NewGround Law
Legal & Tax

CLIENT UPDATE • SEPTEMBER 2026

BUDGET DAY

Tax Plan 2027

A concise overview of the most relevant Dutch tax proposals for businesses, investors and private clients.

IMPORTANT

The measures outlined in this update are legislative proposals.

Given the absence of advance parliamentary support, material changes during the parliamentary process should be expected.

EXECUTIVE OVERVIEW

Budget Day 2026 and the status of the proposals

On 15 September 2026, the Dutch government presented its policy and budgetary plans for 2027 on Budget Day (Prinsjesdag). In this update, we outline the principal tax measures announced today.

This year's political context is particularly important. The current D66-VVD-CDA government is a minority government and does not command a majority in either House of Parliament. Although it consulted opposition parties during the preparation of the package, it has not secured advance parliamentary support for the proposals as presented. The package should therefore be regarded as the government's opening position for the negotiations with opposition parties, rather than as a settled legislative outcome.

The proposals are nevertheless highly relevant. They identify the principal tax measures currently on the table and will frame the fiscal negotiations over the coming weeks. Measures may be amended, postponed or rejected during the parliamentary process and will only become law after approval by both Houses of Parliament. Against that background, we provide below a practical overview of the main proposals, their intended effective dates and their potential relevance for businesses and investors.

This update focuses on proposals relevant to real estate, international business and investment structures, employers and private clients. Unless stated otherwise, the intended effective date is 1 January 2027.

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MEASURE 01

Lower transfer tax on residential investments

KEY TAKEAWAY **The transfer tax rate for investment homes would fall from 8% to 7%, reducing acquisition costs.**

Dutch real estate transfer tax is generally payable by the purchaser when acquiring Dutch property. The government proposes reducing the rate for homes acquired for purposes other than the buyer's own main residence from 8% to 7%. This includes rental homes, second homes and holiday homes. The general rate for commercial property remains 10.4%.

For a residential acquisition with a taxable value of EUR 10 million to which this rate applies, the reduction would save EUR 100,000. Investors considering acquisitions around year-end should assess the proposed rate alongside transaction timing, property classification and any available exemptions.

MEASURE 02

Transfer tax exemption for housing associations

KEY TAKEAWAY **Qualifying transfers of social housing between Dutch housing associations would become easier to complete without transfer tax.**

A new exemption would apply to transfers between recognised Dutch housing associations of property used for specified services of general economic interest, including social rental housing. It would remove the need to rely on a more restrictive existing exemption in qualifying cases.

This could facilitate portfolio transfers that allow a financially stronger housing association to take over housing and related investment obligations. Eligibility depends on the status of both parties and the property's public-service use; it is a targeted measure for housing associations.

MEASURE 03

More flexibility for business mergers and demergers

KEY TAKEAWAY	**A subsequent sale within three years would no longer automatically trigger the statutory presumption that a reorganisation lacks commercial reasons.**

Dutch corporate income tax relief can allow a qualifying business transfer or demerger to take place without immediate taxation of unrealised gains. Under the current rules, a sale of relevant shares to an unrelated party within three years can trigger a presumption that the reorganisation was not commercially motivated.

The proposal removes that specific presumption. This is relevant to pre-sale reorganisations, carve-outs and separating property from operating activities. The general anti-abuse test continues to apply, so commercial reasons should remain well documented. This change concerns corporate income tax; real estate transfer tax relief requires a separate assessment.

MEASURE 04

Tax treatment of currency hedges on shareholdings

KEY TAKEAWAY	**The expected currency return embedded in a hedge would enter the taxable corporate income tax base.**

The Dutch participation exemption generally exempts qualifying income and gains from subsidiary shareholdings. On request, it can also cover instruments used to hedge currency risks on those shareholdings, such as foreign-currency loans. Currently, this can combine deductible financing costs with an exempt expected currency gain.

Under the proposal, only the unexpected currency component of the hedge could remain exempt. The expected component, including the return reflecting interest-rate differences between currencies, would become taxable. In practical terms, taxpayers may need to split the hedge result between a taxable expected return component and an exempt currency-risk component. Groups should review their hedging arrangements and existing tax rulings or decisions before the first affected financial year.

The change would apply to financial years starting on or after 1 January 2027. Certain hedges entered into before 15 September 2026, and already covered by the exemption or a complete application before that date, would retain the existing treatment for returns attributable to the period through 31 December 2027.

MEASURE 05

Dividend tax refunds for Dutch investors investing through foreign funds

KEY TAKEAWAY	**Dutch-resident investors could reclaim qualifying Dutch dividend tax borne through a foreign investment fund.**

A Dutch investor holding Dutch shares through a foreign investment fund can bear Dutch dividend withholding tax at fund level without obtaining the relief available when investing through a comparable Dutch fiscal investment institution. The proposal introduces a statutory refund mechanism for Dutch-resident individuals and Dutch-established entities receiving distributions of Dutch dividends through a foreign fund.

The refund would be subject to conditions and limits and would cover Dutch dividend tax withheld from 1 January 2027. Fund managers with Dutch investors should assess whether their reporting provides the information needed for a claim. Claims relating to earlier years would continue to require a separate, time-sensitive assessment under EU law.

MEASURE 06

Pillar Two: new safe harbours and protection for investment incentives

KEY TAKEAWAY	**New international rules would simplify minimum-tax compliance and change the exposure of certain foreign-parented groups.**

Pillar Two generally seeks to ensure a 15% effective tax rate for groups with consolidated annual revenue of at least EUR 750 million. The bill implements an international package intended to align safe harbours and equivalent minimum-tax systems through four new safe harbours:

A simplified effective-tax-rate safe harbour would avoid the full calculation where a qualifying simplified calculation demonstrates an effective rate of at least 15%.

An equivalent-system safe harbour would switch off the income inclusion rule and undertaxed profits rule for qualifying groups headquartered in a jurisdiction with an internationally recognised equivalent minimum-tax system. Domestic top-up taxes would remain applicable. A separate ultimate-parent safe harbour would provide narrower protection for entities in the parent's home jurisdiction.

An investment-incentive safe harbour would protect certain tax incentives linked to expenditure or production from being offset by additional minimum tax, subject to limits linked to real economic activity. Dutch energy, environmental and small-scale investment deductions can qualify; the innovation box does not.

The transitional country-by-country reporting safe harbour would also be extended by one year. Several provisions would apply retrospectively to 2026, making the package relevant to current-year reporting and tax calculations.

MEASURE 07

Higher energy investment allowance

KEY TAKEAWAY	**The additional deduction for qualifying energy investments would increase from 40% to 45.5%.**

The energy investment allowance, known as EIA, is an additional deduction from taxable business profits for designated energy-saving and renewable-energy investments. It is available alongside the ordinary deduction of investment costs through depreciation, subject to the applicable conditions.

The proposed increase to 45.5% could improve the economics of qualifying building installations and other energy projects. The allowance reduces taxable profit; the actual tax saving depends on the taxpayer's tax rate and ability to use the deduction. Project budgets should be checked against the qualifying equipment list and application requirements, including any notification deadlines.

MEASURE 08

Broader access to the simplified innovation box

KEY TAKEAWAY	**The simplified innovation box method would become more generous, with the annual cap increasing from EUR 25,000 to EUR 100,000.**

The innovation box offers a reduced effective corporate income tax rate for profits from qualifying intellectual property developed by the taxpayer. Its simplified method allows eligible companies to allocate 25% of their profit to the innovation box, currently capped at EUR 25,000 per taxpayer per year.

The proposal increases that cap to EUR 100,000. The existing eligibility conditions and three-year application period for a qualifying intangible asset remain relevant. The change would make the simplified route more attractive for smaller innovative businesses by increasing the potential benefit without requiring a detailed allocation of profits to individual innovations.

MEASURE 09

Employee share options in start-ups and scale-ups

KEY TAKEAWAY	**Qualifying employee option gains would be taxed on only 65% of the benefit, generally when the resulting shares are sold.**

The proposed regime combines a lower taxable employment benefit with deferral until employees generally receive sale proceeds. At the highest 49.5% income tax rate, taxing 65% of a fully qualifying benefit produces an effective rate of approximately 32.2%, before other personal tax effects. The reduced base relates to the period during which the company qualifies.

Access requires approval from the Netherlands Enterprise Agency (RVO) confirming an innovative, scalable and repeatable business model. Conditions include a two-year restriction on disposals after the option grant, subject to specified exceptions. Employees with a substantial shareholding, generally an interest of at least 5%, are excluded, as are interests covered by the special Dutch lucrative-interest rules for certain management investments.

Leaving employment would not itself trigger taxation, but emigration or loss of the company's qualifying status may have tax consequences. The intended start is 1 January 2027, subject to commencement by Royal Decree and the applicable EU State aid framework. Certain options granted since 17 April 2025 could qualify.

MEASURE 10

Tax basis when a company moves to the Netherlands

KEY TAKEAWAY	**A foreign-resident substantial shareholder would generally obtain a market-value tax basis when the company's effective management moves to the Netherlands.**

Dutch personal income tax has a separate regime, Box 2, for substantial shareholdings, generally interests of at least 5%. Moving a company's effective management to the Netherlands can bring a foreign-resident individual shareholder within Dutch non-resident taxation under domestic law.

The proposal clarifies that the shareholder's acquisition basis would generally equal the shares' market value at that time. This helps confine Dutch capital-gains taxation to subsequent value changes. Exceptions may apply where an earlier Dutch tax claim exists, and tax treaties remain relevant in determining whether the Netherlands can tax later gains. Inbound relocations should therefore include a supported valuation and review of the shareholder's tax history.

OTHER PROPOSED CHANGES

The package also changes a range of other tax rules. Fourteen further points to note are:

- **Employer levy on fossil-fuel company cars:** The forthcoming levy would remain, but transitional relief for qualifying cars first provided before 2027 would be extended through 31 December 2030, with exceptions for certain temporary uses, including replacement cars during repairs or maintenance, manual-transmission driving-school cars and certain short one-off uses through 2030.
- **Inherited shares and excessive borrowing:** Relief for post-death distributions could no longer be used against deemed Box 2 income from excessive shareholder borrowing. Families inheriting both shares and shareholder debt should assess funding of inheritance-related liabilities and whether an actual dividend distribution is appropriate.
- **Pension and annuity income cap:** The maximum qualifying income for tax-favoured pension and annuity accrual would remain EUR 137,800 for 2027 through 2032, so a larger part of higher earners' remuneration may fall outside tax-favoured retirement accrual as salaries increase.
- **Forestry profit exemption:** Qualifying forestry profits would lose their income and corporate income tax exemption from 1 January 2029. Landowners, estate operators and businesses relying on exempt woodland-related income should assess the effect on valuations, forecasts and planned transactions.
- **Personal income tax:** The first two rates would become 36.23% and 38.16% for individuals below state-pension age, including earlier measures; indexation would be restricted and tax credits adjusted.
- **Travel reimbursements:** The tax-free kilometre allowance would rise from EUR 0.23 to EUR 0.25, retrospectively from 1 January 2026.
- **Older company cars:** The youngtimer age threshold would become 17 years in 2027 and 20 years from 2028, with targeted transitional relief.
- **Staff discounts:** The specific payroll-tax exemption for discounts on an employer's own products would be abolished from 2027.
- **Deductions for new entrepreneurs:** The standard starter deduction would fall to EUR 10 in 2027 and disappear in 2028; the disability-related starter deduction would end in 2029.
- **Other sole-trader deductions:** The cooperating-partner and business-cessation deductions would be reduced by approximately 75%, then abolished three years later, with commencement linked to the employee-option regime.
- **VAT on ornamental plants:** The rate for flowers, plants, bulbs and nursery products would rise from 9% to 21% in 2028.
- **Waste and carbon taxes:** Previously scheduled increases in waste tax and the CO2 levy for waste incinerators would be moderated or phased in more slowly.
- **Greenhouse horticulture:** Conditional energy-tax compensation is proposed for 2027, alongside clarification of CO2-tax liability for partnerships.
- **Carbon Border Adjustment Mechanism:** The bill strengthens national enforcement powers and information exchange for the EU carbon-import regime.

CONTACT

What could the Tax Plan 2027 mean for you?

If you have any questions about the Tax Plan 2027 or would like support in assessing how the proposals may affect your business, investments or personal tax position, please contact your regular adviser at NewGround Law.

NEXT STEP	**We would be pleased to discuss which proposed measures may affect your structure, transactions, reporting or planning and whether preparatory action is advisable while the parliamentary process continues.**