a deduction of €925 per year is proposed, provided the taxpayer can convincingly demonstrate that they are unable to walk more than 100 meters independently, in accordance with the disabled parking card and the public transport companion card.

Fiscal solution for single earners

Without additional measures, the income of some single-earner households may fall below the social minimum due to the overlap of regulations. As a solution, it is proposed to partially pay out the unused general tax credit to the least-earning partner born on or after January 1, 1963. Several additional conditions must be met. This measure may only be implemented from January 1, 2028. Therefore, for the years 2025 to 2027, a temporary allowance will be provided by the municipality to such households.

Note!

For this measure, among other things, the household income must be less than €48,500 gross. This is an estimated amount for the year 2028.

Simplification of objections to allowances

An objection to the determined amount of an allowance will henceforth also be an objection to the associated recovery decision announced in the same letter. An objection to a recovery decision will henceforth also be an objection to the associated determined amount of an allowance announced in the same letter. This increases legal certainty for citizens and reduces administrative burden.

Note!

These measures do not apply if the objection states that it is only against the determination of the allowance or the recovery.

Visiting long-term care patients

For the deduction of travel expenses for visiting a long-term care patient, the visitor must have shared a household with the patient at the onset of the illness or disability. This assessment moment can be unreasonable in certain cases.



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Therefore, it is proposed to change that assessment moment so that at the start of the care, it is assessed whether the visitor shared a household with the patient. This moment is also better verifiable for the Tax Authorities based on the personal records database.

Box 3 rules for actual returns

New legislation is coming with rules for determining the actual return in Box 3. These rules are necessary because the Supreme Court has decided that if the actual return in Box 3 is lower than the notional return, tax should be levied on the actual return. The new rules apply to the years from 2017 onwards and are important for taxpayers with Box 3 income who can appeal to the Supreme Court's rulings.

Note!

The intention is to implement the new rules by June 1, 2025.

Box 3 exemption for earthquake damage compensation

For claims for the restoration of damage caused by earthquakes in Groningen and Drenthe and similar property rights, an exemption will apply in Box 3. This change cannot yet be processed in the provisional income tax assessment for 2025. The exemption does not apply to compensation paid in cash.

Tip

This special Box 3 exemption partly applies retroactively to July 1, 2020, and partly to July 1, 2023.

Debt forgiveness profit and allowances

When a business debt is forgiven, the entrepreneur gains profit. For income tax purposes, this profit is exempt or offset against deductible losses.

For allowances, however, no account is taken of deductible losses.

A debt forgiveness can therefore lead to no or lower entitlement to allowances in that situation. This is undesirable. In such situations, at the request of the taxpayer, no account is taken of debt forgiveness profit that is not fully exempt from income tax due to deductible losses.

Note!

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

Age for allowance partnership

Currently, a parent and adult child or foster child, from the age of 27, are considered allowance partners. This can lead to lower allowances when cohabiting. It is therefore proposed to abolish the age limit of 27 years for first-degree blood relatives when determining allowance partnership.

Note!

The Tax Authorities apply the age limit of 27 years, so first-degree blood relatives remain partners for taxes, but are no longer allowance partners for allowances.

INTERNATIONAL SITUATIONS

Corporate tax liability tests

In corporate tax, liability tests are used for various (anti-abuse) provisions to determine whether a taxpayer pays sufficient tax. The proposed amendment clarifies that a qualifying Pillar 2 top-up tax also counts for some liability tests.

Pillar 2 ensures that multinational groups and domestic groups with a turnover of at least €750 million pay at least 15% tax on their profits. This applies, among other things, to rules on interest deduction limitation, participation exemption, and object exemption.



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Tip

A tax advisor can map out whether the changes affect the existing structure.

Object exemption for permanent establishments

The object exemption for foreign business profits is adjusted to prevent double taxation for permanent establishments that are taxed in the Netherlands but not recognized as permanent establishments in other countries. With this adjustment, the exemption now also applies if the profit is subject to tax abroad. This prevents unintended double taxation due to mismatches in the recognition of permanent establishments.

General anti-abuse rule ATAD1

The Netherlands is incorporating the general anti-abuse rule (GAAR) from ATAD1 into national legislation. When implementing ATAD1 in 2019, it was decided not to do this because the GAAR was already included in Dutch legislation through the doctrine of *fraus legis*. Now that the European Commission has explicitly requested the implementation of GAAR, the Netherlands is complying with this request.

Amendments to the Minimum Tax Act 2024

The Minimum Tax Act 2024 (WMB) is an implementation of the EU directive. Remaining subjects from administrative guidelines, for which a legal basis is required, are included in the WMB, as well as some technical amendments.

It concerns regulations regarding qualifying interest, qualifying tradable tax credits, currency conversion, domestic top-up tax, carried forward excessive negative tax expenditure, excluded income based on real presence, the temporary Country-by-Country Reporting safe harbor rule, and formal legal aspects.

New group concept for withholding tax

The Netherlands levies a withholding tax on interest, royalties, and dividends paid to an affiliated entity located in a low-tax country. The withholding tax applies if there is a qualifying interest. This can also be the case if there is a cooperating group. The term 'cooperating group' is replaced by the group concept: qualifying entity. This applies if entities act jointly with the main purpose (or one of the main purposes) of avoiding taxation at one of the entities.

Tip

The burden of proof that there is a qualifying entity rests with the inspector, but in case of doubt, it is advisable to enter into preliminary consultation. This provides certainty in advance.

International transfer of value

In 2023, the European Court of Justice issued rulings on the international transfer of pension value when changing jobs. In response, the law is being amended for the international transfer of pension value. These changes, effective from November 16, 2023, ensure that the conditions for value transfer are in line with European law. Two important conditions are being abolished: i) the obligation for foreign pension funds to accept liability and ii) the restriction on redemption options abroad.

Note!

The condition of no broader redemption options abroad than under national legislation remains in effect for individual value transfers outside the EU, the EEA, and Switzerland.

ENERGY & ENVIRONMENT

Reduction of energy tax

The tax reduction for electricity is retroactively increased to €521.81 as of January 1, 2024.



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This measure replaces the phasing out of the reduced rate for shore power, which would result in an insignificant benefit of up to 3.6 euro cents per year for electricity users. By increasing the tax reduction, the benefit is given to consumers in a simpler way, without additional burdens for energy suppliers and the Tax Authorities. For the period 2025 to 2033, the tax reduction will also be increased.

CO2 levy for greenhouse horticulture

The Fiscal Climate Measures for Greenhouse Horticulture Act introduces three important changes. First, the definition of energy companies is adjusted: only companies that supply at least 75% of their heat generated with natural gas to greenhouse horticulture companies are liable for tax. Second, the CO2 levy rate path is lowered, with a new rate structure that is revised annually based on current data. Finally, the implementation of the CO2 levy for greenhouse horticulture is transferred from the Minister of Agriculture, Nature and Food Quality (LNV) to the Tax Authorities.

Note!

The government intends to decide in the spring of 2025 on the expansion of the European Emissions Trading System (ETS2) to the greenhouse horticulture sector and its impact on the CO2 levy.

Extension of low fuel excise duties The reduction of excise rates for unleaded petrol, diesel, and LPG that began on April 1, 2022, will remain in effect until December 31, 2025. This measure keeps the rates the same as those on July 1, 2023, and prevents indexation, making the discount broader than before. This policy aims to alleviate fuel costs for households and businesses, giving them more time to adapt to changing economic conditions.

Note!

If the extension is not continued, rates could rise significantly in 2025. The current rates are €0.18473 (unleaded petrol), €0.11964 (diesel), and €0.04362 (LPG).

Abolition of net metering scheme

End users with a small installation currently receive the same rate (supply costs, energy tax, and VAT) for the electricity fed into the grid as for the electricity taken from the grid. In 2024, this is a tax benefit of approximately €0.167 (energy tax and VAT) per netted kWh. This benefit will be abolished. The government proposes that from 2027, electricity fed back into the grid will no longer be netted with electricity taken from the grid. There will be oversight to ensure that the compensation for the electricity fed back is transparent and reasonable. This compensation cannot be negative.

Note!

When calculating the return on solar panels, take into account the abolition of the net metering scheme from 2027.

Reduction of energy tax on natural gas

The energy tax on natural gas will be reduced for consumption up to 170,000 m³. This reduction starts at 2.8 cents per m³ in 2025 and increases to 4.8 cents per m³ in 2030.

Households with an average consumption of 1,050 m³ will save approximately €29 per year in 2025, rising to about €50 in 2030. Businesses will also benefit from lower costs due to this adjustment in tax rates.

Separate rate for hydrogen

From January 1, 2026, hydrogen will be taxed lower than natural gas in the energy tax. This encourages the use of hydrogen as a sustainable energy source and supports the energy transition.



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Additionally, the exemption for producing hydrogen via electricity is clarified and expanded. These measures promote the development of the hydrogen market, create new opportunities for economic growth and employment, and strengthen the competitive position of the Netherlands.

Note!

The reduced rate will be evaluated by 2030 at the latest. If the evaluation is negative, the separate rate will be abolished as of January 1, 2031.

Abolition of coal tax exemption

Companies that import, transport, or store coal must pay coal tax. The revenue from the coal tax is low. The government proposes to abolish the exemptions for dual and non-energy use of coal by 2027. The refund scheme, which allows for the recovery of unused exemptions, will also be abolished. This scheme will remain available for old cases for five years after abolition. The goal of ending the exemptions is twofold: reducing coal use in the Netherlands and generating more tax revenue.

Note!

Submit a refund request for coal tax in time before the scheme is definitively abolished.

Levy on Waste Incineration Plants (AVI's)

Due to various legislative changes, waste incineration plants (AVI's) have been classified both as AVI's and as greenhouse gas installations since 2024. To avoid confusion about the CO₂ levy, AVI's will henceforth be specifically treated as AVI's. This prevents double regulation and ambiguity about rates.

Note!

For 2024, the ambiguity remains. The more favorable rate for greenhouse gas installations will apply to AVI's for 2024.

Clarification of waste tax

The in/out method for the waste tax is clarified. CO₂ emissions released through the chimney after incineration may not be deducted from the tax base for the waste tax. The in/out method encourages the prevention of waste incineration and pollution, which is made more explicit with this legislative change.

Adjustment of tax rules for greenhouse horticulture

The tax rules for natural gas and electricity in greenhouse horticulture are being adjusted. Currently, there is an exemption for electricity generated with an efficiency of at least 30% and through combined heat and power. These exemptions are being limited and will henceforth be based on the electrical capacity of installations. Installations with more than 20 megawatts of electrical capacity will be taxable, while medium-sized installations will remain exempt. This ensures more consistent control and application of the rules.

Tip

Check whether an installation falls within the new limit to avoid unexpected tax levies.

Plastic tax, diesel, and aviation tax

Several fiscal measures from the main agreement are not included in the 2025 Tax Plan. These include the introduction of a circular plastic tax, the reintroduction of red diesel for agriculture, and the differentiation of aviation tax based on travel distance. These measures will be elaborated later, as they are complex and, according to the government, require a careful policy process and a balanced parliamentary treatment.

AVI correction factor for CO₂ levy

The CO₂ levy for the industry, in effect since 2021, is being tightened with the introduction of an AVI correction factor.



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This measure reduces the number of dispensation rights for waste incineration plants (AVI's) by 1 Mton in 2030, strengthening the incentive to reduce CO₂ emissions. The correction factor will be gradually introduced from 2026, allowing the sector to adapt. After 2030, the correction factor will remain in effect to support the broader objectives of the CO₂ levy: reducing greenhouse gases and promoting the circular economy.

Note!

AVI's should prepare in time for the stricter emission rules and take measures to reduce their CO₂ emissions.

OTHER MEASURES

More flexible determination of tax interest

The proposed amendment aims to ensure that tax interest rates can be determined more flexibly in the future. If it is desirable for the percentage of reimbursed tax interest to differ from the percentage of charged tax interest, no legislative amendment will be required; a general administrative measure will suffice.

Extension of penalty period for third parties

The penalty period for third parties, such as advisors and accomplices, is extended to 12 years if the taxpayer involved also has an extended reassessment or additional assessment period. This prevents third parties from escaping penalties while the taxpayer can still be addressed within the extended period. Transitional law will apply to existing cases.

Tightened real estate measure for FBI's

In the 2025 Tax Plan, a measure was taken to ensure that a fiscal investment institution (FBI) can no longer invest directly in Dutch real estate: the real estate measure. If an FBI still invests directly in Dutch real estate on January 1, 2025, the FBI cannot apply the special corporate tax regime for FBI's.

Further adjustments will follow to close a loophole and define the term "real estate." The exact amendment proposals are not yet known.

Tip

Ensure that the FBI complies with the new rules regarding real estate investments in time to avoid losing the favorable corporate tax rate for FBI's.

Compensation in WOZ and BPM objection cases

To discourage the business model of no-cure-no-pay agencies, the litigation cost compensation for WOZ and BPM objection cases is reduced to 25% from January 1, 2024. The Supreme Court has ruled that the low rate for litigation cost compensation in tax and premium cases must remain inapplicable. As a result, the rate for other cases applies, which is currently twice as high.

To align the compensation amount with the legislator's intent, it is proposed to reduce the litigation cost compensation for WOZ and BPM cases to 12.5%.

Refund without filing a return

The government will propose legislation to allow an income tax assessment with a payable amount of zero or a refund to be issued if the taxpayer has failed to file their return. This is in the interest of the citizen who does not respond to the request to file a return while there is an entitlement to a tax refund.

Note!

It is always wise to respond promptly to a request to file a return.

Treatment of foreign legal forms

The tax treatment of various foreign legal forms, as well as some Dutch legal forms, is changing.



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This means, for example, the end of independent tax liability for the open limited partnership and similar partnerships. Some refinements are still being made to this bill. For example, the scope of the deduction limitation for allocations and issuances of shares and options within a group has been unintentionally limited by the introduction of the change in the tax treatment of various legal forms. Such omissions are now being corrected.

Tip

In principle, the loss of corporate tax liability for, for example, an open limited partnership leads to a tax settlement. However, with certain means, such as a facilitated share merger, the tax claim can be deferred.

Increase in gambling tax

The gambling tax rate will be significantly increased from 30.5% to 34.2%, and then further increased to 37.8% as of January 1, 2026.

Collection interest on loss set-off

A tax assessment must be paid within the applicable period. When this period is exceeded, collection interest is charged. Due to a legislative change in 2013, a provision was inadvertently removed. This removed the legal basis to recalculate the collection interest when loss set-off is applied. This provision is now being reintroduced into the law to align the regulation with the situation before 2013. This change is expected to come into effect on January 1, 2027, due to the necessary changes in automation.

Note!

For years, the Tax Authorities have incorrectly not recalculated the collection interest after loss set-off. In 2021, the Tax Authorities started a corrective action to rectify this.

BES islands

The following changes are proposed for the tax system on the BES islands:

- The duration of the investment facility in the real estate tax (no tax on the increased value of real estate) is shortened from ten to five years.
- The rate in the real estate tax for real estate used for hotel operations is increased from 10% to 11%.
- The rate of the yield tax is increased from 5% to 7.5%.
- The amount of the small business scheme will be indexed annually from 2025.
- Some incorrect references in the transfer tax are corrected.
- A separate transition rule is introduced for some formal deadlines for a reporting year ending before March 31, 2025.
- The definitions of 'own home' and 'wages' in income tax are tightened.
- The tax-free allowance in income tax is linked to the statutory minimum wage.
- The rate structure in income tax is adjusted.
- The rate for substantial interest gains in income tax is increased from 5% to 7.5%.
- Various substantive and technical changes are made in wage tax, such as an adjustment of the wage concept.
- A fictitious employment relationship is introduced for the partner of a substantial interest holder.
- The treatment of claims charged to savings and provision funds is adjusted.
- The declaration that tax withholding may be omitted is abolished.
- A final levy regime is introduced for situations where an additional assessment is imposed on the employer.



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Increase in child-related budget

To improve the financial position of families in a targeted manner, the government is increasing the child amount of the child-related budget. Additionally, the reduction percentage is gradually increased each year to make the child-related budget more targeted.

No reduction in social benefits

The planned gradual reduction of some benefits at the social minimum will be paused for the next three years (2025, 2026, and 2027). As a result, these benefits will be higher until the end of 2038 than would be the case without this proposal.

This concerns social assistance, survivor benefits, and the supplement to the social minimum for single persons with a UWV benefit.

Note!

This is not an increase in benefits, but the cancellation of a planned reduction.

Unjust rejection of debt settlement

From 2012 to March 2021, requests from citizens for cooperation in an out-of-court debt settlement (MSNP requests) were rejected by the Tax Authorities on one ground. It is incorrect that the Tax Authorities have rejected MSNP requests (automatically) for only one reason. This concerns vulnerable citizens whose possibility of achieving a debt-free start has been unjustly limited. Therefore, a bill is being developed in which the government introduces a basis for the compensation policy that has been drawn up to accommodate the affected citizens.

Previously submitted legislation, including:

- The margin scheme for VAT on antiques, art, and collectibles can no longer be applied if a reseller has purchased the goods at a rate other than the general rate.

- The place of virtual services of a cultural, artistic, sporting, scientific, educational, and entertaining nature for VAT is now where the recipient (entrepreneur or non-entrepreneur) resides, is established, or where the fixed establishment is located.
- The reduced VAT rate no longer applies to certain agricultural goods.
- The small business scheme (KOR) in VAT now applies throughout the entire EU.
- Foreign legal forms are taxed in the same way as comparable Dutch legal forms using the legal form comparison method.
- The open limited partnership is no longer independently liable for corporate tax.
- A mutual fund is only liable for corporate tax if it is an investment fund or a collective investment fund in securities as referred to in the Financial Supervision Act. The evidence of entitlement must also be tradable.
- There is only a corporate tax-exempt investment institution if it is an investment institution within the meaning of the Financial Supervision Act.
- The method of determining the qualifying business assets, the scope of the exemption, and the requirements for the acquirer for the BOR/DSR are changing.
- The addition for an electric car is 17% over the first €30,000 and 22% over the value above €30,000.
- The self-employed deduction is further reduced to €2,470.
- The liability for BPM shifts from the registered owner to the applicant.
- The levy and payment of BPM must take place before registration.
- The zero rate for passenger cars with a CO2 emission of 0 g/km is replaced by a quarter rate MRB.



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- For passenger cars with a CO2 emission of more than 0 g/km up to and including 50 g/km, a three-quarter rate MRB applies.
- The labor cost benefit for employees with a low income is abolished. The labor cost benefit for older employees is also gradually phased out.
- The overlap exemption in the transfer tax for share transactions is being adjusted. A rate of 4% will now apply if it concerns new real estate for VAT purposes that is exploited for less than 90% VAT-taxed.