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16 September 2025

Dutch Tax Plans 2026: Policy-light due to caretaker government

As a result of the resignation of the Dutch government earlier this year, a caretaker government is in place until a new government has been formed (the elections for a new parliament take place on 29 October 2025). As can be observed in the Dutch Tax Plans 2026 published on 16 September 2025 (*Budget Day*), a caretaker government does not take political decisions on controversial issues and consequently does not present substantive new tax measures and focuses on the feasibility of measures.

As the new to be elected parliament will vote on the Tax Plans 2026, the caretaker State Secretary for Finance explicitly calls on parliament to exercise care and restraint in its right to submit amendments.

For the fund industry the proposals on the extension of grandfathering rules for partnerships/FGRs, following new entity classification rules, and the increased Box 2 taxation for indirectly held lucrative interests are relevant. For corporate taxpayers the implementation of the latest OECD Pillar Two Guidance and the EU directive addressing the exchange of information on minimum taxation in the Minimum Tax Act 2024 (**MTA 2024**), is important. Below, these and some other measures are described in more detail. If approved, these changes enter into force per 1 January 2026, unless indicated otherwise.

Subsequently, we also address certain measures that were adopted last year but will enter into force per 1 January 2026 as well as the status of some other tax developments.

Corporate income taxes

Extension of grandfathering rules for partnerships following new entity classification rules

Background
As from 1 January 2025, all Dutch and foreign partnerships are, as a main rule, classified as transparent for Dutch tax purposes, except when a partnership should be considered a fund for joint account (*fonds voor gemene rekening*; **FGR**). At the same time, an amended FGR definition was introduced. Currently, an FGR will only be classified as non-transparent if four cumulative criteria are met.

Additional guidance on the amended FGR definition was set out in a decree published in December 2024. Due to issues and uncertainties relating to the amended FGR definition, even after the decree, a public consultation was launched in the beginning of 2025 to obtain input from the market. This is in particular related to the (often unintended) (re)classification of tax transparent Dutch limited partnerships (*commanditaire vennootschap*; **CV**) and foreign limited partnerships into non-transparent FGRs. In June 2025, a letter was published in which the Dutch State Secretary for Finance announced further investigation into the possibility of additional amendments to the FGR definition to take away certain issues and uncertainties. Legislative proposals in this regard are expected to be published for consultation before year-end 2025, with entry into force on 1 January 2027 at the earliest.

Based on applicable grandfathering rules, limited partnerships that classified as tax transparent prior to 2025 are, under conditions, allowed to implement a ‘redemption mechanism’ during the calendar year 2025 to retain a tax transparent classification going forward.

The new entity classification rules, the FGR definition and existing grandfathering rules are described in detail in our Quoted of June 2025.

What’s new?
In light of the further investigation by the Dutch government on possible further amendments to the FGR definition, new grandfathering rules have now been proposed in the Tax Plans 2026 for Dutch and foreign limited partnerships that classified as tax transparent prior to 2025 and would be reclassified into a non-transparent FGR as of 1 January 2025. These limited partnerships may retain their tax transparent status until 1 January 2028, provided that: a) the partnership has demonstrated, prior to 1 January 2025, its intention to implement a redemption mechanism, or, if this intention was not demonstrated prior to 1 January 2025, (b) the partnership and its participants choose to retain the transparent status ultimately on 28 February 2026, and such choice can be demonstrated.

The period of application of these transitional rules may be shortened if any further amendments to the FGR definition will enter into force prior to 1 January 2028 (e.g., on 1 January 2027).

Limitation of cost deduction for tax-exempt hedges / no amendment liquidation loss regime

Pursuant to the participation exemption regime, gains/losses derived by Dutch corporate taxpayers from qualifying participations are exempt/non-deductible for Dutch corporate income tax (**CIT**) purposes. As an exception to this rule, the loss suffered upon the liquidation of a qualifying participation is deductible as ‘liquidation loss’ if certain conditions are met. The rationale of the liquidation loss exception is that losses should be deductible at least once, by allowing the taxpayer to recognise a loss where the subsidiary can definitively no longer set off its losses against its own profits.

One of the conditions for recognising a liquidation loss is that neither the taxpayer itself, nor certain other entities and individuals may have a right to claim any compensation for tax purposes in respect of losses of the liquidated subsidiary that remained uncompensated (the ‘no-loss-relief condition’).

In March 2025, the Supreme Court issued a ruling that - in summary - confirmed that the use of the Irish group relief regime in the years prior to the liquidation of the Irish subsidiary (as a result of which losses of the Irish subsidiary were transferred to other Irish group companies and used to offset their profits) does not constitute a right to loss compensation within the meaning of the no-loss-relief condition. Accordingly, a liquidation loss could be recognised. Please see also our website post here.

The abovementioned Supreme Court decision is expected to give rise to significant budgetary losses. In order to cover these losses, rather than tightening the conditions to recognise a liquidation loss, the caretaker government intends to amend the Dutch CIT treatment of costs related to hedging instruments that are designated as tax-exempt under the Dutch participation exemption regime. In summary, upon advance approval from the Dutch tax authorities, the participation exemption applies to results derived by a Dutch corporate taxpayer from instruments that aim to hedge foreign currency risks incurred on a tax-exempt participation. Under current law, the costs incurred for such tax-exempt hedging instrument are tax-deductible whereas the results from the instrument itself are tax-exempt. The caretaker government intends to effectively limit the deduction of these costs as from 1 January 2027, following a public consultation. The feasibility and the impact of this measure on the Dutch investment climate will be further assessed following the consultation, and the measure might be reconsidered if better alternatives turn out to be available.

Pillar Two

The law implementing Pillar Two in the Netherlands, the MTA 2024, has been enacted as of 31 December 2023. The Tax Plans 2026 contain two proposed acts in relation to the MTA 2024:

i. the Second Act amending the MTA 2024 (*Tweede wet aanpassing Wet minimumbelasting 2024*) implementing the latest OECD Pillar Two Guidance and making several technical changes; and
ii. the Act implementing the EU directive on exchange of information in relation to the global minimum tax (*Wet implementatie EU-richtlijn gegevensuitwisseling minimumbelasting*).

Ad i - Second Act amending the MTA 2024

The proposed changes in this act (**MTA Changes**) consist of (i) the implementation of certain elements of the OECD Administrative Guidance that were not yet incorporated in the MTA 2024 and (ii) technical adjustments to the MTA 2024.

Implementation of additional OECD Guidance

After the release of the OECD GloBE Model Rules and OECD Commentary thereto, the OECD/Inclusive Framework has released various sets of Administrative Guidance (**AG**), which clarify and amend the OECD Model Rules. The OECD published AG in February 2023 (**February 2023 AG**), July 2023 (**July 2023 AG**), December 2023 (**December 2023 AG**), June 2024 (**June 2024 AG**) and January 2025 (**January 2025 AG**). The February 2023 AG, July 2023 AG and parts of the December 2023 AG were already included in the MTA 2024.

The MTA Changes, once adopted, implement remaining parts of the AG that were not yet implemented in the MTA 2024. The MTA Changes specifically contain guidance on the following topics from the various sets of AG released by the OECD up until now:

December 2023 AG

- Guidance on the calculation of the effective tax rate for a non-consolidated entity (such as a joint venture) that has a financial year that deviates from the financial year of the UPE.
- Guidance on the financial data that should be used for the Transitional CbCR Safe Harbour calculations for a permanent establishment and other minor changes.

June 2024 AG

- The guidance on the tracing of deferred tax liabilities for the recapture rule applicable to deferred tax liabilities that do not reverse within 5 years.
- Guidance on divergences between GloBE and accounting carrying value.
- The allocation of profits and taxes in structures involving Flow-through Entities and Hybrid Entities.
- The cross-border allocation of current taxes under a so-called cross-crediting system.
- The cross-border allocation of deferred taxes under certain conditions, e.g., a Parent Entity subject to a CFC tax system or a Main Entity with a permanent establishment.

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- The application of the transitional rules for deferred tax assets, notably the treatment of certain deferred tax assets that arose prior to the application of the OECD GloBE Model Rules as a result of governmental arrangements, retroactive elections, or following the introduction of a new corporate income tax.This guidance aimed to combat certain specific situations that the OECD deemed undesirable, such as step-ups provided by a government to a taxpayer that would create a deferred tax asset under Pillar Two.
- Amendments to the Transitional CbCR Safe Harbour to exclude the deferred tax assets related to such arrangements.

For more information on these elements, we refer to our website posts on the December 2023 AG, June 2024 AG and the January 2025 AG.

A number of these topics are proposed to be included in the MTA 2024 through a delegation included in the MTA 2024 which allows the Dutch State Secretary to issue a decree that contains more detailed guidance on the specific topic.

Technical adjustments to the MTA 2024

The proposed MTA Changes also contain various technical amendments to the existing MTA 2024. The most notable change is that it has been clarified that Joint Ventures and JV Subsidiaries are subject to the Dutch Domestic Minimum Top-up Tax, which was not certain based on the current wording of the law.

The other amendments are minor and should, according to the proposed MTA Changes, not lead to substantive changes.

Timing and retroactive effect

The Dutch legislator considers that it strives to implement AG as soon as possible in order to avoid mismatches with the Pillar Two rules in other jurisdictions. Therefore, most measures from the MTA Changes apply retroactively as of 31 December 2023 – the date as of which the MTA 2024 is effective.

However, the legislator considers that certain measures included in the MTA Changes could have adverse impact on taxpayers. These elements do not have retroactive effect and generally apply for financial years starting on or after 31 December 2025. This includes, most importantly, the guidance from January 2025 on deferred tax assets arising from governmental arrangements, including the related impact of such deferred tax assets on the Transitional CbCR Safe Harbour.

Ad ii – Act implementing DAC9

On 7 May 2025, EU Directive (EU) 2025/872, the ninth series of amendments to the EU Directive on Administrative Cooperation (known as **DAC9**), entered into force. DAC9 aims to facilitate the central filing and exchange of Pillar Two-related information between EU Member States.

DAC9 has to be transposed into national law of EU Member States by 31 December 2025 at the latest, i.e., six months prior to the first filing deadline of the Top-up Tax Information Returns (**TTIR**, also known as the GloBE Information Return) for most groups in scope of Pillar Two rules. For more details on the contents of DAC9 and the agreed upon approach to exchange information under the TTIR, reference is made to our website post of 7 May 2025.

The proposed act, once adopted, implements DAC9 in the Netherlands in line with the EU Directive (EU) 2025/872. Through the implementation of DAC9, the Netherlands will be able to exchange the TTIR within the EU and also receive information from other EU Member States. This means that taxpayers could choose to file the TTIR in the Netherlands and no further TTIR filings in other EU jurisdictions will be necessary.

The OECD released the Multilateral Competent Authority Agreement (**MCAA**) in January 2025. Once signed by the relevant countries, this MCAA would further facilitate centralised filing of the TTIR, also known as the GloBE Information Return, also with jurisdictions outside the EU. The Netherlands has already signed the MCAA.

Personal income taxes and employment taxes

Taxation of lucrative interests

Background

Certain types of management investment plans, such as sweet equity and carried interest, may qualify as lucrative interest. A lucrative interest is considered granted with the intention to also form a remuneration for services rendered by that individual (e.g., employment or management services). To qualify as a lucrative interest, the interest should in general offer potentially a disproportional high return.

As a principal rule, proceeds derived from a lucrative interest are taxed in Box 1 (progressive income tax rates up to 49.5%). However, under certain conditions, it is possible to elect for taxation in Box 2 (not considering the below amendments, against a main rate of 31%, with a reduced rate of 24.5% for the first € 67,804 in income).

It should be noted that Box 2 taxation only applies to the return on investment. Any underpayment of the ‘fair value’ upon granting the lucrative interest may already be taxed as employment/services remuneration in kind (taxable in Box 1).

Increase Box 2 taxation indirectly held lucrative interest, including repair measure

On 2 September 2025 – prior to Budget Day – an (amended) motion was submitted in parliament proposing an increase of the Box 2 taxation for indirectly held lucrative interests. The proposed increase entails that the income for Box 2 purposes should be grossed-up. As a result, the ‘lower’ Box 2 taxation for lucrative interests will be increased to 28.45% (from 24.5%), and the ‘higher’ Box 2 taxation to 36% (from 31%). These proposed changes are also included in the Tax Plans 2026 and are expected to enter into force as of 1 January 2026.

In the Tax Plans 2026, also a repair measure is included in relation to lucrative interests, which are held through an entity in which the taxpayer does not have a substantial interest (holding a substantial interest is one of the conditions to qualify for Box 2 taxation). Without this repair measure, income from a lucrative interest can under circumstances be almost fully off-set against tax losses in Box 2. As a result of the proposed repair measure, it will no longer be possible to opt for Box 2 taxation to the extent the value of a lucrative interest accrued during the time the taxpayer did not have a substantial interest in the intermediate company (thus, the value that accrued during that period will remain taxable in Box 1).

Dutch expat ruling / tax-free reimbursement of territorial costs

The Tax Plans 2026 do not introduce additional restrictions to the Dutch expat ruling as such. The previously announced reduction in the tax-free allowance from 30% to 27% will take effect on 1 January 2027 and, additionally, the income threshold for eligibility under the expat ruling will be increased. However, as of 2026, certain extraterritorial expenses, such as utility costs and private communication expenses with the home country, will no longer qualify for tax-free reimbursement. Employers are advised to proactively assess which costs will be excluded under the proposed scheme and to adjust their internal policies accordingly, taking into account potential labor law implications.

For more information on the proposed changes of employment taxes we refer to our website post of 16 September 2025: Budget Day 2025: Rewards & Benefits changes for Dutch employers.

Tax measures related to energy and environment

There are several proposals related to specific energy and environmental taxes. These include:
- The introduction of a distance-based flight tax, replacing the current flat-rate tax.
- A significant increase in the water tax, which will be applicable to the supply of drinking water.
- A *de facto* abolishment of the CO_2 levy for the industry, except for waste incineration where the levy is increased.

For more information on the proposed changes to these taxes, we refer to our website post of 16 September 2025: Dutch Budget Day 2025: Energy and Environment.

VAT rate on culture, media and sports

The Tax Plans 2026 have reversed the Tax Plans 2025 proposal to increase the Dutch VAT rate for culture, media and sports from 9% to 21%. This means that the Dutch VAT rate on these supplies remains 9%.

Other legislation to come into effect as per 2026

Real estate transfer tax (RETT)
As of 1 January 2026, the default real estate transfer tax (RETT) rate of 10.4% will no longer apply to the acquisition of residential real estate as investment property. For the acquisition of such residential real estate, a new RETT rate of 8% will be introduced as of 1 January 2026. The 8% RETT rate will only apply if, at the time of acquisition, the acquired real estate is ‘in its nature fit for residential purposes’. The 8% RETT rate will therefore not apply to the acquisition of existing non-residential real estate that - after acquisition - will be redeveloped / transformed to residential real estate. Typically, the execution of the deed of transfer constitutes the RETT taxable event and the date of execution is decisive for the applicable RETT rate.

Introduction of VAT revision period for real estate related investment services
As of 1 January 2026, new administrative obligations will apply for all owners and users of real estate which procure real estate related investment services. Such services are of long-term benefit to the real estate and are characterised by their durable nature. This involves services to real estate such as the renovation, extension, repair or replacement and maintenance of such property. Demolition work associated with renovation is also included. A (five-year) VAT revision period will apply to such services with an invoice amount of € 30,000 or higher. The revision period will apply to services that are taken into use as per 1 January 2026. Although this measure aims to address VAT-saving practices related to ‘short stay structures’ with renovated residential property and property that is redeveloped from non-residential to residential property, the new revision period will affect all entrepreneurs owning or using real estate.

Other relevant tax developments

Investigation of the implementation of the earnings stripping rules in other EU Member States
In response to a parliamentary motion, the Dutch government conducted a comparative study of anti-abuse measures implemented by other EU Member States to tackle potential abuse of the earnings stripping rules. One of the findings was that Finland applies conditional rules to the threshold based on the extent of related-party debt financing, which approach could become relevant for the Netherlands.

On 26 June 2025, the Dutch State Secretary for Finance concluded that the government intends to further investigate three potential anti-fragmentation measures:
- The introduction of a workable group definition for applying the threshold in the earnings stripping measure.
- The introduction of a measure inspired by the Finnish model, whereby the threshold is lowered depending on the level of related-party financing.
- The introduction of more specific interest deduction limitations for related- party financing.

The government aims to report back with findings and recommendations regarding the feasibility and impact of the proposed measures by the end of 2025.

Public CbC reporting in 2026

Public CbC reporting obligations apply to (i) EU headquartered MNEs and (ii) non-EU headquartered MNEs that have medium- or large sized subsidiaries or branches in the EU. The scope is limited to MNEs with consolidated annual revenues exceeding EUR 750 million in the last two consecutive financial years. In principle, Public CbC reporting applies to financial years starting on or after 22 June 2024. Some EU Member States may apply an earlier date, such as Romania. Most in-scope MNEs must therefore publish their first CbC Report by 31 December 2026, in relation to financial year 2025.

The financial data to be provided in the Public CbC Report should be presented on a jurisdictional basis for each EU Member State, and the additional EEA member states Liechtenstein, Norway, and Iceland, and separately for each tax jurisdiction that qualifies as a non-cooperative tax jurisdiction. Information regarding all other jurisdictions can be presented on an aggregated basis. The information will need to be made publicly available on the website of the MNE and filed with the local trade register, using a common template and in a machine-readable format. Some EU Member States implemented a so-called ‘safeguard clause’, allowing in-scope MNEs to temporarily omit certain information in the CbC report.

Dividend stripping: additional measures will be consulted

Following amendments to the anti-dividend stripping measures effective as of 1 January 2024 - most notably the tightening of the burden of proof - the State Secretary for Finance reconfirmed on 27 June 2025 the intention to introduce further measures aimed at curbing dividend stripping practices. These measures have undergone preliminary analysis and will be subject to additional examination, with a public consultation scheduled for autumn 2025. A decision on whether to proceed with legislative implementation will follow thereafter.

The measures under consideration may include the introduction of a net return approach, specific provisions targeting pension funds, and measures addressing dividends from qualifying participations and group structures.

Additionally, the feasibility of adopting anti-dividend stripping measures implemented in other EU Member States is being explored. We will provide a detailed update once the consultation documents are made publicly available.

Employee stock options in startups and scale-ups: proposed regime as of 2027

In April 2025, the Dutch government announced its intention to introduce a new tax regime for employee stock options in startups and scale-ups, aimed at improving liquidity for employees, enhancing talent acquisition, and bolstering the Netherlands’ international competitiveness.

Key features of the proposed regime include:

- Deferral of Taxation: Tax liability may be deferred until the moment of actual disposal of the shares acquired through stock options. Under the current regime, taxation occurs at the latest when the shares become tradable, or earlier if the employee elects taxation at the time of exercise.
- Reduced Taxable Base: Income will be taxed under Box 1, but the taxable base will be reduced to 65% of the proceeds, resulting in an effective tax rate comparable to that under Box 2.

The definition of ‘innovative startups and scale-ups’ is expected to align with the criteria proposed for Box 3, which are scheduled to take effect in 2028. Eligibility for the new regime will likely require certification by the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*, RVO).

The target implementation date is 1 January 2027, with an internet consultation anticipated in Q1 2026 preceding the legislative proposal.

An open question remains regarding the interaction between this national initiative and the European Commission's forthcoming Blue Carpet initiative, which seeks to attract and retain highly skilled and diverse talent across the EU. As part of this initiative, the Commission will explore best practices for the tax treatment of employee stock options, including potential legislative harmonisation.

We will keep you informed on further developments. Should you have any questions with respect to the above, please contact your trusted adviser.