



Dutch Budget Day – proposals related to energy and environment

On Budget Day, the Dutch government published several legislative proposals and amendments related to energy and environmental taxes and levies. Most of these proposals and amendments are expected to enter into force as of 1 January 2023. Below, we elaborate on the most relevant proposals.

1. VAT zero rate for solar panels on residential property

As of 1 January 2023, a zero VAT rate will apply to the purchase and installation of solar panels on residential property. In most cases, this allows solar panels to be installed on dwellings without any VAT liabilities and related obligations. The zero rate only applies if the solar panels are installed on dwellings and outbuildings belonging to dwellings.

2. Decrease of the VAT rate on energy not extended

As of 1 July 2022, the 9% VAT rate instead of the 21% VAT rate applied to the supply of energy. This is a temporary measure that will end on 31 December 2022. As from 1 January 2023 the 21% VAT rate will apply again.

3. Decrease of the fuel excise duty extended

As of 1 April 2022, excise duties on unleaded petrol, diesel and LPG were temporarily reduced until December 31, 2022. This reduction, of 17.3 cents on petrol, 11.1 cents on diesel and 4.1 cents on LPG per liter, will be extended to at least until 1 July 2023.

For the period 1 July to 31 December 2023, the government proposes to continue to partially dampen the high fuel prices. In the second half of 2023, the reduction in force since 1 April 2022 will remain in place for half.

4. Increase of the airline passenger tax

The airline passenger tax is levied on the departure of a passenger by aircraft from an airport located in the Netherlands. Currently, the rate of the airline passenger tax is of EUR 7.947. This rate will be increased to EUR 26.43 as of 1 January 2023.

5. Amendments to the carbon tax for the industrial sector

Tightening of the carbon tax

The current carbon tax is levied on emissions by industrial emitters in excess of a certain amount of allocated dispensation rights. It is proposed that the amount of dispensation rights available will be reduced by applying updated (stricter) EU ETS benchmark values and a decreased reduction factor.

Introduction of minimum price for greenhouse gasses

A minimum price for greenhouse gasses will be implemented in the carbon tax as of 1 January 2023. The minimum price ensures that if the EU ETS price drops below a certain amount, the difference is levied as a tax. This minimum price is set at EUR 16.40 in 2023 and will incrementally increase to EUR 31.90 in 2030. This minimum price will also affect certain emitters that do not fall under the EU ETS system.

6. Amendments to the energy tax

Temporarily decrease in energy tax rates for 2023

It is proposed to temporarily decrease the energy tax rates for electricity and gas for 2023 in the first bracket. Furthermore, the energy tax deduction is increased for 2023.

Overall changes to energy tax rate structure postponed

The initially envisaged changes to the energy tax rate structure have been postponed to 2024. This inter alia concerns a shift of the tax burden from electricity to gas and an integration of the renewable tax surcharge ("ODE") into the energy tax.

7. Introduction of a temporary increase of certain mining levies

The government has announced that it will soon publish a proposal to temporarily increase a specific mining levy that applies to extraction companies in the oil and gas sector for the years 2023 and 2024. The temporary levy aims to tax turnover realised with the sale of national gas at a price exceeding EUR 0.50 per m³.

8. Increase of the budget for the energy and environmental investment deductions

It is proposed to increase the annual budget of the energy investment deduction with EUR 100 million and the annual budget of the environmental investment deduction with EUR 50 million.

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