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# Personal Income Tax Return Guide for Expats Living in the Netherlands

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## Introduction

Welcome to the Netherlands, the country of cheese, windmills and yearly income tax returns. This guide aims to explain in English the complexities of the Dutch tax system for you to help be able to submit your personal income tax return.

### Key Points to Remember

* **Tax Year**: The Dutch tax year aligns with the calendar year, starting on January 1st and ending on December 31st.
* **Filing Deadline**: Typically, you must file your tax return 2023 before 1st of May 2024. Extensions are possible but must be requested.
* **Residency Status**: Your tax obligations depend significantly on your residency status. Residents of the Netherlands are taxed on their worldwide income, while non-residents are taxed only on income sourced within the country.
* **30% Ruling**: Some expats may qualify for the 30% ruling, a tax advantage for highly skilled migrants moving to the Netherlands for work, allowing 30% of their salary to be tax-free. If you have a tax partner who does not qualify for the 30% ruling, the tax-free allowance will only apply to your income. Additionally, for box 3 assets, the 30% ruling does not apply to your partner’s box 2 and box 3 assets, and these assets will be taxed according to the standard Dutch tax regulations, unless the assets are divided and allocated to the partner who has the 30% ruling.
* **Digital Filing**: Most taxpayers in the Netherlands file their returns electronically via the Belastingdienst (Dutch Tax and Customs Administration) website. You'll need a DigiD (digital identification) to access the service. **Filing can be done in English.**
* **Pre-filled Forms**: The tax authority pre-fills many parts of your tax return with information already available to them, such as your Dutch salary, bank accounts, and owner-occupied home mortgage interest.
  + Review this information carefully for accuracy. **It is important to check it carefully because any mistakes are your responsibility, not of the Dutch Tax Authorities.**
* **Deductions**: Be aware of possible deductions, such as mortgage interest (for homeowners), healthcare expenses, and charitable donations, which can reduce your taxable income.
* **Timely payment**: Please pay on time, as you will have to pay tax interest on your tax debt if you have not paid before the end of the payment period.

This guide is a starting point to help you understand how to file your personal income tax return in the Netherlands. Welcome to the Netherlands, and here's to managing your taxes efficiently and effectively!

### Trust and similar legal structures

* The concept of "Afgescheiden Particulier Vermogen" (“**APV**”) in Dutch tax law refers to specific legal structures like trusts, (Dutch) foundations, and similar entities.
* APV’s and trusts are often used to manage and protect assets for private interests, typically for the benefit of the family.
* Even though assets (like cash, bank accounts, real estate, and other investments) are owned by an APV, for tax purposes, they are still considered to belong to the person who contributed them.
* Because of the transparency you must report these assets and any income they generate on your Dutch income tax return, just as if the APV didn't exist.
* If the contributor of the assets has passes away, the responsibility to report the income, deductions, and assets shifts to their heirs.
* There's an exception to the rule of declaring APV income in the Netherlands. If the income from the APV is already taxed at a rate of at least 10% in another country, you may not have to declare this income in the Netherlands. This provision helps avoid double taxation of the same income.

## Schematic overview of the Dutch Personal Income Tax

Below is a schematic overview and calculation of the Dutch Personal Income Tax

| Dutch Personal Income Tax | | |
| --- | --- | --- |
| Box 1 (Income from work and owner-occupied home) | | |
| Sub-section | **Taxable item** | **+/-** |
| Income from self-proprietorship (*eenmanszaak*) | Taxable income from self-proprietorship (*eenmanszaak*) | +/+ |
| Additional charge for private usage of company car | +/+ |
| Entrepreneur’s deductions | |
| * Private business ownership allowance (*zelfstandigenaftrek*) | -/- |
| * R&D deduction (*S&O-aftrek)* | -/- |
| * Working partner's abatement (*meewerkaftrek*) | -/- |
| * Business discontinuation relief (*stakingsaftrek*) | -/- |
| * Profit exemption for small and medium-sized enterprises (SME) (*mkb-winstvrijstelling*) | -/- |
| Is taxable profit from self-proprietorship | = |
| Tax already paid via provisional assessment | -/- |
|  |  |  |
| Income from employment | Gross wage | +/+ |
| Additional charge for private usage of company car | +/+ |
| Payroll tax already deducted | -/- |
|  |  |  |
| Income from other activities | Taxable income from other activities | +/+ |
| Exemption on making capital available | -/- |
|  |  |  |
| Income from periodical payments | Taxable periodical payments and benefits in kind |  |
|  |  |  |
| Income from owner-occupied home | Taxable notional income from owner-occupied home | +/+ |
| Deductible costs on account from owner-occupied home | -/- |
| Deduction on account of no or little owner-occupied home debt | -/- |
|  |  |  |
| Deductible expenses | Expenses for income provisions | -/- |
| Expenses for maintenance provisions (alimony) | -/- |
| Expenses for deductible healthcare costs | -/- |
| Expenses for deductible gifts | -/- |
|  |  |  |
| Loss relief | Loss relief in box 1 | -/- |
|  |  |  |
|  | Is taxable income in box 1 | = |
|  |  |  |
|  | Personal income tax + social security contributions | -/- |
|  |  |  |
|  | Is taxation over box 1 | = |
|  |  |  |
| Box 2 (Income from substantial interest) | | |
|  | Regular income (i.e. dividend income) | +/+ |
|  | Deductible expenses | -/- |
|  | Divided tax already withheld | -/- |
|  | Tax already paid via provisional assessment | -/- |
|  |  |  |
|  | Capital gain benefits | +/+ |
|  |  |  |
|  | Remainder of deductible expenses | -/- |
|  |  |  |
|  | Loss relief box 2 | -/- |
|  |  |  |
|  | Is taxable income box 2 | = |
|  |  |  |
|  | Personal income tax | -/- |
|  |  |  |
|  | Is taxation box 2 | = |
|  |  |  |
| box 3 (Savings and investments) | | |
|  | Notional return on bank deposits | +/+ |
|  | Notional return on other assets | +/+ |
|  | Exemption of usufruct | -/- |
|  | Exemption of forest and natural areas | -/- |
|  | Exemption of works of art and science | -/- |
|  | Exemption of green investments | -/- |
|  | Exemption of net annuities and net pensions | -/- |
|  | Dividend tax already withheld | -/- |
|  | Exempt capital | -/- |
|  |  |  |
|  | Notional deduction on debt | -/- |
|  | Exempt debt | +/+ |
|  |  |  |
|  | Remainder of deductible expenses | -/- |
|  |  |  |
|  | Is taxable income box 3 | = |
|  |  |  |
|  | Personal income tax | -/- |
|  |  |  |
|  | Is taxation box 3 | = |
|  |  |  |
| Personal income tax | | |
|  | Is sum of tax payable over box 1, box 2 and box 3 including social security contributions | = |
|  |  |  |
|  | General tax credit | -/- |
|  | Tax credit on income from labour | -/- |
|  | (Single) elderly tax credit | -/- |
|  |  |  |
|  | Is total income tax and social security contributions payable | = |

## Checklist

Below is a checklist for the most common documents you will need to fill in your tax return. When you are obliged to complete a tax return the Dutch Tax Authorities have already pre-filled a lot of information. You need to check if the submitted information is correct and amend where necessary. The listed documents are sorted per category.

#### General information

* To file digitally you will need your DigiD. DigiD (short for Digital Identification) is a form of online ID that allows you access the website of the Dutch Tax Authorities.
* The social security number (burgerservicenummer (“BSN”) of your partner and your children in case you file a joint tax return.
* In case this applicable, any preliminary tax assessments.

#### Employment and business

* Annual statement of your employer or pension fund.
* Overview of income and costs in case you have a side-gig.
* Financial statements in case you run a business (freelancer or a private partnership)

#### Owner-occupied home

* In case you own the house you live in; “WOZ-beschikking”, which is the property assessment made by the municipality. In case you lost it, you can find the WOZ-value online by typing your address in on the following website: [WOZ-waardeloket (wozwaardeloket.nl)](https://www.wozwaardeloket.nl/) (Dutch only).
* Annual statement of your mortgage provider where you can see the sum of the loan at the beginning of the year, end of the year and total interest paid throughout the year.
* Statement of the leasehold (“erfpacht”), in case applicable. This is applicable in cities such as Amsterdam, Utrecht or Eindhoven.
* If you have a new mortgage, all statements regarding the costs of receiving the mortgage.

#### Substantial interest

* In case you own 5% or more of the shares in a B.V. or N.V.; an overview of received dividend income or capital gains income.

#### Assets and liabilities

* Annual statements of all checking and savings accounts. Including:
  + Foreign bank accounts.
  + Deposits.
  + Digital wallets, such as PayPal.
  + Abovementioned accounts for your underaged children.
* Overview of any loans granted by you to others.
* Cash in excess of €596 (€1,192 for partners) as at 1 January 2023 and 31 December 2023.
* Annual statement of your investments, such as stocks, options, warrants, etc.
  + Report green investments separately. An exemption may apply to these.
* Overview of your crypto assets.
* The amount of dividend tax withheld in 2023.
* The amount of foreign dividends received in 2023 and foreign dividend tax withheld dividend tax by fund.
* Overview of other assets (in the broadest sense of the word), for example:
  + Physical precious metals.
  + Items with significant value not used in your household.
  + Art that you own with the significant purpose of holding it as investment.
  + (Undivided) share in an inheritance.
  + Etc.
* A full overview of all of your debts, excluding the mortgage for the owner-occupied home.

#### Deductions

* Overview of health costs not covered by insurance.
* Overview of alimony payments, in case applicable.
* Annual statement of pension contributions to a private pension fund and your Uniform Pension Statement, in case applicable.
* Annual statement of premiums paid to an occupational disability insurance, in case applicable.
* In case your employer does not reimburse travel costs for your daily commute with public transport, an overview of costs.
* Overview of donations to recognized charities (“ANBI’s” or “SBBB’s”).

## Chapter 1 – Joint-filings of children and partners

This chapter is only applicable for taxpayers who have a child or children and/or those who have a (tax) partner. Please note that in certain cases a roommate can be seen as a partner for tax purposes.

### Children, stepchildren, and foster children

* Children for tax purposes include your own children, stepchildren, and foster children. Here's what each of these means:
  + Own children are those born from a marriage. If the parents aren't married, the father must acknowledge the child to be considered the child's parent.
    - Adopted children are also considered own children.
  + Stepchildren are the children from your spouse's previous relationship. Sons-in-law and daughters-in-law are not considered stepchildren.
  + A child is considered a foster child for tax purposes if they are being cared for and financially supported by you as if they were your own child. However, if the child receives financial support from other sources such as alimony or guardianship funds, they may not qualify as a foster child for tax purposes. There's an exception if the foster parents still substantially contribute to the child's support despite other financial resources. This exception may apply, for example, if the foster parents receive a foster care allowance.
  + A child of your tax partner (spouse) is also considered your child for tax purposes.
* Until the age of 18, an individual is considered a minor in the Netherlands.
* A minor is required to declare certain types of income in their own tax return, specifically profit from business activities, wages, income from other forms of work, and periodic benefits such as annuities.
* All other forms of income, for example, those derived from an owner-occupied house, substantial interest, or savings and investments, are to be declared by the parents, this being a responsibility grounded in parental authority.
* In situations where the minor is an orphan, parental authority is replaced by guardianship. Under these circumstances, it is the guardian who is responsible for declaring this income.
* The year in which they turn 18 is divided into two parts: during the first part of the year, their parents still declare certain items, but for the second part of the year, the individuals themselves are responsible for declaring this income, with the exception of assets and liabilities.
  + This is because the reference date for taxation of assets is January 1, and on that date, they were still a minor.
* If the above is applicable to your situation, you file a tax return for you and your child together (joint-filing).

### Marital and civil partnership

* In case you are in a marital or civil partnership you are each other’s tax partner.
  + You will automatically have to file a tax return together (joint-filing), as this is obligatory by law.
  + For Dutch income tax purposes a civil partnership is treated exactly the same as a regular marriage.
  + Please note that the marriage or civil partnership needs to be recognized by Dutch civil law in order for you to be tax partners.
    - This means your marriage is registered at the municipality (“Gemeente”) you live in.
  + For simplicity’s sake this guide will only mention marriage and this includes civil partners.
* In case you live in the Netherlands and your partner still lives abroad, you can still be tax partners when (cumulatively):
  + Your partner lives in an EU country, Liechtenstein, Norway, Iceland, Switzerland, Bonaire, St Eustatius, or Saba; and
  + Together you and your partner must pay tax on at least 90% of your joint worldwide income in the Netherlands; and
  + Your partner can provide an income declaration from the local tax authorities in their country of residence.
    - In certain countries an income declaration cannot be obtained. A filed declaration and assessment is sufficient
* You can't have more than one tax partner. If more than one person qualifies to be a tax partner, being married comes first.
  + If there are multiple marriages (though it's not allowed in the Netherlands but might be in other places), the spouse from the first marriage is the tax partner. And if there are multiple cohabitation contracts, the oldest one counts first (see below).
* For married couples, the tax partnership ends when they officially file for divorce or legal separation and are no longer living together at the same address.
  + So, if they're divorced but still living at the same address, they're still considered tax partners.
* If the partners have separated but haven't filed for divorce yet, they're still tax partners as long as they're not permanently living apart.

### Living together & roommates

* If you're living together but not married or in a civil partnership, you'll be considered each other's tax partners if you meet these conditions:
  + Both of you are registered at the same address in the Population Register (“Basis Registratie Personen (BRP)”), are above 18, and meet one of these conditions:
    - You have a notarized cohabitation contract; or
    - You have a child together; or
    - One of you has legally acknowledged the other's child; or
    - You're recognized as partners for pension purposes; or
    - You jointly own a property that you both live in; or
    - A minor child of either of you lives with you; or
    - You're registered in a shelter home with a child of either of you, unless you can prove the municipality has arranged separate housing for both of you; or
    - You were also considered tax partners last year; or
    - You live with your child or parent, both of you are 27 or older, and meet one of the conditions above.
* If you and one other person own the house and both live there, you're considered tax partners. But if there are more than two owners living in the house, there can't be a tax partnership based just on joint ownership.
  + In that case, you can still become tax partners with one of the other owners if you meet certain conditions, like having a notarized cohabitation contract.
  + The person who co-owns and lives in the house must declare their share of the house for tax purposes and can deduct their own mortgage interest and expenses.
  + If there's leasehold to pay, they can deduct their portion, but only for their share of the house.
  + If there's a tax partnership, both partners must declare the house for tax purposes and can both deduct mortgage interest and expenses. You can split the deduction however you agree, if the partnership lasts the whole year.
  + If someone owns a part of the house but doesn't live in it, that part and the corresponding mortgage debt are treated differently for tax purposes.
  + If someone else lives in that part with a right of use, the ownership must be declared separately for tax purposes. But if the right of use came from inheritance, the person using it is subject to different tax rules.
* To give an example of unwanted tax partnership: If you have a stepchild who reaches 18 years old and you meet one of the partnership conditions, that stepchild becomes your tax partner automatically. However, you can choose not to be considered tax partners. This option is available until both you and the stepchild are at least 27 years old at the start of the calendar year.
* For unmarried couples living together, their partnership for tax purposes ends when they're no longer registered at the same address. It doesn't automatically end if they no longer meet any other conditions.

### General notes regarding tax partners

* If you have a tax partner for only part of the year, you can decide to make it for the entire year if you want. This means you can share certain tax benefits.
* You can also choose not to extend the partnership for the whole year. However, if you want to get a refund of the general tax credit to the partner who earns less, you both must be tax partners for at least six months.
* In Dutch tax law, there are things you have to declare for yourself, like your own income (independent income items), and things where it doesn't matter who declares them (joint income items).
* If you don't have a tax partner, you declare all income and allowances by yourself. However, if you have a tax partner for the whole year, you can split these items between yourselves.
* This means that when you are tax partners you can see each other’s income, assets and liabilities. This could be seen as a large privacy issue of having your roommate as a tax partner.

### Consequences of being tax partners

* Only one residence can be considered as their main home (owner-occupied home). If both partners have different main residences, they need to decide together which one they consider their main home.
  + If they still declare two homes, the home of the person who submits their tax return first will be considered their main residence. The other home will be treated as an asset in box 3.
  + This choice is valid for the tax year it is made. Theoretically in above example you can choose a different owner-occupied home each year as your main home.
  + Similarly, for married couples who are permanently separated but still legally married, they can only declare one main residence together since they are still considered tax partners. Only during the two-year period of settling a divorce after moving out of the shared home, can each spouse declare their own main residence.
* Several deductions depend on income thresholds. Tax partners need to consider their combined income when determining if they meet these thresholds.

## Chapter 2 – Income from business profits

This section is written for entrepreneurs operating in the Netherlands in the form of a sole proprietorship, such as freelancers and independent professionals. I'll cover the taxation of business profits, eligibility criteria, and specific tax deductions and exemptions available. While this guide focuses on the most straightforward scenarios, remember that exceptions can apply.

### The sole proprietorship in the Netherlands

#### Who is considered an entrepreneur?

In the Netherlands, a person is considered an "entrepreneur" (sole proprietor) for tax purposes if they:

1. Operate a Business: You must be running an enterprise on your own behalf.
2. Assume Liability: You are directly responsible for the obligations related to the business, including any debts.

Independent professionals, such as freelancers, are treated the same as entrepreneurs. Similarly, independent professions are considered equivalent to enterprises under Dutch tax law.

#### What is taxed?

Business profit is the total amount of income generated from your business activities, regardless of the name or form of that income. Essentially, it's the money you earn from running your business.

#### Special tax deductions

If you qualify as an entrepreneur and meet the required "hour criterion," you may be eligible for several tax deductions. These deductions can significantly reduce your taxable income:

1. **Private Business Ownership Allowance:** A general deduction available to entrepreneurs.
2. **R&D Deduction:** If your business involves research and development activities, you may qualify for this additional deduction.
3. **Working Partner's Abatement:** If your partner works in the business, you may be able to claim this deduction.

To qualify for the above deductions, you must meet the hour criterion, which includes:

* **Spending at least 1,225 hours per year on your business:** This is roughly 24 hours per week.
* **Devoting 50% of your working time to your business:** This means that more than half of the time you spend working must be dedicated to your business. However, this requirement does not apply to start-ups.

If you gave birth or experienced pregnancy-related leave during the calendar year, the time you were on maternity leave (up to 16 weeks) will still count toward the hour criterion. This ensures that your eligibility for deductions is not affected by maternity leave.

### Profits exempt of income taxation include:

Certain types of business profits are exempt from Dutch income taxation. These include:

* **Forestry exemption:** Profits from forestry activities can be exempt if you request relief for a period of at least ten years.
* **Agricultural exemption:** Profits from changes in the value of agricultural land used within your own agricultural business are exempt, provided the value change is not due to land improvements like drainage or consolidation.
* **Remission profit:** Benefits obtained by surrendering rights that cannot be realized or which would lead to unacceptable social consequences.
* **Pension scheme claims:** Pension claims are exempt to the extent that the benefits are taxed as wages or periodic payments.
* **IOAZ benefits (or similar foreign benefits):** Claims from IOAZ (Income Provision for Older and Partially Disabled Formerly Self-Employed Persons) or similar schemes abroad are exempt.
* **Company termination payments:** Payments related to the termination of a company, as designated by a minister, are exempt if they are periodic or in-kind, or based on a comparable foreign scheme.
* **WAZ benefits:** Benefits from the Disability Insurance for the Self-Employed (WAZ) or similar foreign schemes are exempt.
* **Cessation fund payments:** Payments from a fund set up to support the cessation of business activities are exempt.
* **Final taxation benefits:** Benefits that have been taxed as final wages in another person's wage tax (e.g., business gifts) are exempt.
* **Forest and nature conservation schemes:** Benefits from designated forest and nature conservation projects are partially or fully exempt, usually up to 90%.
* **Nuisance reduction payments:** Benefits from designated projects aimed at reducing nuisance during large-scale roadworks, up to €200 per month and €1,200 per participation period, are exempt.
* **Foster care reimbursements:** Payments to foster parents for the care of a foster child are exempt.

### Non-deductible and partially deductible costs

When filing your Dutch income tax return as an expat entrepreneur, it's important to know which business expenses are fully deductible, partially deductible, or not deductible at all. Below, we'll break down the rules surrounding non-deductible costs and explain the situations where only part of your expenses can be deducted. Understanding these distinctions will help you avoid common mistakes and optimize your tax return.

#### Non-deductible costs

Certain costs are not considered business expenses under Dutch tax law and therefore cannot be deducted from your taxable income. These are generally costs that are more related to personal lifestyle choices or legal penalties, rather than legitimate business activities.

* Costs and charges that are related to the conduct of a certain "state" (state expenses). These are costs where the personal or lifestyle aspect dominates so much that they are viewed as personal rather than business expenses. For example, luxury expenditures that reflect a certain lifestyle would fall into this category.
* Cost of vessels for representation. The costs of owning or operating vessels (like yachts) for representation purposes are not deductible, unless your business involves manufacturing, marketing, or operating such vessels.
* Fines and settlements of a criminal and/or administrative nature. Any fines or settlements of a criminal or administrative nature are non-deductible, even if they were imposed by a foreign authority. This includes fines issued by disciplinary courts or through criminal settlements.
* Costs relating to offences. If you've been convicted of a crime by a Dutch court, the related costs are non-deductible. This also applies to offenses that were considered when determining the penalty, even if they were not prosecuted. Payments made to the state for the deprivation of illegally obtained benefits and compensation for damages caused by the crime can be deductible.
* Costs relating to offences in respect of which a criminal order has become final with the exception of:
  + that paid to the State under the legislation on the deprivation of illegally obtained benefits,
  + compensation for damage caused by the crime.
* Costs of illegally keeping arms and ammunition. Any costs related to the illegal possession of weapons are non-deductible.
* Costs of aggressive animals. Costs for keeping aggressive animals that are prohibited by law are not deductible.
* Costs of bribery. Costs related to bribery are not deductible.
* Non-independent working space in private residence. If you use a workspace in your private home that is not separate from your living space, the related costs are not deductible. There are some exceptions to this rule (see below).
* Non-independent workspace in a rental property. If your workspace is part of a rental property and not a distinct, autonomous space, these costs are not deductible.
* Telephone subscription in home. The cost of a home telephone subscription is not deductible as a business expense.
* Literature other than specialist literature. Only specialized literature directly related to your business is deductible. General reading material is not.
* Clothing other than workwear. Regular clothing is not deductible unless you are a performer, presenter, or athlete, in which case the rules may differ.
* Personal care for appearance. Costs related to personal grooming and appearance are not deductible, except for artists, presenters, or athletes, where it can be considered part of their profession.
* Health insurance contributions. Income-dependent contributions under the Health Insurance Act or similar foreign schemes are not deductible.
* Private electronics and tools. Private computers, audio/video equipment, musical instruments, and tools not used for business are non-deductible.
* Employment allowance to cooperating partner. If you pay an allowance to your cooperating partner that is less than €5,000, it is not deductible.

#### Partially deductible costs

Some costs are only partially deductible. These are often expenses that have both personal and business components, or those subject to specific limits.

* Travel and accommodation costs for education. Expenses for courses, trainings, seminars, etc., are only deductible up to €1,500. Anything above this amount is non-deductible.
* Costs of food, beverages, stimulants, representation, congresses, seminars, symposiums, excursions, study trips. Costs for food, beverages, stimulants (like coffee), representation, and attending events such as conferences or seminars are partially deductible. You can deduct either €5,600 or 20% of the total amount, whichever is lower.
* Commuting is considered business travel.
  + - Privately owned vehicle: If you use your private vehicle for business, you can deduct €0.23 per kilometre.
    - Company owned vehicle: If your vehicle is part of your business assets, all related costs are deductible. However, you must account for private use of the vehicle, except in the case of a bicycle, where a flat-rate scheme applies.
* Personal relocation costs. Personal relocation costs are deductible up to €7,750, plus the actual costs of moving furniture and household items.
* Housing outside place of residence. If you need to live outside your usual place of residence for business purposes, the costs are deductible for up to two years.

#### Deductibility workspace in residence

In the Netherlands, if you have a workspace in your private residence that is part of your private assets, the costs related to that workspace, such as furnishings and utilities, are generally not deductible as business expenses. However, the mortgage interest related to the workspace can be deducted under the owner-occupied home scheme. To deduct workspace expenses from your business profits, your workspace must meet certain criteria:

1. **Independent workspace**:

* The workspace must be an independent part of your home. This means it should have features such as a separate entrance, its own sanitary facilities, and its own meters for energy and water.

1. **Income Requirement**:

* **If you have another workspace outside your home**: At least 70% of your total income (from businesses, wages, and other taxable activities) must be earned mainly from the workspace in your home.
* **If you do not have another workspace outside your home**: At least 70% of your total income must be earned in or from the workspace in your home, and at least 30% of your total income must be earned substantially from that workspace.

If your workspace qualifies for deduction:

1. **The workspace moves to box 3**: The workspace is no longer considered part of your owner-occupied home for tax purposes and is classified under box 3, which covers savings and investments.
2. **Deduction calculation**: The deduction is limited to the tax levied in box 3 plus any costs normally borne by a tenant in a rental situation.

Special considerations for 2023 and beyond

* **box 3 changes**: From 2023, the rate of return for box 3 assets (including your workspace) is linked to the category of "other assets," with specific rates set for each year (e.g., 6.04% in 2024).
* **Historical rules**: Before 2023, the value of your workspace could be placed in the highest taxed asset category in box 3 to maximize deductions. However, changes to box 3 from 2017 onwards have led to legal adjustments due to conflicts with European law.

If your workspace does not meet the independence criteria or if you do not meet the income thresholds, the workspace remains part of your owner-occupied home and is not deductible, except in cases where employees or contractors use the space.

### Depreciation of business assets

Depreciation allows you to spread the cost of business assets over several years. Here’s how different assets are treated:

* Low-value business assets (< €450): These can be fully depreciated in the year of acquisition or production. This means you can deduct the entire cost as a business expense in that year.
* Other operating assets: Generally, you allocate the cost of these assets over their useful life. For goodwill, the depreciation is capped at 10% per year, while other assets can be depreciated up to 20% per year.
* Intangible assets: Production costs for intangible assets can be amortized in full in the year of production.

If you knew of certain issues at the time of purchase, these cannot be used to justify additional depreciation to a lower value.

#### Depreciation of buildings

Depreciation on buildings is only allowed if the book value exceeds the land value. The maximum depreciation is the difference between these values. If necessary, the WOZ value is divided proportionally among co-owners. The WOZ value is the assessed value of a property for tax purposes.

Starting from 2024, the base value for buildings in personal use will be 100% of the WOZ value (it was 50% before 2024).

Buildings qualifying as environmental assets

For buildings classified as environmental assets, depreciation can bring the book value below the usual bottom value. However, random depreciation on environmental investments is limited to 75% of the acquisition or production costs. The remaining 25% follows the regular depreciation rules.

Understanding these rules for workspace deductions and asset depreciation will help you correctly report your business expenses and avoid costly mistakes. If you're unsure about your specific situation, consulting a tax professional is always advisable to ensure compliance with Dutch tax laws.

#### Special considerations for depreciations

Arbitrary depreciation allows you to write off the acquisition or production costs of certain business assets more quickly than under the regular depreciation schedule. This can provide significant tax benefits by reducing your taxable profit in the year the depreciation is applied.

Arbitrary depreciation of environmental investments (Vamil)

The assets must be listed on the Environmental List (Milieulijst), which can be downloaded from the Netherlands Enterprise Agency (RVO) website at [www.rvo.nl](https://www.rvo.nl).

Requirements:

* The asset must be new (not previously used).
* Registration with the RVO within three months of purchase is mandatory.
* No auditor's report is required for these assets.

You can depreciate up to 75% of the cost arbitrarily, with the remaining 25% following the regular depreciation rules. Both regular and arbitrary depreciation can be combined.

Arbitrary depreciation

Arbitrary depreciation is possible if you have entered into obligations or incurred production costs for business assets during the tax year in which you qualify for the increased self-employed deduction, or in the previous year if the deduction wasn’t applicable then.

Business assets that are excluded from the investment deduction cannot benefit from arbitrary depreciation. Arbitrary depreciation is capped at the maximum amount of the small-scale investment deduction (KIA), which is €387,580.

### Investment allowances & credits

As an entrepreneur, you are entitled to investment deductions when investing in assets. Investment deductions allow you to reduce your taxable profit, which means you pay less tax. There are several types of investment deduction:

* Small projects investment credit (KIA)
* Energy Investment Allowance (EIA)
* Environmental investment deduction (MIA)

Small projects investment credit (KIA)

The KIA is designed for small-scale investments in business assets. If you invest in eligible assets, you can deduct part of these investments from your taxable profits. In 2023, the deduction applies to investments between €2,600 and €353,973. If you sell or give away the assets within five years and the total value exceeds €2,800, you’ll need to repay part of the deduction via a disinvestment surcharge. KIA does not apply to assets intended for third-party use or assets costing less than €450. Scheme:

| **Total of your investments** | **Small projects investment credit (2023)** |
| --- | --- |
| no more than € 2,600 | € 0 |
| € 2,601 up to € 63,716 | 28% of the investment amount |
| € 63,717 up to € 117,991 | € 17,841 |
| € 117,992 to € 353,973 | € 17,841 minus 7.56% of the portion of the investment amount exceeding € 117,991 |
| more than € 353,973 | € 0 |

Energy Investment Allowance (EIA)

The EIA is available to companies investing in energy-saving technologies or assets that reduce CO2 emissions. You can deduct 40% of your investment costs from your taxable income.

You qualify when:

* Your company must be tax-liable and based in the Netherlands, Aruba, Curaçao, Sint Maarten, or the BES Islands.
* The minimum investment per application is €2,500, and the maximum is €136 million.
* The asset must be new and you must hold the required licenses.
* You cannot apply for EIA if you’re also applying for the MIA (see below) or the SDE+ schemes.

You can simultaneously apply for both the energy investment allowance (EIA) and the small projects investment credit (KIA). If you sell or give away the business assets within 5 years after your investment and the total value exceeds €2,300, you must repay a proportion of the allowance via the disinvestment surcharge.

You can [apply for EIA](https://mijn.rvo.nl/energie-investeringsaftrek-eia#main-content) to the Netherlands Enterprise Agency (in Dutch).

Environmental investment deduction (MIA)

The MIA provides tax deductions for investments in environmentally friendly business assets or technologies. Depending on the asset, you can deduct 27%, 36%, or 45% of the investment costs from your taxable income.

You can deduct the following costs:

* Acquisition costs for your investment:
  + purchase price
  + purchase costs, such as transportation costs, import duties, and notary fees
  + operational preparation costs, such as installation and assembly costs
* production costs for the business asset you want to invest in:
  + labour costs (wages and overhead)
  + costs of materials from your warehouse
  + costs of parts that are purchased and installed under your direction
* the cost of [environmental consultancy](https://www.rvo.nl/subsidies-financiering/mia-vamil/ondernemers/voorwaarden#voorwaarden-milieu-advieskosten) (only for SMEs, in Dutch)

If your project does not generate profit, you may settle this with previous years (carry back) or upcoming years (carry forward). To find out which percentage (27%, 36%, 45% or 75%) applies to a specific business asset, you can check the Dutch-language [Environment list tool](https://data.rvo.nl/subsidies-regelingen/milieulijst-en-energielijst/2024?type=miavamil) (*Milieulijst*).

To apply for the MIA or Vamil scheme you must meet [several conditions](https://english.rvo.nl/en/subsidies-financing/mia-vamil/entrepreneurs#conditions), such as:

* Your company is registered in the Netherlands, Aruba, Curaçao, St. Maarten or the special Dutch municipalities Bonaire, St. Eustatius or Saba.
* You must be liable for personal income tax.
* You invest in a business asset that is on the [Environment list](https://www.rvo.nl/subsidies-financiering/mia-vamil/milieulijst) (in Dutch) and meets the set requirements. Does the code on the Environment List start with A, B, C, or F? Then random depreciation (Vamil) is possible for that asset.
* You have not used the asset previously.
* The minimum investment per application is €2,500.

If you fail to use the asset within three years or if you don’t pay at least 25% of the investment within 12 months, you must repay part of the deduction. The same applies if you sell or give away the asset within five years.

Exemptions

Certain assets are fully or partially exempt from investment deductions:

* Forestry business assets.
* Assets used to avoid double taxation.
* Land (with some exceptions for land improvements).
* Passenger cars not used for professional road transport (except certain environmentally friendly cars).
* Residential houses and houseboats (with exceptions for commercial rentals).
* Vessels used for representation.
* Securities, claims, goodwill, and certain permits.
* Animals.

### Fiscal reserve

Fiscal reserves allow you to set aside profits for future use, reducing your taxable income in the current year. There are two primary types of fiscal reserves—Reinvestment Reserve and Equalisation Reserve

Reinvestment reserve

The Reinvestment Reserve is a tool that allows businesses to defer taxes on profits made from selling company assets. By setting aside these profits for future investments, you can spread out your tax liability over several years.

If your business sells an asset, such as machinery, computers, or real estate, and makes a profit, you can allocate this profit to the Reinvestment Reserve. This defers the tax on that profit until you reinvest in a new asset.

Starting from January 1, 2024 the Reinvestment Reserve rule also applies to entrepreneurs who partially cease their business due to government measures. In such cases, you can use the reserve to invest in a new company.

To benefit from the Reinvestment Reserve, you must meet the following three requirements:

1. Replacement Requirement:

* **Intent to replace**: You must have the intention to replace the sold asset within a reasonable timeframe.
* **Same function**: For certain assets, the replacement must serve the same function as the sold asset. This is particularly important for assets not eligible for deductions (like real estate) and assets with deduction periods longer than ten years (e.g., office buildings). These long-term assets are referred to as "durable company assets."

1. Book Value Requirement:

* **Book value matching**: The book value of the new asset(s) must not be lower than that of the sold asset. You can reinvest the profit from the sold asset into one or multiple new assets, as long as the combined book value of the new assets meets or exceeds the book value of the old asset.
* **Book value calculation**: The book value is calculated as the purchase price minus any depreciation or deductions made up to that point.

1. Similar economic function: The new asset must fulfil a similar economic role as the sold asset. For example, if you sell an office building, the reinvested asset should also be an office or something serving a similar function in your business, like upgrading a machine to a newer model.

Timing for using the Reinvestment Reserve:

* **Durable assets**: If the sold asset has a deduction period of more than ten years, the reinvestment reserve can be applied to the purchase of new assets in subsequent years.
* **Non-durable assets**: For assets with a deduction period of less than ten years, the reserve should be used with the first purchase of a new asset, typically within the same fiscal year or in subsequent years.

Example

Let’s say you sell a piece of machinery for €50,000 and make a €20,000 profit. Instead of paying tax on the €20,000 profit immediately, you set it aside in the Reinvestment Reserve. Later, when you purchase a new machine for €60,000, you can use the €20,000 from the reserve to offset part of the new machine’s cost, deferring the tax on that profit.

Equalisation Reserve

The Equalisation Reserve allows you to set aside money for future business expenses that don’t occur annually but can lead to significant costs in certain years. This helps you manage large, irregular expenses by smoothing out their impact on your taxable profit over time. The conditions for establishing such a provision are as follows:

* **Infrequent**: The expenses do not occur every year.
* **High in Cost**: These expenses result in a peak in spending during the year they are paid.
* **Necessary**: The expenses must be necessary for your business operations in the year you allocate funds to the reserve.
* **No Catch-Up**: If you don’t allocate funds to the reserve in a particular year, you generally can’t make up for it in a subsequent year.

The Equalisation Reserve is a statutory tool, meaning it’s formally recognized by law. However, in some cases, the same effect (or even a better result) can be achieved by following sound business practices as outlined in the Baksteen judgment (HR 26 August 1998, no 33,417). If you missed making an allocation in a year when it was possible, you might be allowed to make the allocation in a later year based on this judgement.

Example

Suppose your business incurs significant maintenance costs for machinery every five years. You can use the Equalisation Reserve to set aside money each year leading up to the maintenance, spreading out the impact of this large expense over several years.

### Entrepreneurial deductions & allowances

If you own multiple businesses, the entrepreneurial deductions apply to the combined profits of all your businesses. There are five main deductions and allowances available to entrepreneurs:

* Private business ownership allowance (*zelfstandigenaftrek*)
* R&D deduction (*S&O-aftrek)*
* Working partner's abatement (*meewerkaftrek*)
* Business discontinuation relief (*stakingsaftrek*)
* Profit exemption for small and medium-sized enterprises (SME) (*mkb-winstvrijstelling*)

Private business ownership allowance (*zelfstandigenaftrek*)

The Private Business Ownership Allowance is one of the most important tax deductions for sole proprietors in the Netherlands. It allows you to deduct a fixed amount from your annual gross profit, reducing the amount of tax you need to pay. To qualify for this deduction, you must meet the hours criterion. This means you must spend at least 1,225 hours per year on your business activities. For the tax year 2023, the Private Business Ownership Allowance is a flat deduction of **€3,750**.

If you're a start-up entrepreneur (meaning you weren't an entrepreneur in one or more of the previous five years and haven’t claimed this deduction more than twice in that period), you're entitled to an additional deduction of **€2,123**.

Note: If you have used the return facility under corporate income tax, the additional deduction does not apply. If you’ve reached the state pension age, your deduction is reduced to 50% of the standard allowance, including the start-up increase.

R&D deduction (*S&O-aftrek)*

If you're involved in research and development (R&D) activities, you may be eligible for an additional tax deduction. Eligibility:

* You must meet the hours criterion (1,225 hours per year).
* You must spend at least 500 hours in the calendar year personally conducting R&D work.

The standard R&D deduction is **€15,000**. If you're a start-up and meet the conditions mentioned earlier, this deduction increases by **€7,781**. Important note: You must obtain an R&D declaration from the Rijksdienst voor Ondernemend Nederland (RVO.nl) to claim this deduction.

Working partner's abatement (*meewerkaftrek*)

If your partner works in your business without receiving a formal salary, you may be eligible for the working partner's abatement. This deduction allows you to reduce your taxable profit based on your partner's contribution. Eligibility:

* You must meet the hours criterion.
* Your partner must assist in the business without receiving formal remuneration of €5,000 or more.

The amount of the deduction depends on the number of hours your partner works in the business, as detailed in the table below:

| Hours of work partner in calendar year | | Working partner's abatement |
| --- | --- | --- |
| From | to |  |
| 0 | 525 | 0 |
| 525 | 875 | 1.25% of the profit |
| 875 | 1,225 | 2% of the profit |
| 1,225 | 1,750 | 3% of the profit |
| 1,750 |  | 4% of the profit |

If you decide to pay your partner a salary of €5,000 or more, you cannot claim the working partner’s abatement. Instead, the salary becomes deductible from your business profits, and your partner will be taxed on it as income.

Business discontinuation relief (*stakingsaftrek*)

When you stop operating your business, you may be entitled to the business discontinuation relief, which can help reduce the tax on profits made from ceasing your business. This relief applies if you earn profits from the cessation of your business in a given calendar year.

Relief amount:

* The maximum relief is **€3,630**, which can be claimed once in your lifetime.
* The relief cannot exceed the cessation profit, and it must be reduced by any business discontinuation relief already claimed since 2001.

Conditions:

* The relief is only applicable in the case of complete cessation, not partial cessation.
* It can also be applied to reduce taxable amounts from a retirement reserve if you’ve operated the discontinued business for at least three years.

Profit exemption for small and medium-sized enterprises (SME) (*mkb-winstvrijstelling*)

This exemption allows you to reduce your taxable profit by a percentage, making it a valuable deduction for small and medium-sized businesses. Unlike other deductions, you do not need to meet the hours criterion to qualify for the SME Profit Exemption. This means part-time and hybrid entrepreneurs can also benefit. For the tax year 2023, the SME Profit Exemption is **14%** of your business profits.

## Chapter 3 – Employment and owner-occupied home

This section covers all income in Box 1. If you indicate the type of income you received, the tax return software will direct you to the relevant questions. This chapter will cover the following types of income:

1. Income from employment (wage);
2. Pension and other benefit payments;
3. Income from other activities;
4. Alimony income;
5. Income from owner-occupied home.

### Income from employment (wage)

Wages in this section includes all wage earned, both in the Netherlands and abroad.

* Income from employment covers all the financial benefits you receive from your job.
  + This includes everything your employer pays you, which is typically reported in your annual tax return.
  + Your annual wage for tax purposes includes all forms of compensation like salary, bonuses, allowances, company car usage, pension contributions, and other perks, as well as any excessive expenses.
  + The healthcare insurance contribution paid directly by the employer isn't considered part of your wages.
    - In case your employer decides to pay for your private health insurance, this is considered part of your wage.
  + Any pension contributions already deducted from your pay have been accounted for.
* Tips received belong to your income from employment.
  + Sometimes, employers already pay payroll tax on these tips, especially in the case you work in a restaurant. If this happens, these incomes are usually included in your annual fiscal statement. You can use the wage tax paid to offset your income tax.
  + However, if no wage tax has been paid on your tips, you need to declare them as income in your tax return.
* If someone works for a company where they own a substantial interest (5% or more of shares) they must receive a “customary wage”. This wage must be at least as much as the higher of the following options:
  + The salary of the most comparable employee in a similar job.
  + The salary of the highest-paid employee in the company or a related company.
  + €51,000 (2023).
    - This salary should include the value of any benefits, such as a company car used for personal reasons, for tax purposes.
* A stock option is a right given by an employer to its employees to purchase shares in the company or a related company in the future at a fixed price.
  + When the shares become available for trading, the benefit is taxed based on their full value. This means that if the value of the shares has increased between the time the option is exercised and when they become available for trading, that increase in value is also taxed.
  + However, the employee can choose to have the taxation occur at the time the option is exercised by providing a written request.

#### The company car

If you have a company car provided by your employer, the private use benefit of this car is already included in your payroll tax, so you don't need to separately report it.

* The amount added to your wages due to the benefit of using the car for personal reasons depends on factors like the car's value, its CO2 emissions, and its age, assuming it was registered in 2023.
  + The car's list price, including VAT and passenger car tax, is used to calculate the additional taxable benefit.
  + For cars less than 15 years old, the addition is typically 22% of the car's catalogue value. However, if the car emits no CO2, this percentage is reduced to 16%, with a maximum reduction of €1800 for non-hybrid cars. This means that 16% applies to the first €30,000 of the car's value, and 22% applies to any amount exceeding that.
  + For cars 15 years or older, the addition is 35% of the fair value of the car, starting from the day it turns 15.
  + For hydrogen- or solar-powered cars, the addition is 16% of the full list value for five years after the car is first registered. After that period, the percentage resets.
* Your employer spreads the annual addition amount evenly over 12 months and adds it to your wages each month, ensuring that wage tax is paid on it.
* You generally don't need to report the car in your income tax return because it's already included in your annual statement.
* For vans, the calculation is based on the catalogue value including VAT. For cars or vans 15 years or older, the calculation is based on the free market value, which can vary widely.
* If the car's registration certificate was issued after July 1, 2006, only accessories fitted by or on behalf of the manufacturer or importer before that date count towards the calculation. Other accessories, even if fitted before the certificate's issue date, don't count.

##### Deduct costs

Expenses related to the private use of a car that you pay to your employer can be deducted from the additional taxable benefit. However, this deduction can only be up to the amount of the additional taxable benefit.

* If you had to buy a more expensive car for personal reasons than what your employer budgeted for, any allowance you paid to cover this extra cost can also be deducted from the additional taxable benefit.
* This deduction only applies to the part of the allowance that relates to private use. It's a good idea to have a written agreement stating that the entire allowance is for private use. This applies even if the allowance is paid in one lump sum, but it can't be deducted all at once. Instead, the amount should be spread out over several years based on reasonable amortization periods, and only for the portion used for private use.
* Your employer handles the deduction of the personal contribution for private use in the payroll; you can't do this yourself in your income tax return.
* Expenses you pay to people other than your employer, like petrol costs, are considered own expenses. These expenses can be reimbursed to you completely tax-free. This also applies to petrol, tolls, and ferries you pay for during a holiday.

##### No or little private usage

If you use your company car for private purposes for less than 500 kilometres per year, you don't need to report any amount as part of your salary. Kilometres driven for work purposes and commuting are considered business-related. However, kilometres driven for private reasons other than commuting are not considered business-related. Special rules apply when you change cars or employers.

* According to the Supreme Court, driving home for lunch during work hours is considered a business-related trip.
  + However, if you drive to a weekend residence on Friday and back to work on Monday, any distance beyond your regular commuting distance is considered private mileage.
* If you want to avoid paying tax on the private use of your company car, you need to prove that you drove less than 500 kilometres privately during the year.
  + This requires keeping detailed mileage records, including the purpose of each trip, starting and ending odometer readings, and distinguishing between private and business kilometres. In exceptional cases, you may be able to provide other evidence to prove your private mileage.
* If your employer incorrectly included an amount for private use in your wages, you can correct this on your income tax return. You'll need to include the details from your annual statement, including any additions for private use, and indicate the incorrect private use as negative wages.
* Your employer can choose not to include the additional taxable benefit for private use of less than 500 kilometres if you apply for a "statement no private car use" from the Tax Administration and provide it to your employer.
  + However, the Dutch Tax Authorities may ask for proof that you drove less than 500 kilometres privately.
  + If you provide this statement, your employer will not be liable for any additional taxes on wages, unless they know that you drove more than 500 kilometres privately. This statement is valid indefinitely, but you must inform the Dutch Tax Authorities promptly if there are any changes in your circumstances.

### Pension and other benefit payments

Pension payments and some benefits, like those from disability and annuity insurances, are not counted as part of your regular wages, but payroll tax is still withheld from them when they're paid out.

* This means you don't need to pay any additional tax on these benefits at the end of the year because it's already been taken care of when you received them.
* Pension and other benefit payments are generally considered earnings from previous employment and should be declared under the category of 'pensions and other benefits'. Because they're classified this way, they're not factored into the calculation of employment tax credit.
  + The most familiar type of old-age pension is the state pension. Additionally, there are pensions earned through employment and occupational pensions (like those for specific professions such as physiotherapists).
  + All these pensions are considered income from past employment for tax purposes. The benefit agency deducts payroll tax from these pensions, which the tax authorities automatically use to offset against your income tax.
  + Early retirement benefits, waiting pensions, and bridging benefits are treated the same way as old-age pensions.
* Other examples of what is considered benefits under Dutch tax law are benefits from social insurance laws, welfare payments, severance payments, or transition payments, as earnings from previous employment.
  + Social security benefits include for example Act on Work and Income according to Work Capacity (WIA), young people with an illness/disability (Wajong), benefits for widows and widowers (ANW) and Unemployment Insurance Act (WW).

### Income from other activities

Sometimes, defining income as "income from business" isn't straightforward. However, there can be significant benefits to categorizing income as “income from business.

* Doing so might make you eligible for certain deductions and exemptions like the entrepreneur deduction, SME profit exemption, and investment deduction. If your income comes solely from your business, it's typically considered income from business.
  + But if you have other sources of income, determining whether it falls into this category isn't always clear.
    - If you're unsure, it's a good idea to seek advice from an expert, especially if you're involved in activities that straddle the line between personal and business endeavours.
* Income that is taxed but hasn't had payroll tax withheld, and isn't considered profit from a business, is labelled as "income from other work." However, not all money earned is taxed in this way. Here's why:
  + The activities are conducted with a commercial purpose.
  + There's an intention to gain some form of benefit.
  + It's reasonable to expect that this benefit will be achieved.
* For instance, if you engage in a hobby or pastime, any income generated may remain untaxed if it's unlikely to generate a profit, even over the long term. Additionally, you can't deduct expenses related to this income.
* Here are different types of income that fall under the category of "income from other work":
  + Royalties, copyright, and patent rights earned by you.
  + Payments received for articles, books, lectures, or readings authored or delivered by you.
  + Compensation for serving on boards or committees.
  + Tips that weren't subject to payroll tax because they weren't factored into the salary.
  + Income earned as a host parent.
  + Commissions earned by non-entrepreneurs working as insurance or commercial agents.
  + Fees earned by non-entrepreneur freelancers such as journalists, translators, or radio and TV workers.
  + Income earned as domestic servants, limited to no more than three days a week.
  + Payments received from a personal budget holder for providing assistance.
  + Allowances for voluntary work exceeding the maximum untaxed allowance.
  + Additional earnings from non-employment activities.

#### Calculating the income from other activities

Here's a simplified explanation of determining income from other work and managing expenses:

* Start-Up Phase: Initially, when starting income from other work, it might be considered a hobby, and expenses incurred during this time aren't deductible. Deductions are only allowed once the activity starts generating consistent income, typically when there's a reliable profit.
* Expense Documentation: Keep careful records of all expenses incurred during the start-up phase, as these can be deducted once the activity becomes a source of income. You can claim these expenses in the first year of income generation or the five years leading up to it. Make sure to retain receipts and invoices for proof.
* Record-Keeping: While there's no obligation to maintain records for income of other activities, you should be able to provide information to the Dutch Tax Authorities if requested. However, if your activities involve providing assets or require active asset management, you must keep records.
* Income Reporting: Income should generally be declared when it's earned, not necessarily when invoices are issued. This is known as the accounts receivable or invoice system. However, if your activities are modest and income fluctuates minimally, you might be eligible to use the cash accounting system, where you report income when it's received.
* Expenses Deduction: You can typically deduct expenses related to your work income, but there may be restrictions on certain deductions. Check the guidance provided by the tax return program for specific rules on deductions.
* Profit System: The profit system is primarily used to determine income and expenses. There are two types: total profit, calculated at the end of activities, and annual profit, which is assessed yearly. The common issues surrounding this are covered in the tax return program's help information.

#### The balance sheet of your activities

Here's a simplified explanation of the rules regarding asset labelling:

* Private vs. Business Assets: When using items like cars, buildings, or computers for your work, you need to decide if they belong to your business assets (on your balance sheet), private assets, or both. This decision affects your tax treatment.
  + Private Assets: If you classify items as private assets, you can't deduct their costs from your business income. Instead, they may be subject to taxation under box 3, along with any debt incurred for them. However, you can deduct a nominal fee for using these assets from your business profit.
  + Business Assets: If items are on your balance sheet as business assets, you can deduct all associated costs, including depreciation over their useful life. If you also use these items privately, you need to adjust your profit accordingly.
* Asset Transfer: When your activity ends, business assets are transferred to your private assets at their fair market value. If the fair value is higher than the book value, you may have to pay tax on the book profit. Conversely, if it's lower, you can deduct the loss.
* Property Depreciation: There are limits on depreciation, especially for property. For income of other activities, you can't depreciate more than 50% of the WOZ value. For other assets like cars, the annual depreciation is capped at 20% of the purchase value.

### Alimony income

Partner alimony is the support payment received from an ex-spouse after a divorce. It's considered income for the recipient and may need to be declared for tax purposes.

* Obligatory alimony payments, based on law, court ruling, or agreement, must be declared by the recipient for tax purposes.
* Obligatory payments don't need to be declared. However, voluntary payments made for moral reasons after the alimony obligation ends are still taxable.
* Partner alimony is typically paid in regular instalments, but it can also take different forms:
  + Lump-sum payment: Taxed at the recipient's normal tax rate.
  + Pension offsets or annuity payments: Taxed in Box 1.
  + In-kind provision: If the ex-spouse provides goods or services instead of cash (like paying health insurance premiums or providing housing), the cash value of these benefits is taxed as income in Box 1.
* Withdrawals or expenses from joint accounts or credit cards: Considered alimony and taxed accordingly.
* If you receive welfare benefits along with alimony, the alimony is already included in the annual social service statement, so you don't need to declare it separately for tax purposes.
* You can deduct certain expenses associated with acquiring, collecting, or maintaining alimony payments. For example:
  + Attorney fees: Costs incurred to establish or negotiate alimony terms.
  + Legal expenses: If your ex-spouse contests the alimony or if you incur costs to enforce payment.
  + Bailiff fees: If you need to involve a bailiff to collect unpaid alimony.
  + Other expenses: Costs like telephone calls, postage, or travel related to managing alimony income.
* These deductible costs can help reduce the taxable portion of your alimony receipts.

### Income from owner-occupied home

If your main residence is considered an owner-occupied home, it's treated as an asset that generates “income” because you're getting free or cheap housing. As a result, you need to add an amount to your income called the “notional rental value”. This imputed income from owning a home is completely fictious. Please consider consulting a tax advisor to help you with filling in this part of your tax return, especially for special cases.

* However, you can partially deduct certain costs related to your owner-occupied home. This includes:
  + Interest and financing costs: You can deduct part of the interest and the financing costs of getting a mortgage.
  + Leasehold canons and periodic payments: Costs like leasehold payments can also be deducted.
  + Hillen Act: If you have little or no mortgage debt, you may qualify for a deduction under the Hillen Act.
* On the other hand, some expenses related to your owner-occupied home are not deductible, such as:
  + Depreciation and maintenance: Costs for home depreciation, maintenance, and repairs are not deductible.
  + Business expenses: Expenses related to running a business from your home are also not deductible.
  + Insurance premiums, property tax, and owner association fees: These costs are typically not deductible.
  + Transfer tax and notary fees: Fees for transferring the property ownership are not deductible.
  + Partially non-deductible interest: In some cases, only part of the interest paid on the mortgage may be deductible.

#### Owner-occupied home

In most cases, your owner-occupied home is simply where you live as a homeowner. However, there are specific legal criteria to consider:

* It's the building and land that you or your household members primarily live in.
* This includes homes owned outright, cooperative memberships, leasehold properties with annual ground rent, permanently moored houseboats, or caravans meeting certain criteria.
  + Even if the homeowner doesn't have legal ownership of the main residence (for example, if it's owned by a foundation or a previous owner), they can still qualify for the owner-occupied home scheme if at least 50% of the change in the home's value concerns them.
    - This often occurs in divorce situations where ownership may be divided.
* You or your partner must receive the residential benefit, and you must bear the associated costs.
  + This means that the homeowner or their partner must be responsible for paying the costs and charges associated with the home, such as maintenance, property tax, and insurance premiums.
  + It doesn't matter who actually pays these expenses as long as they are owed by the homeowner or their partner.
  + If there's a way to recover these costs from someone else, like live-in parents, then the homeowner isn't considered to bear the financial burden.
    - For example, if someone buys their parents' house and the parents agree to cover the costs, the house isn't considered owner-occupied for either party.
    - Only if the homeowner bears the costs themselves does the house qualify under the owner-occupied home scheme.
* Changes in the property's value significantly affect you or your partner.
  + To qualify for the owner-occupied home scheme, at least 50% or more of the change in the home's value must affect the homeowner or their partner.
  + Even if the homeowner only owns part of the home, the scheme applies to that portion, even if it's less than 50%.
* Tax partners can only jointly own one home that they live in together, unless exceptions apply in the situation of divorce.
  + If both partners have their own home where they live, they need to decide which one to declare as their main home for taxes. The other house will be treated differently for tax purposes.
    - You can pick a different main home each year, but once you decide, you can't change it until the next year.
  + When you file your taxes separately and both claim both homes as their main residence, the first person to file will have their home considered the main one.
  + If they don't claim any home as their main residence, both homes will be treated the same way for tax purposes, and they won't get a tax break for mortgage interest on either home.
* Below are examples of houses that do not qualify as a owner-occupied home:
  + Second home or holiday home: If you own a second home or a holiday home that is not your main residence, it doesn't qualify as an owner-occupied home.
  + Rented house: Any property that you rent and pay rent for, unless it's temporary rental, is not considered an owner-occupied home.
  + Rented out part of the house: If you rent out a part of your property for a non-temporary period, it doesn't count as an owner-occupied home unless you qualify for the room rent exemption.
  + House under usufruct: If you live in a house due to a right of usufruct use that wasn't acquired through inheritance, it doesn't fall under the owner-occupied home scheme.
  + House is part of company assets: Any house that is part of a company's assets or is used for business purposes is not considered an owner-occupied home. This includes assets used to generate income from other activities.
  + Independent part of house, building, ship, or residential car used for business: If you use an independent part of a building, ship, or residential car for business purposes, it doesn't qualify as an owner-occupied home. This applies if the property is used in a company or by someone associated with the household for which expenses can be charged against profits. Additionally, if the property is used for income-generating activities of a person or their household member, or if it's part of a company in which the person or their household member has a significant interest, it's not considered an owner-occupied home.

##### Appurtenances

* Appurtenances are additional structures like garages or sheds that are closely associated with and serve the main dwelling.
  + For example, if a garage is physically connected to the house and serves its purpose, it's considered part of the owner-occupied dwelling.
    - The distance of an appurtenance from the main dwelling is not the only factor considered. Courts have ruled that even a garage located 75 meters away may not be considered part of the owner-occupied dwelling if it's not closely connected to the house.
    - However, if the garage shares similar external features and location with the main house, even if it's located remotely, it may still be considered an appurtenance.
  + Summer houses or other buildings on the same plot as the main house are typically considered appurtenances. Even structures on adjacent plots that are used in connection with the main dwelling, such as storage or guest houses, may be considered appurtenances.
  + However, separate pieces of land not directly connected to the main dwelling, especially if separated by significant distance or fencing, are typically not considered appurtenances.

##### Rights of usufruct, use, or occupancy

* If someone is allowed to live in a house through rights like usufruct, use, or occupancy, the house is only considered under the owner-occupied home scheme if they acquired this right through inheritance (e.g., via estate division or will).
* If the property is part of an undivided estate, typically between a surviving parent and children, the right of usufruct or use must be established within two years of the parent's death for the owner-occupied home scheme to apply continuously. Otherwise, the scheme stops after two years and resumes upon estate division.
* The person with the usufruct must enjoy the benefits of living in the house and bear associated costs and charges. The bare owner, who inherits ownership but doesn't live in the house, declares ownership in box 3 of their tax return. If the bare ownership was inherited from a parent and the surviving parent inherited the usufruct, the bare ownership is exempt in box 3.
* The usufructuary can purchase additional bare ownership of the house, converting their rights to full ownership. This allows the house to fall under the owner-occupied home scheme. The loan to purchase the bare ownership becomes part of the owner-occupied home debt if conditions are met, making the interest deductible. Any existing loan related to usufruct also becomes part of the owner-occupied home debt if conditions are met.

##### Exceptions; still an owner-occupied home

In some cases, even if you don't live in a house yourself, it can still be considered your owner-occupied home for tax purposes.

* You'll need to indicate whether someone else is living in the property or if it's empty, depending on the situation.
* Then, you'll answer some questions to determine how to include the property in your tax return: in Box 1, with or without the owner-occupied home credit, or in box 3.
* If a vacant home was used as your main residence in 2023 or in the past three years and is now for sale, it still counts as your main residence for tax purposes in 2023.
  + You don't need to declare it as a main residence for the time it's empty and up for sale, and you can deduct the loan interest (and costs) during this period. Choose the option 'Property: vacant or holiday home' in this case.
* You can start deducting the loan interest (and costs) from the moment you, as the owner, move out of the house with the intention of selling it.
* Even if the house stays empty for a few months before being put up for sale, you can still deduct the interest during that time if you can show that the house was meant to be sold from the date you moved out.

###### Exception 1: House under construction/empty house

If you buy a house that's still being built or is empty, it can still be considered your main residence for tax purposes in 2023 if you can show that you plan to live there by 2026.

* You won't need to pay any extra tax for it.
* This applies even if you already have another main residence. When filing your taxes, select the option 'Property: vacant or holiday home' if it's ready-made, or 'Building plot or house under construction' if it's still being built.
* Construction work starts as soon as building work begins. A piece of land is also considered under construction if work starts within six months. You can start deducting interest from the start of this six-month period. If you've already taken concrete steps to start construction before this period, it's already considered your main residence.
* If you buy a newly built house but sell it without living in it, it becomes a regular property for tax purposes. However, if you bought it with the intention of living in it and it's empty when you sell it, it stays under the main residence scheme for the year of purchase and the following two years.
* Once you sign a contract to sell your old property, any changes in its value no longer affect you. However, you can still benefit from the main residence scheme for up to two years after signing the contract, even after you move out.
* This period isn't just limited to the calendar year plus three more years, like other moving schemes. For a property under construction, this period might even extend beyond the current year and the next three years, especially if construction gets delayed.
* As long as the expected completion falls within the current year or the next three years, you can still benefit from the main residence scheme.

###### Exception 2: Building plot

* If you buy land to build your own home, it becomes part of the main residence scheme as soon as construction starts.
  + Choose the option 'Building plot or house under construction' when filing your taxes.

###### Exception 3: In case of divorce

If you let your ex-spouse or partner live in the home after a divorce or separation, it stays under your name for up to 24 months after they leave.

* During this time, you can still claim benefits for owning a home and deduct loan interest. You can also count these benefits as part of any alimony payments.
* Your ex-spouse needs to declare the same amount as alimony received.
* If you receive payment for letting someone else use the home, you can't claim the benefits as alimony. Your ex-spouse doesn't need to declare this amount either.
* In this case, select the option 'Home: occupied by someone other than you and your tax partner' when filing your taxes. Answer the questions about your situation accurately, and the tax program will tell you where to declare the property.
* If your ex-spouse moves out within two years and the home is put up for sale empty, you can still benefit from the home ownership scheme according to the rules for moving. For example, if your ex-spouse left in 2020 or later, you can still benefit from the scheme in 2023.

###### Exception 4: Temporarily living abroad

If you're temporarily living somewhere else, like abroad as an expat or in another part of the Netherlands, you can still consider your home as yours if you lived there for at least a year.

* You can't own another home for tax purposes during this time, and no one else can move into your home.
* However, you'll have to pay a higher tax rate on your home, which is called the relocation scheme. The tax rate depends on the value of your home.
* Approval 1: The Secretary of State of Finance has allowed certain people to keep living in their home even after the relocation scheme ends. This includes your children, your tax partner, or someone who used to be your tax partner.
  + Also, people who were part of your household for at least 12 months before you moved out, like a dependent parent, can continue living there. This approval applies from October 23, 2020, under certain conditions.
* Approval 2: If you received Approval 1 in the past, you might be eligible for Approval 2 in subsequent years if you still meet the conditions. This allows you to keep benefitting from the relocation scheme.
* Having a squatter living in your home for free doesn't affect your interest deduction. However, you need a written agreement stating that the squatter will leave within a certain time if you ask.
* If you don't request the relocation scheme on your tax return, your property will be considered a holiday home or vacant property. When filling out the tax forms, you'll be asked if you were temporarily deployed.

#### Notional rent value of your owner-occupied home

Under the owner-occupied home scheme, a certain amount is added to your income called the notional rent value. In Dutch, this is called the ‘*eigenwoningforfait’*. The amount added depends on the WOZ value of your house, which is determined annually by the municipality based on housing market trends in specific area. This notional rent value is fictitious income.

* The tax return program will calculate the flat-rate home ownership tax automatically.
* For your 2023 tax return, you'll need the WOZ value as of January 1, 2022. You can find this value in the WOZ assessment typically sent by the municipality in January or February 2023. Although the assessment mentions 2023, it's based on the value as of January 1, 2022.
* If you haven't received the WOZ value from the municipality, you can request it. After buying a new house, the municipality usually sends this assessment automatically. If the value hasn't been determined yet, you'll need to estimate what the property would have been worth on January 1, 2022, considering its condition on January 1, 2023. Send a copy of this decision or estimate to the Tax Administration. If your estimate was off, your owner-occupied home value will be adjusted accordingly.
* If the municipality lowers the WOZ value after you objected, you can use this lower value. If they haven't made a decision yet, you should use the established WOZ value. The tax authorities often update the flat rate for owner-occupied houses if the WOZ value is later lowered. It's a good idea to send a copy of the objection decision to the Tax Administration.
* Be cautious when the WOZ value is reduced as it may not be updated in the tax return automatically.
* If the property's value changed in 2022 due to renovations, improvements, or changes in zoning, the WOZ value won't be adjusted.
* The income credit for the owner-occupied home is limited to the notional renal value. This covers “benefits” like living pleasure, insurance payments, and fees for certain services related to the property.
* Periodic payments related to the house, except for purchase subsidies, are taxed. One-time payments, however, are tax-free. Temporary rental of all or part of the owner-occupied home follows a special rule.

#### Income from temporarily renting out your owner-occupied home

If you decide to rent out your property permanently, it's no longer considered your main residence for tax purposes. Instead, both the property and any debt related to it will be categorized under box 3.

* However, if you're temporarily renting out your home, there's a different tax rule to follow. First, you need to specify that your property is your main residence, and then indicate if it's been temporarily rented out. Here's how temporary rentals are taxed:
  + 70% of the rental income is added to your income from the property. This includes rent plus allowances for utilities, minus direct rental-related costs like utilities, cleaning, and advertising.
  + You still need to pay owner-occupied house tax for the entire property during the rental period.
  + The limited cost deduction of the owner-occupied home scheme applies, which means you can't deduct depreciation, maintenance, or insurance expenses, but you can deduct interest, loan costs, leasehold payments, and certain other periodic payments.
  + Temporary rentals can include short-term rentals during holidays or continuous rentals like when working abroad. However, your property must remain your main residence. If you're posted abroad for an extended period, your main residence might change, and the temporary rental rule won't apply anymore.
  + Renting through platforms like Airbnb or Booking also falls under this temporary rental scheme. You'll need to report 70% of the rental income after deducting relevant costs. If you provide additional services like breakfast or cleaning, that income might be subject to separate taxation rules.
    - Important: if you rent through a platform, you need to report this in your tax return and also provide this information to the tax authorities, as required by a European directive called DAC7. You can find more details about this regulation on the Dutch Tax Authority's website.

##### Exception: tax free rental income

You can qualify for the room rental exemption if you meet these rules:

* The space you're renting out is part of your own home, not a separate apartment with its own entrance, kitchen, and bathroom.
* Both you and the tenant are registered at the same address with the municipality.
* Your gross income in 2023 was less than €5881, including any service charges.
* You're renting rooms in your main residence, not for short periods or as a seasonal rental. This exemption doesn't apply to Airbnb-type rentals.
* If you meet these rules, your whole property stays under the owner-occupied home scheme. You need to report the entire notional rental value and can deduct interest and other expenses related to your property.
* If you don't meet these rules, only the part of your home you use yourself falls under the owner-occupied home scheme.
  + You'll report part of the notional rental value and can only claim a portion of the interest and other deductible costs. The rented part is categorized under box 3 for tax purposes.
* If you provide extra services to your tenant beyond room rental, that income might be considered under different tax rules. If you're married and the property falls under a community ownership arrangement, you might each qualify for half of the rental income.
* If you're subleasing a room in a property you're renting, you don't need to meet the conditions for the room rental exemption. You won't report the rent received or deduct any expenses unless you're renting out multiple rooms or offering additional services.

### Tax deductible expenses for the owner-occupied home

The costs you can deduct for owning a owner-occupied home include:

1. Interest expenses on debts related to the property you live in.
2. Financing costs for receiving a mortgage on the owner-occupied home.
3. The interest expenses for loans used for home improvements or repairs.
4. Regular payments for certain property rights like leasehold.

It's important to understand that not every house you own qualifies as your primary residence, and not every loan taken against your home qualifies as a deductible debt. If the property is not your primary residence (owner-occupied home), the expenses are not deductible. Similarly, if the loan is not specifically related to your primary residence (owner-occupied home), the interest and other associated costs are not deductible.

#### Interest expenses on debts related to the property you live in

To figure out what qualifies as "owner-occupied home mortgage debt" for tax purposes, we need to define it first. After that, you can see if you qualify for deductions on expenses related to this type of debt. If a debt doesn't meet the criteria for owner-occupied housing debt or residual debt, it should be reported in box 3 (or Box 2). Home equity debt is the total amount of mortgage debt associated with owning a home. These debts include:

* Loans that require repayment, especially those taken out after January 1, 2013.
* Loans that meet the repayment terms, particularly those taken out after January 1, 2013.
* Loans where the necessary information has been provided, especially those taken from lenders not supervised by De Nederlandsche Bank (DNB) after January 1, 2013. Examples include loans from family members, private limited companies, or foreign banks not supervised by DNB.
* Debts related to owning a home include:
  + Purchase of the property.
  + Fees for mortgage advice and brokerage.
  + Closing and commitment fees.
  + Construction interest until the purchase or construction agreement is finalized.
  + Building inspections for property purchase or obtaining a mortgage.
  + Costs associated with the National Mortgage Guarantee.
  + Fees for real estate agents and notaries.
  + Transfer tax and appraisal costs.
  + Cadastral fees for registering the mortgage.
  + Home improvements or maintenance with documented proof of expenses.
  + Costs associated with obtaining a mortgage for entrepreneurs, as banks have higher requirements for entrepreneurs.
* Some financing costs may not be considered part of home equity debt, especially if they're financed by banks up to 100% of the home's value, unless borrowed from family members.
* Only the interest on the original loan is deductible. The interest credited moves to box 3 as debt, and the interest on it is not deductible the following year. However, interest you pay on real estate agency fees co-financed with the purchase, transfer tax or VAT, and co-financed fees to the builder or project developer that are part of the purchase price of the property are deductible.
* For a home purchase loan, the same applies to the interest on co-financed appraisal costs for obtaining the mortgage and costs of mortgage advice, the notarial deed of conveyance, and the mortgage deed. These costs together are also called "co-financing costs."
  + Please note that banks are not always willing to co-finance these costs because the total mortgage debt would then become too high. This has nothing to do with interest deduction.
  + If you borrow the money for these costs from your parents, for example, then the interest on that loan is deductible if all other requirements are met. If you refinance your mortgage and borrow money to finance these expenses, that is not owner-occupied home debt, and the interest is not deductible.
* The costs of acquiring, maintaining, and improving one's own home and of surrendering leasehold rights are reduced by:
* The positive amount of the owner-occupied home reserve created in the past three years (possibly also of the partner's owner-occupied home reserve).
* The exempt gift for owner-occupied property.
* Exempted distributions from a capital home insurance policy, a home savings account, or a home investment right.
* Home equity debt does not include:
  + Mortgage refinancing debts for:
    - Valuation fees for getting the mortgage loan.
    - Notary fees for the mortgage, including VAT.
    - Brokerage fees for getting the mortgage.
    - Costs for the NHG (National Mortgage Guarantee).
    - Cancellation fees for the old mortgage.
    - Penalty interest for early repayment. If the penalty interest is averaged (interest averaging), then the entire debt does become an owner-occupied home debt.
  + Debts for the purchase of (part of) the partner's own home to the extent that the total debt after this purchase is higher than before the purchase.
  + Debts with the tax partner for the own home.

##### Qualifying owner-occupied home mortgage debt without mandatory repayment

Since January 1, 2013, a debt must follow specific repayment conditions to be considered as owner-occupied housing debt. This means the loan agreement must state that the debt will be fully repaid in equal instalments within a maximum of 360 months. This repayment condition must be met in practice. Before I explain the repayment requirement, let's discuss some common situations where you may encounter these rules. If these situations don't apply to you, you can skip this section. If your loan was taken out after October 28, 2012, you'll encounter these situations in the tax return program.

* You won't face the repayment requirement in the following scenarios:
  + If you had an owner-occupied housing debt on December 31, 2012, the debt falls under the transitional regime up to the maximum amount of the debt on that date. The new rules apply only to additional borrowed amounts.
  + If you signed an irrevocable agreement to buy a house in 2012 but only took out the loan in 2013.
  + If you signed an irrevocable agreement in 2012 for home maintenance or improvement but only took out the loan in 2013.
  + If you sold your home in 2012 and bought a new one in 2013, the repayment requirement doesn't apply up to the amount of the debt for the old home.
  + If you rented out your home after January 1, 2013, and moved back in before January 1, 2021.
  + If you have a starter's loan from the Stimuleringsfonds Volks huisvesting Nederlandse gemeente. This loan has two parts: one part is repayable on an annuity basis (deductible), and the other part (combination loan) is not deductible.
  + If you've taken out a home equity loan and repay it within a year, you can take out a loan in Box 1 again without limitations. If you borrow more or take longer to refinance, the new loan falls under the new rules.
  + These rules apply not only to your next house but to all successive houses if you take out a new loan in Box 1 within the current and following year. Keep in mind that the time of the loan at the notary of both houses, not the sale and purchase time, is decisive.
  + You got divorced in 2023. If you solely owned the home and it's been fully repaid, the transitional rules apply to half of the owner-occupied home debt from December 31, 2012, if it hasn't been repaid since then. If you bought half of the ex-spouse's home in 2023, the new rules apply to the loan for it. Repayments must be made, even if there's a loan from the ex-spouse. Just being indebted for the purchase price isn't enough because it won't meet the repayment requirement.
  + If you owe a debt to a contractor or property developer for a newly built house, any interest owed during the construction phase may not be deductible if it's related to the period before the purchase/construction agreement. However, the law allows this interest to be deductible after the house is delivered.
  + If you had two owner-occupied houses in 2023 due to the removal scheme, the transitional law applies to the debt for the home that becomes the new owner-occupied home.
  + If you moved out in 2023 and faced the deduction limitation of the additional loan scheme, the transitional rule applies to the lower amount of the new owner-occupied property debt, while the excess becomes a debt in box 3.
  + If your spouse or tax partner died in 2023 and the debt passes to you by inheritance, it falls under the transitional law if it was also a debt under the transitional law before their death.

##### Qualifying owner-occupied home mortgage debt including mandatory repayment

For interest deduction on loans taken out after January 1, 2013, for owner-occupied houses, and not covered by the transitional rules, the loan must be repaid on at least an annuity basis within a maximum of 360 months. If this requirement isn't met, the interest isn't deductible. Here are some key points to consider with these rules:

* Redemption requirement: The loan terms must specify that it's repaid at least annuitant within 360 months.
* Test moment: This is when the redemption requirement is assessed.
* Combination of loans and moving and tax partners: Important factors to consider.
* Redemption position: The maximum allowed home equity debt and remaining months of the term at the test time.
* Meeting the repayment requirement: The debt at the test moment shouldn't be higher than allowed with annuity repayment.
* Repayment flexibility: Extra repayments in one year may allow for less repayment in the following year if the debt at the test moment stays within limits.
* Linear repayment schedule: Also qualifies for interest deduction, where the loan is repaid in equal parts with interest on the outstanding balance. Initial repayments are higher compared to annuity schemes.
* Cost comparison: The cheapest option over the term depends on market interest rates. Linear mortgages have higher initial costs but decrease over time, while annuity mortgages increase over time.
* Calculation: The repayment requirement is based on whole calendar months. If you take out a loan mid-month, the repayment period starts from the first day of the following month.
* There are specific times when the amount you owe on your home loan is checked. During these checks, the amount you owe shouldn't be more than what an annuity repayment plan says, except for some special cases. Here are the times when these checks happen:
  + At the end of the tax year, on December 31. If you owe more than you should at this time, your entire loan might be considered a different type of tax debt (box 3), but there are some allowances for temporary differences from your repayment plan.
    - When you rent out, sell, or otherwise change the tax status of your home to box 3.
    - When you refinance your loan.
    - When the interest rate on your loan changes.
  + On December 31 each year, you need to have paid back at least the minimum required amount on your loan. There are ways to deal with it if you owe too much, like still being able to deduct interest. For example, if your interest payment is usually taken out of your account at the beginning of the next month, it can still count for December 31 if it's done within the first five working days of the new year.
  + If you haven't paid enough back by December 31 but catch up the next year, your loan can still be considered as for your home, meaning you can deduct interest. This shouldn't happen too often, though. If you're behind on payments for too long, your loan might be moved to box 3, changing how it's taxed. If there was a mistake in your payments and you fix it within two years, your loan would still be considered for your home. But if you don't catch up on missed payments by then, your loan will no longer be seen this way.
  + If you can't catch up on payments because you don't have enough money, you might be able to set up a new payment plan. This needs to be done quickly, though, and you can still deduct interest during the time you were behind. If money problems keep happening, you might want to split your loan into two parts: one that follows the rules (Box 1) and one that doesn't (box 3), which affects how much interest you can deduct.
  + If you're selling or renting out your home, there's another time your loan is checked to make sure you're not setting your payments too high to avoid future problems.
  + When you refinance, your loan is checked to ensure you're not counting a shortfall in payments over the rest of the loan term. If you refinance for the same or less amount, the original loan's term applies. If you refinance for more, the new amount has its own term, which might make splitting the loan into two parts a good idea.
  + When your interest rate changes, you need to recalculate your future payments based on the new rate and how long you have left to pay, up to 360 months. This check makes sure that any underpayment isn't included in the new calculation. If you've paid extra before the rate change, you can't use those extra payments to delay future repayments. If you owe more than allowed when the rate changes, the part of your loan you haven't paid enough on is no longer considered part of your home loan for tax purposes.

###### Special case: Moving and your qualifying owner-occupied home mortgage debt

* When you have more than one loan for your home, each loan has to follow a rule that says you need to pay it back within 360 months, or 30 years. You can split your mortgage into parts: one part that you're paying back on time, and another part that you're not. This is helpful if you're behind on payments and risk losing the tax benefits on the interest you pay. The interest on the part of the loan you're paying back properly can still be deducted from your taxes in Box 1. If not, the loan goes into box 3.
* The rule that loans must be paid back in 30 years isn't new. Before, you didn't have to pay back the loan itself, but since 2001, you can only deduct the interest you pay on the loan for 30 years. For loans taken out under the new rules, you must pay them back. If part of your loan is old, the 30-year clock for deducting interest on that part has already started ticking. For any new loans, you can set up a new 30-year schedule for repayments. This means you can deduct interest on the old part until its 30-year limit is up, and you can deduct interest on any new amount for another 30 years.
* If there's a time when you don't have any loan for a home you live in, the repayment rule doesn't apply. The countdown on your repayment period stops until you take out a new loan. Then, the remaining time you had left continues for the old amount, and if you borrow more, a new 30-year period starts for the extra money.
* If you move to a rental or a less expensive home, you keep your repayment schedule. This means you don't have to start over. The tax office can make decisions about your repayment status as of December 31 each year, and you can challenge these decisions if you disagree.
* When you sell your home, it might create a situation where you have to deal with an additional loan scheme due to the money you get from the sale. At this time, your repayment status is also reviewed, which could affect how you deal with this extra loan scheme.

###### Special case: Partners and qualifying owner-occupied home mortgage debt

When partners buy a new home together, the amount they need to pay back is split between them.

* If one of the partners passes away, the remaining partner takes over the full responsibility for paying back the loan.
* In the event of a divorce, the repayment plan stays with the person who ends up owning the debt. If the couple was married and shared everything equally, they would each take responsibility for half of the repayment plan. This is the same if the couple had a limited shared property agreement that included their home and its debt.
* When someone owns two homes at the same time—such as when they've bought a new home but haven't sold their old one yet—they can still get a loan for the full price of the new home. The repayment plan for the loan on the old home can be transferred to the new loan up to the amount owed on the old home. Any additional amount borrowed for the new home has its own new repayment schedule. The old loan can be made without the need for repayment (but the lender has to agree to this). Interest on the loan is still tax-deductible during the time the owner is moving to the new home and for the next three years.
* If the old home is sold for more than its loan, the extra money (or surplus value) is treated as a special kind of savings when buying the new home. This surplus can be covered by a temporary, interest-only loan until the old home is sold. After the sale, the loan for the new home is reevaluated. The repayment plan for the amount that was owed on the old home continues, but any additional amount borrowed starts a new repayment period of up to 360 months.
* Starting from January 1, 2022, there are new rules for handling the special savings from selling a previous home, the remaining period for deducting loan interest, and the transfer of loan benefits when buying a home together.

##### Special case: Mortgage debt used partially for buying the owner-occupied home

Sometimes, a loan is used for both your home and other things, like furnishings. This is called a mixed loan. In your tax return, you split this loan into two parts: one for your home, which goes in Box 1, and the rest in box 3.

You can't deduct interest and costs for the part in box 3. Figuring out this split can be tricky. When you buy a house, you might use your own money and take a loan for the rest, including furnishings. The government says to split the loan proportionally, but that might not always be fair.

You can argue in court that your own money went to furnishings and the loan to the house. Or, you can take separate loans for each purpose. You get to choose which part of a mixed loan you repay first, usually the box 3 part. But sometimes, repaying the Box 1 part might be better.

Be careful, because once you decide, you can't change it. For example, a loan becomes mixed if you move a small part of a construction deposit to your regular account. To avoid this, use that money to repay the loan or spend it on your home renovation quickly.

##### Special case: Renting out part of your owner-occupied home

If you rent out part of your property and live in the other part, the loan for the homeowner part can only be a part of the property's purchase price. This needs approval from the State Secretary of Finance. When you take the loan, you decide how much of it is for the homeowner part. If your home use changes, like renting it out later, you can adjust how much of the loan goes to the homeowner part. But, you can't owe more for the homeowner part than a part of the original purchase price. You get to choose which part of the loan you repay first, whether it's for the homeowner or rented-out part.

##### Special case: Construction depot interest

When you're constructing a house, the lender might hold some of the mortgage money in a deposit account, separate from your regular funds. While this money sits in the deposit, it's not considered part of the loan for the home. Both the loan and the deposit are categorized under box 3. However, when you start using the money from the deposit, the loan portion related to that amount moves to Box 1.

Under specific conditions approved by the State Secretary for Finance, the interest on this loan can still be deducted in Box 1, but it must be adjusted for the interest earned on the deposit. This approval is valid for the first two years after signing the purchase or construction agreement. If the property delivery at the notary's office occurs later, the two-year period starts from that date.

This approval only applies to the loan amount intended for purchasing the property or for renovation. Any additional borrowed funds, such as those for construction period interest, fall under box 3.

#### Financing costs for receiving a mortgage on the owner-occupied home

Deducible financing costs for an owner-occupied mortgage include:

* Cost of an income statement an entrepreneur has to make to get financing.
* Valuation fees, if valuation of the property is required to obtain a money loan.
* Guarantor fee for a National Mortgage Guarantee (NHG).
* Charges for mortgage advice.
* Costs for the loan agreement (in the case of a mortgage: costs for the mortgage deed at the notary and its registration in the land register, including VAT).
* Costs for an architectural report from the Home Ownership Guarantee Fund (WEW) in connection with the application for an NHG.
* The willingness fee that a bank may charge its customers to remain entitled to a certain interest rate.
* Penalty interest and cancellation charges in case of early repayment of the money loan.
* Penalty and default interest for failure to pay the instalments of interest and redemption on time.
* Closing and renewal commission that was not deductible in 2013 or earlier.
* The closing commission you pay to someone other than a bank, e.g., for family loans or a restoration mortgage.
* The discount (the rebate) you pay the bank when the interest rate of the mortgage is rounded down.
* Interest paid in advance for a subsequent year.
* Costs for taking out the money loan (telephone, paper, postage, travel expenses, and so on).
* Emphyteusis canons, land interest, periodic payments for the right of superficies or encumbrances (not: the lump-sum for these rights).
* Interest on loans taken out to redeem a right of emphyteusis, superficies or encumbrances relating to the owner-occupied dwelling.
* Construction, reservation, and land interest paid after signing the preliminary sales agreement.
* Interest on loans to finance valuation costs, closing commission, costs of mortgage advice, notary fees (in this case including the costs of the deed of delivery), estate agent fees, transfer tax, VAT, and fees to the builder or developer that form part of the purchase price of the property.
* Interest on loans to finance the cost of a money loan for a renovation.

Please note that costs of depreciation, insurance, levies, and taxes are not deductible. Maintenance costs are never deductible for the owner-occupied home.

#### The interest expenses for loans used for home improvements or repairs

If you borrow money to remodel your home, you might be able to deduct the interest and finance charges from your taxes, but there are specific rules you need to follow. Most important rules:

* The loan must require you to pay back a certain amount each year. If your loan doesn't require yearly repayments (a repayment-free loan), you can't deduct the interest from your taxes.
* For the first 6 months after taking out the loan, you can deduct interest and finance charges on the entire loan amount. After 6 months, you can only deduct interest on the portion of the loan you're actively using for remodelling.
  + If you start remodelling immediately and use the loan right away for that purpose, the interest is deductible.
  + Even if you haven't started remodelling yet, the interest is fully deductible in the first six months as long as you begin the project within that time. You can put the loan money in a savings account temporarily. As long as you eventually use it for remodelling, it's considered a debt related to your home.
  + If you haven't used the loan for remodelling after six months, the interest deduction rules change. You might still deduct interest, but there are additional considerations, like whether the money is sitting in a savings or a specific deposit account.
  + If after two years parts of the loan haven't been used for remodelling, both the unused loan amount and any savings fall into a box 3, and the usual deduction rules apply only to the amount you've actually spent on the remodelling.
* You must show that the loan was used specifically for home improvements. Keep all your bills and receipts.
* You can't deduct the actual costs of the renovation or maintenance, only the interest and finance charges. The loan must be used for items directly connected to your home, like garden work, window replacements, or installing solar panels.
  + Or other energy-saving measures for your own home, such as a new heat pump, cavity wall insulation or floor insulation.

#### Regular payments for certain property rights like leasehold

If your property is not on your own land but on leased land (common in big cities), you'll have to pay regular leasehold fees. These fees can be counted as expenses for your owner-occupied property. Make sure to include this information in the property income section, not under interest on loans and loan costs elsewhere in the tax form. Remember, you can't deduct payments for buying out leasehold, but you can deduct the interest on a loan used for that purpose. Also, periodic payments for the right to use land or for encumbrances on your owner-occupied house are also deductible.

### Top up regulation (when moving/selling houses)

When you sell your old home and buy a new one, it's common to use the profit from the sale to buy the new home. If you choose not to do this and instead borrow money for the new home, that part of the loan goes into box 3 without any tax deductions. However, if you don't own a home for more than three years between buying two houses, such as by renting, you won't be subject to these rules.

#### The “owner-occupied home reserve”

The owner-occupied home reserve is the money left over after selling your house (minus selling costs) and paying off any debts related to the sold house. It's also known as surplus value. Selling costs include fees for real estate agents, expenses for energy labels, appraisals, and advertising.

* If the value of the house you sold is lower than the debts you owe on it, you'll have a negative owner-occupied home reserve. In this case, you'll have leftover debt after the sale unless you cover it with your own money.
* From January 1, 2018, any leftover debt after selling your house isn't considered debt for tax purposes. Instead, it's put into box 3. If you sell a house within three years of having a negative owner-occupied home reserve, you can offset this against any positive reserve from another sale during that period.
* The amount you're allowed to borrow for a new home, while still being able to deduct interest, is reduced by the reserve formed in the previous three years. If you borrow more than this allowed amount, the excess isn't considered part of the owner-occupied home debt, and the interest on it isn't deductible.
* Maintenance costs, home improvements, and redeeming leasehold rights are also affected by the existing owner-occupied home reserve when determining the allowable debt.
* The three-year period for the owner-occupied home reserve starts from the time you sell your old home at the notary's office. If the surplus value exceeds the purchase price of your new home, the debt for the new home is set to zero, but part of the reserve remains. This affects the home debt if you renovate, rent it out within three years, or buy out certain rights.
* In general, interest on a loan for remodelling can be deducted. However, if you have an owner-occupied home reserve left when moving to a cheaper house, the interest on the remodelling loan might not be deductible up to the amount of the remaining reserve if the remodelling happens within three years of creating the reserve.
* The owner-occupied home reserve can decrease but not go negative due to:
  + Deductions from the purchase price of the new home.
  + Reductions in the partner's home equity debt.
  + Maintenance or improvement costs.
  + Surrendering rights like emphyteusis, superficies, and encumbrances.
* After three years, the owner-occupied home reserve expires. When a home is transferred from Box 1 to box 3, or vice versa, it affects the reserve. If you start renting out your home permanently, it moves to box 3, impacting the reserve when buying another home within three years.
* A different rule applies when temporarily renting out a property for sale. When a property moves from box 3 to Box 1, you must reduce its fair market value by the reserve created in the previous three years. This could happen if you start using a rented property as your main residence. Only the remaining debt qualifies as owner-occupied debt.
* The tax authorities calculate the housing debt using the economic value of the house. Even if you rent out part of the property, an owner-occupied home reserve can still arise. This is because the rented part and a portion of the debt are moved to box 3, while only a proportionate part of the purchase value qualifies for deduction.
* You might temporarily have two homes while buying a new one. Until you sell the old home or the move-in period ends, you can deduct the interest on loans for both homes, considering the new interest deduction rules. If you sold another home within the past three years, any offset against its owner-occupied home reserve remains intact.
* You can only deduct interest on the old home if it's vacant and intended for sale. When you sell it, you can calculate the maximum owner-occupied home debt by subtracting the resulting reserve.
* If you permanently rent out your old home after moving, you must declare both the property and debt in box 3. This forms an owner-occupied home reserve. However, if you temporarily let the house for sale, the owner-occupied home scheme revives after the rental period, returning the house and debt to Box 1.
* Temporary letting doesn't form an owner-occupied home reserve. The debt for the new home remains fully deductible until you sell it or the move-in period ends, whichever comes first.

##### Special considerations for the “owner-occupied home reserve” for partners

* If you and your partner, who you share taxes with, move from one house you own to another, it doesn't matter whose name the house savings are under or who owns the new house. You must still use these savings, and you can't skip the extra loan rules this way.
* This rule is for partners who share taxes, not for people who live together without being tax partners. If you both own the property, you're considered tax partners, and the only way to not follow the top-up rule is if one of you owned the old house alone. The rule about limiting how much you can deduct only matters if you were tax partners at the old house.
* If you buy a house with your partner and you're not married, you can combine your house savings for tax purposes. This might help you avoid limits on tax deductions. When you get married, you can choose to change the standard property rules. This means you can give half of your house to your partner without affecting the extra loan rules or creating new house savings.
* This also applies if you change or make a marriage contract during the marriage that includes the house. If one of you had house savings before, it stays with that person. But, since you're not buying a new house just by getting married, these savings don't reduce your house debt. If you buy a new house after getting married and one of you had previous house savings, half of those savings go to your partner.
* When a marriage ends and you owned the house together, you both get half of the money from selling the house and half of the house savings. If you had a prenuptial agreement, it could be more complicated. The person who legally owns the house will deal with the house savings when selling.
* Some prenuptial agreements have a clause that divides assets as if there was shared property in case of divorce. Each person gets half of everything, including the house's sale profits. However, the extra loan rules don't consider this. The house savings stay with the owner. The same is true if a divorce settlement divides things as if there was shared property.
* This often happens when partners have a clause for dividing assets periodically in their prenuptial agreement but don't follow it. So, the legal owner must split the profit if there's a settlement clause but ends up with all the house savings.

## Chapter 4 – Substantial Interest

If you have a 30% ruling, unless you own a substantial interest in a Dutch company or a company that is a fiscal resident in the Netherlands, you are not liable to Box 2 taxation.

Profits earned from having a significant ownership stake in a private limited company, public limited company, or cooperative are taxed at a rate of 26.9% and fall under Box 2. In this case, it's not the value of the shares that is taxed, but the income generated from them.

* To declare a substantial interest, you need to answer a question in the tax return. You have a substantial interest if you, either alone or with your spouse or partner, own at least 5% of the shares, options, or profit-sharing certificates in a company or cooperative.
* It also applies if you own less than 5%, but your spouse, partner, or a direct blood relative owns more than 5%. In any case, you must own at least one share yourself.
* If you're in a tax partnership for the entire year of 2023, you should provide details for both partners. You can divide the income balance, after deducting expenses, between both partners.
* You don't need to declare the value of the substantial interest, not even in box 3. The taxation is based on the income generated, not the value of the shares.

### Regular benefits and disposal benefits

In this section of the tax return, select the type of shares you have and indicate the quantity. You should also report any income earned from substantial interest for your minor children. If you choose to be in a tax partnership for the entire year, you can determine how to split the income. In the case of divorced parents, each parent reports half of the income.

#### Regular benefits

List of regular benefits:

* Dividends received
* 6.17% of the value of shares in a foreign investment company or an exempt investment institution at the start of the year
* Returns exceeding the acquisition price on shares
* Returns exceeding the acquisition price on securities in a joint account fund
* Returns exceeding the acquisition price on profit-sharing certificates
* If you borrow more than €700,000 from your private limited company (BV) as a substantial interest holder, the excess is taxed as a notional regular benefit in Box 2.
  + If you and your partner borrow money from your own BV, and the borrowed amount exceeds €700,000 by the end of 2023, the excess will be taxed as a notional regular benefit at the Box 2 rate in 2023.
  + Loans taken out after January 1, 2023, must be secured by a mortgage on your own home, but this requirement does not apply to older loans. If you repay the excessive part later, it becomes a negative regular benefit, which can be deducted from positive income in Box 2. If this results in a loss from substantial interest, you can offset it according to normal rules.
  + Debts owed by your children to your BV are assessed separately. If the debt exceeds €700,000, the excess is considered a notional regular benefit for you. This does not affect box 3, where the debt remains and is taken into account. Interest on the debt continues to be payable as usual, and the BV will declare it in its profits.

#### Disposal benefits

Disposal benefits:

* When selling a significant ownership stake, the transfer price plays a crucial role in determining the sale profit.
* If the transfer price is negotiated in not at arm's length conditions, such as with family members, you must declare the fair market price.
  + You can deduct any incurred costs from the transfer price. For more details, refer to the help text in the tax return program.
* The acquisition price of the sold shares is also important for calculating the sale profit. Refer to the help text in the tax return program for more information.
* If you experience a loss from a significant ownership stake (negative income), you can only offset this loss against gains from significant ownership stakes from the previous year or against future gains from significant ownership stakes within the next six years. Losses incurred in 2018 or earlier can be carried forward for up to nine years.
* If you no longer hold a significant ownership stake and do not acquire a new one within the following two years, a special provision allows you to offset 26.9% of the loss against the tax on income from work and home starting from the second year after you no longer had a significant ownership stake.
* However, you must submit a separate request for this offset. You can find more information by searching for 'convert loss' on belastingdienst.nl.

## Chapter 5 – Assets and liabilities

If you have a 30% ruling, unless you own Dutch real estate, you are not liable to box 3 taxation. The taxation of assets and liabilities in the Netherlands is currently at a political crossroads. The old system was designated as “unlawful” by the Dutch Supreme Court. Now a temporary system has been put in place. Now there are two ways to calculate your box 3 income:

1. Using the current system and calculating the box 3 income using the notional income based on the height of your assets;
2. Using the system put forward by the Dutch Supreme Court, namely calculating the box 3 income on the basis of realized and unrealized returns in 2023 of your assets and liabilities.

**Please note that in this guide I will only explain the first system, as that is the system by law. The second system is put forth by the judiciary and in order to use this system, it means objecting your tax return and going to court afterwards. In case you want to use the second system, I strongly recommend you to consult a tax advisor to assist you with this endeavour. It goes far beyond the scope of this tax guide to explain all the intricacies of going to court.**

If someone isn't required to pay taxes yet on January 1st, or if their tax liability ends during the year for reasons other than passing away, their assessment at the start of the year is used. Their notional income will be reduced proportionally based on how many whole months they were liable for taxes. Any parts of calendar months are ignored for this calculation.

The current system works as follows:

1. Your wealth at the 1rst of January 2023 is calculated, categorized in different asset classes. Certain exceptions apply and are taken into account when calculating your wealth.
2. Your notional income is calculated on the height of three asset classes:
   1. Checking and savings accounts (income deemed 0.92% of the bank accounts); and
   2. Other assets (income deemed 6.17% of the assets).
3. Your notional income is lowered by your notional rent expenses on your liabilities (costs deemed 2.46% of the liabilities).
4. The sum is taxed at 32%.

### The political crossroads explained

On December 24, 2021, the Dutch Supreme Court ruled the way taxes were calculated in box 3 went against the European Convention on Human Rights (ECHR). This meant that the taxes you were supposed to pay might have been much higher than what you actually earned.

* If your tax assessment wasn't definitive by December 24, 2021, you automatically got a chance to fix it. This was thanks to the Legal Restoration Act.
* However, instead of looking at your actual earnings, the Dutch Tax Authorities used a fixed percentage based on different categories of assets and liabilities. If this calculation showed you owed less tax, that's what you paid. If you didn't agree, you could file an objection. This worked for everyone, although there was some debate about what "real earnings" meant. You can find more about this on belastingdienst.nl/box3.
* Now, starting in 2023, there's a new law called the box 3 Bridging Act. It's similar to the system used in 2021 and 2022. But it's much harder to challenge your assessment based on your actual earnings.
* **In June 2024, the Dutch Supreme Court issued a new ruling regarding box 3. This decision further refined the legal landscape for taxpayers, particularly addressing some of the ambiguities left unresolved by previous rulings.**
* I don't know yet if there will be a way to challenge this in a group or how you can join if there is. Therefore I will explain how this new system works and how box 3 taxes are calculated. There are different types of assets and we will go through each one of them.

### Anti-abuse rules; anti “box hopping” rules

Under the tax rules, assets are taxed in box 3 when they are not taxed in Box 1 or Box 2. For instance, if you, as a majority shareholder, lend money to your company, it shifts from box 3 to Box 1. Then, it's taxed differently based on whether it's considered business-related or not. There are measures against quickly moving assets between boxes to avoid tax.

If an asset stays in box 3 for less than three months, there are no penalties. But if it's there for three to six months, you'll need to prove it's for business reasons. There's also a way to adjust your taxes by moving high-taxed investments into low-taxed bank accounts just before the tax assessment date. This tactic, called "reference date arbitrage," is monitored and has specific rules. For example, actions taken three months before and after January 1st are closely watched to prevent tax avoidance.

### Asset classes in box 3

Let's talk about what goes into box 3 for your taxes. First, you figure out what you have to declare as your assets. This includes everything you own on January 1, 2023, that isn't already taxed elsewhere, minus any debts you have at that time. This gives you what's called the yield base. Then, if you add in any assets that aren't taxed, you have what's called the savings and investment base.

* Certain things won't be counted in box 3, like:
  + Your main home (owner-occupied home) that you live in.
  + Property used for business.
  + Investments in certain partnerships.
  + Some annuities.
  + Usufruct from inheriting a home.
  + Substantial interest.
  + Debts that are counted elsewhere won't be included in box 3 either.
* Examples of assets taxed in box 3:
  + Property that's not already taxed elsewhere, like real estate.
  + Rights related to real estate.
  + Some movable property.
  + Money you've lent or are owed.
  + Money in your bank account or cash.
  + Some rights that aren't related to property.
  + Rights to periodic benefits not taxed elsewhere.
  + Other types of ownership.
  + If you're still getting money from the Tax Authorities, you usually don't need to include it in your box 3 assets.
  + However, there are some things you do need to include, like an inheritance tax claim if you got too much in a preliminary assessment and they paid it back to you. The same goes for related tax or recovery interest.
  + If you have bitcoins, other cryptocurrencies or crypto assets like NFT’s, you need to include them too. You should list their value as of January 1, 2023, under other assets. This is how much you could sell them for on that day.
* Once the yield base is figured out, you can subtract the tax-free capital from it. Everyone can deduct €57,000 (2023). If you're in a full-year tax partnership, the joint tax-free capital is €114,000 (2023).

### Asset class: Real estate

Select the option “house: lived in by someone else” whenever another person is registered at your address, whether they're paying rent or not.

* If someone else has a right to live there but it wasn't inherited, don't include it here. Instead, list it under 'Bank accounts and other investments'.
* If a property isn't rented out but someone else lives there, it goes into box 3 for its full WOZ value. This also applies to temporarily rented houses. If it's on leased land, you can still deduct 17 times the yearly ground rent.
* If a property was rented out without rent protection, its full WOZ value is in box 3.
  + But if it's on leased land, you can still deduct 17 times the yearly ground rent from that value. You can check who has rent protection on ww.rijksoverheid.nl.
* For properties rented out long-term, you may need to use a correction factor based on the void value ratio. This ratio compares the basic rent to the WOZ value.
  + If the property is on leased land, subtract 17 times the yearly ground rent from the WOZ value first. But you have to declare the rented or leased status on January 1st for this to apply. If not, declare the full WOZ value.
  + If ratio makes the valuation too high because of special circumstances, you can use the appraised value instead. This might happen if the rent is low due to regulations and can't be increased.
* If you rent a property to a family member or affiliate at a fair price, declare the full WOZ value.

### Asset class: Checking and saving accounts

* This section is usually filled out automatically for Dutch and EU bank accounts, but make sure to review all the information carefully. It's your responsibility to accurately complete the return yourself.
* This includes providing the balance of your bank and savings accounts as of January 1, 2023.
* If you have bank accounts abroad, you'll need to provide additional information.
  + You may need to convert the foreign currency to euro.
* Starting from January 1 of the tax year, bank accounts are included in box 3. Sometimes, tax is already deducted from the interest you receive. In such cases, you might receive a partial refund.
* The tax return program also asks about non-tax partners and their accounts. You only need to declare the portion of the balance that belongs to you.
* If there's another owner of the account, they need to declare their share separately. Sometimes, the account details are only filled in for one person, so you'll need to correct this in both returns.
* You can also declare any cash you have that exceeds the exemption under bank and savings accounts.

### Asset class: Investments

List all your investments here and specify the type.

* Include any exempted green investments, which receive an extra 0.7% tax credit (see exceptions below). If a green investment is also a green savings account, move it to the bank and savings accounts section.
  + If the balance of this savings account exceeds the exemption, it will be taxed at rates of 0.92% for bank and savings accounts and 6.17% for investments. Correctly filling in this information is crucial for accurate tax calculation.
  + The exemption for green investments is first applied to deposits and then to green bank accounts. Securities, including those listed on the Euronext stock exchange in Amsterdam or other exchanges, should be valued at the closing price on the last trading day of the preceding year. Valuation methods for unlisted securities vary, so it's advisable to consult an expert.
* Options should also be declared in box 3. For listed options, report the market value, while valuing employee options may require input from the employer or an expert.
* If dividend tax has been withheld on shares, it will be offset against any income tax owed. If you don't owe any income tax, the tax authorities will refund the dividend tax.
* Even if your assets are below the declaration threshold, you must indicate that you have investments in the tax return program. Answer all questions about dividend tax accordingly.
* Additional questions may arise for investments abroad, particularly concerning double taxation

### Asset class: Receivables

You usually declare receivables at their full value, but various factors can influence their actual worth, such as the debtor's ability to pay, the interest rate, the repayment period, and any collateral provided.

* For receivables with a long-term repayment period, their value is adjusted considering the expected maturity date and the agreed interest rate, which may lower their valuation. The same applies if the interest rate is unusually high or low; in such cases, the value is determined based on the prevailing interest rate at the time the receivable originated.
* If there are doubts about the debtor's ability to repay, this uncertainty can also be factored into the valuation of the receivable.
* When a child borrows money from their parents to purchase a primary residence and qualifies for interest deduction under the owner-occupied home scheme, the parents don't need to declare the interest earned.
  + However, the loan given to their child is considered part of their assets in box 3 and is subject to a higher income tax rate (6.17%).

### Exemptions

A number of assets are exempt from taxation in box 3, essentially being fully personal income tax free assets.

#### Forest and natural areas and estates

This exemption is only for people who fully own forests, natural areas, estates, and similar properties. Natural areas include places like heaths, bogs, sand dunes, dunes, salt marshes, mudflats, reed beds, and low moorland, but they can't be used for farming.

The exemption specifically covers estates as defined by the Nature Conservation Act, but it only applies to the land underneath, not any buildings on it. Buildings are either treated under the owner-occupied home scheme or taxed in box 3.

#### Objects of art and science

Items like art and scientific objects are not taxed on their returns if they're not mainly used for investment purposes. This exemption still applies even if these items are lent out for free, like to a museum. Additionally, just because something is part of a collection doesn't automatically make it an investment for tax purposes.

#### Rights to movable property under inheritance law

This exemption applies to situations like when a surviving spouse inherits the right to use movable property under inheritance law. Typically, the surviving spouse receives the right to use all the assets left by the deceased. If these movable items are for personal use, you don't need to include them for capital gains tax. However, if the tax inspector can prove that these items are being held as investments, then the exemption doesn't apply.

#### Limited capital allowances and funeral plans

You don't have to declare entitlements to a capital payment from a life insurance policy if it meets certain conditions. These conditions are:

1. The insured capital from such policies is less than €7913 per insured.
2. The value of the rights does not exceed €7913 per recipient.

This exemption applies to the total of all such insurance policies. Even if the insured capital per insured exceeds €7913, most insurances are still exempt because the value per beneficiary during the term is usually less than €7913. If the insurance company cannot or will not provide a value, you have to estimate it yourself. If the value of the insurance is less than €7913, then you don't need to declare it.

#### Petty cash

Cash, OV chip cards, savings stamps, and wealth rights used for consumer purchases (like gift cards and phone credit) are exempt from tax up to €596 per person (which doubles for partners). Each minor child is also entitled to this exemption if they have that amount in cash or savings on January 1, 2023.

If you have more than the exemption limit, you must declare it. Cash is considered in the same category as bank and savings accounts. Other assets mentioned here should be declared under 'other assets'.

#### Qualified green investments

Green investments are exempt from tax up to €65,072 per taxpayer. If you have a tax partner, you automatically receive double the exemption together, which totals €130,144. Additionally, green investments qualify for an extra tax credit of 0.7% of the exempted holdings in such funds on January 1. Minor children also have their own exemption for green investments.

If your own exemption is already used up, you can get more exemption by putting such investments in your minor child's name. However, remember that the child must use their own money for this; otherwise, it's considered a gift and you may need to pay gift tax. Green investments include shares in, profit shares of, and loans to green funds that meet specific ministerial rules.

You can check on the tax authority's website (search for 'green investments') to see if a fund qualifies as a green investment. Your green investments are divided between bank and savings accounts and investments in the pre-filled data. The exemption is first applied to the green investments and then to the green savings accounts. This arrangement minimizes the tax you pay if your total green assets exceed your total exemption.

### Liabilities in box 3: debts

Debts are what you owe and have a fair market value. In case it is impossible or impractical to determine the fair market value you can use the nominal value of the debt. There's a minimum threshold of €3,400 for individual debts, and for married couples or partners, this threshold is doubled to €6,800. Debts below these amounts are not counted for the calculation of the notional income for box 3.

* Certain debts cannot be deducted, like tax debts and interest, except for inheritance tax. Also, debts already accounted for in another tax category are not considered in box 3.
* Due to changes in the law (the box 3 Bridging Act), debts are now deducted differently in box 3 compared to previous years. For more details on this, check the section out below (“calculate your notional income”).
* Here are the types of debts that are considered in box 3:
  + Debts related to your primary residence but don't meet the requirements to be classified as home mortgage debts.
  + Remaining debts from your primary residence incurred before October 29, 2012, or after December 31, 2017.
  + Consumer debts, like loans for cars or vacations.
  + Debts from gifts or acknowledgments of debt out of generosity.
  + Overdrawn bank accounts or credit cards.
  + Debts used to finance investments.
  + Debts related to properties taxed in box 3.
  + Student loan debts unless they are eligible for conversion into a gift.
  + Surrender debts that aren't tax-exempt.
  + Refundable surcharges and personal budgets.
  + Long-term debts like rent, lease payments, or interest lasting over a year.
  + Debts from a will or inheritance agreement.
  + Overdrawn current account with your own private limited company exceeding €17,500 at any time during the year.
  + Lifelong learning loans that require repayment.
* Debts that are not considered in box 3 include:
  + Debts with deductible interest in Box 1 or Box 2.
  + Personal deductions that need to be paid.
  + Future child support obligations (except for the ex-spouse or ex-partner).
  + Short-term debts with instalments lasting up to one year, like rent, interest, or lease payments.
  + Debts resulting from estate division that aren't yet due because the debtor is the surviving spouse.
  + Tax debts and tax interest
    - Unpaid taxes should ideally be settled before the end of the year. Tax debts, except for inheritance tax, aren't deductible, meaning they don't decrease your assets as of January 1st of the following year. However, paying them before the year-end will reduce your assets.
    - You can still deduct income tax debts in box 3 under certain conditions. This applies if you've requested a provisional assessment or filed a tax return within specific deadlines before the end of the previous tax year. But, you must pay the entire assessed amount within the given timeframe, and you can't deduct the tax debt from your other assets.
    - Similar rules apply to gift tax. If you're liable for gift tax, you typically report it after the end of the year, resulting in a gift tax obligation on January 1st. However, you can deduct this tax as a debt in box 3 if you file a tax return before November 5th of the year of the donation. This isn't applicable for 2023 but is for 2024.
    - Inheritance tax due on an inheritance can be considered a debt, regardless of whether the assessment has been issued. You can also include related tax or collection interest as a debt in box 3.
    - If you pay tax without an assessment, you can't deduct it from your assets. This can also cause complications because the tax authorities may have trouble identifying the payment without a reference.
    - If you need to repay part of an allowance due to overpayment, you can include that amount as a debt, provided it doesn't exceed the debt threshold of €3,400 per person.

### Calculation of your notional income

Earlier, I explained how to calculate the value of your assets. Now, I'll explain how the deemed return (notional income) in box 3 is calculated. There might be small differences in the calculations due to rounding. See below the rates:

1. Your notional income is calculated on the height of three asset classes:
   1. Checking and savings accounts (income deemed 0.92% of the bank accounts); and
   2. Other assets (income deemed 6.17% of the assets).
2. Your notional income is lowered by your notional rent expenses on your liabilities (costs deemed 2.46% of the liabilities).

* Your wealth in box 3 is divided into three categories, each with its own percentage. You add up all your assets, subtract any debts, and consider the debt threshold, but not yet the tax-free allowance.
* Then, you determine the proportion of each category in the total and calculate the combined percentages of these shares. This gives you the fixed return applicable to your total assets (minus the tax-free capital). You can find an explanation of the new calculation on belastingdienst.nl/box3.
* Tax partners can divide their shared savings and investments (assets after deducting tax-free assets) between themselves.
  + In the 'old' system, this division could potentially save tax by placing both partners in the lowest tax bracket.
  + However, under the new system of the box 3 Bridging Act, effective for the 2023 tax return, this tax-saving strategy no longer applies.
  + The division of assets no longer impacts the tax in box 3. However, it may still affect other aspects, especially if there's a partial-year partnership and you opt for a full year.
  + In such cases, the asset division may influence allowances, contributions to care homes, and tax credits. While dividing assets no longer provides a tax advantage in box 3 for tax partners, it remains relevant for other schemes.

## Chapter 6 – Deductions

Tax deductions allow individuals to reduce their taxable income and with this lower their overall tax burden. These deductions cover various expenses, including those related to home ownership, investments, business costs, healthcare, education, and charitable donations.

### Deduction for no or low owner-occupied home mortgage interest expenses

If the balance of the owner-occupied house lump sum after deducting expenses is positive, there's a deduction equal to 83.33% of this positive balance, known as the Hillen Act.

* This deduction was previously the entire positive balance until January 1, 2019, when it started phasing out over 30 years.
* In 2023, you'll declare 16.67% of the positive balance minus deductible expenses. Please note the tax return program will automatically calculate the amount multiplied by your tax rate.
* By repaying extra, your deductible expenses decrease, increasing the balance for calculating this deduction, resulting in more tax (16.67%) on your home. However, this tax disadvantage is outweighed by the financial disadvantage of mortgage interest and savings on capital gains tax.
* The deduction due to no or low owner-occupied housing debt is calculated for tax partners based on the joint balance of income and deductible expenses for the owner-occupied home.
* If your income from work and home is taxed in the highest bracket (over €73,031), there's a restriction on interest deduction. You'll pay 12.57% tax on the deductible interest in the highest bracket.
* Points of interest under the Hillen Act:
  + Periodic ground rent receipts are deductible expenses. Buying out ground rent isn't deductible, but the interest on a loan to finance the redemption sum is, unless limited by the additional loan scheme.
  + The deduction applies to the balance of all owner-occupied properties combined. If you own a home without a mortgage and another with deductible interest, part of the benefit is lost.
  + Repayment is necessary to remove a small owner-occupied housing debt, allowing eligibility for the deduction. The original connection between debt and purchase determines its classification.
  + Paying interest in advance or arrears doesn't affect this deduction.
  + Removing the repayment requirement from an owner-occupied house debt agreement can shift the debt to box 3, contingent on the bank's cooperation.

### Deduction for public transport travel from and to work that is not reimbursed by employer

If you travel between home and work using public transport and your employer doesn't provide any reimbursement for these commuting costs, you may be eligible for a fixed (flat-rate) travel allowance. However, this allowance doesn't apply if you use private transport for your commute.

* If you meet certain conditions, you can claim a fixed deduction for travel expenses to work. Here's what you need to qualify:
  + You have income from employment.
  + Your commute is over 10 kilometres for a single trip. If you go to the office first and then make other trips, you can only deduct travel expenses for the trip to the office. However, your employer may give you a tax-free allowance for other trips.
  + Generally, you make the round trip at least once a week on the same day. This requirement is met if you've travelled to the same workplace at least 40 days in a calendar year.
  + The deduction applies if you complete the round trip within 24 hours, even if it's on two different days.
* To determine the travel distance, use the number of kilometres you travel by public transport, as indicated on your OV statement. If you don't have this statement, you'll need to calculate the distance yourself.
* If your employer does provide you with an allowance, it's tax-free, regardless of whether you use public or private transport. The standard rate for this allowance is €0.21 per kilometre for 2023.
* If you already receive a reimbursement from your employer for your commuting expenses, you can't claim a deduction for these costs on your tax return.
* If you only travel part of the year, you can claim a proportionate deduction. However, if you travel for only one, two, or three days a week, you'll need to reduce the deduction equally.
  + For example, if you travel one day a week for a distance of 52 km, you can claim a deduction of €506 (which is 1/4 of €2,024).
* There's an exception to this proportional reduction if your one-way travel distance exceeds 90 km. In that case, you can claim a travel allowance of €0.26 per kilometre for the total number of travel days in 2023, up to a maximum of €2354.
* To qualify for these deductions, you must travel by public transport and have an “OV” or travel statement, which can be obtained from public transport companies. This statement is usually required if you travel with a season ticket.
  + However, if you have an NS annual card, NS annual route card, or OV annual card, you don't need to apply for the statement yourself as the transport company will pass this information to the tax authorities.
  + Working students with an OV student card can also use this fixed deduction for commuting. In this case, the OV statement comes from DUO.
  + Additionally, if you travel with a Belgian OV statement, you're entitled to the deduction.
* If you don't have a season ticket and travel with individual tickets, you'll need to rely on a travel statement and provide evidence of all journeys, such as a summary or payment details from a personal OV-chip card.
* The travel declaration is a document provided by your employer and includes details such as the employer's and employee's names and addresses, as well as the number of days per week the employee usually travels to work by public transport.
* Normally, if your travel distance remains the same throughout the year, you can simply use the lump sum. However, in certain situations:
  + Temporary interruptions due to illness or holidays: If you're temporarily unable to work due to illness or vacation (less than six weeks), the fixed travel allowance remains the same.
  + Starting or ending employment during the year: The travel cost deduction should be prorated based on the time you've worked.
  + Family visits: Deductions only apply to trips between your weekday residence and your workplace, not trips to see your family during the week or on weekends.
  + Multiple work locations: For each work location, you need to determine separately if the fixed deduction applies. Subtract the number of days per week you travel to each location from the corresponding amount.
  + If the number of travel days changes, use the average number of days per week per workplace. The maximum deduction is always €2354 in total.
  + If you don't have a fixed workplace but work in a fixed area, the deduction applies to the trip between your home and the border of that area.

### Deduction for retirement provisions made privately and not through employer

Many people find that the pension they get from their job, along with the state pension, isn't enough to live the way they want to after they retire. One way to increase your income for later in life is by saving or investing money. However, the money you save is usually taxed every year in box 3.

* But, there are other ways to save for retirement that get some help from tax rules. These include buying an annuity insurance policy, opening an annuity account, or getting an annuity investment right. These options let you put away money for later, and you can deduct what you contribute from your income in Box 1 up to certain limits. While you're adding money to these, you don't have to pay tax on it in box 3. When you start getting money from them, it's taxed in Box 1. To deduct your contributions for these retirement savings options, they must meet certain conditions:

**For Annuity Insurance Policies:**

* An annuity gives you regular payments until you die.
* You can't sell or give away the annuity, and it can't be used as security for a loan. However, banks might still consider it when looking at your finances.
* There needs to be at least a 1% chance that the insured person will die during the time the annuity is supposed to pay out. This depends on how old the insured person is and how long the payments are supposed to last.

**For Bank Annuities (Annuity/Investment Accounts):**

* This is a claim to the money in an annuity account or the value of an annuity investment.
* You can't sell or give these away either, and they can't be used as loan security.
* The account is locked except for allowed payments, and the returns are added to the account and also locked.
* Payments have to be fixed and regular, not more than a year apart.
* Bank annuities are not dependent on the life of the beneficiary. If the beneficiary dies, the right to the payments goes to their heirs.

**Retirement Annuities:**

* You can start getting benefits from a retirement annuity anytime, but it must start by five years after you reach the state pension age at the latest.
* The benefit period must last for at least 20 years, plus the number of full years you are younger than the state pension age when the payments start. If you're already past the state pension age, the payments must still last for at least 20 years.
* Temporary Retirement Annuity:
* This can't start until the year you reach state pension age and must start by five years after that at the latest.
* You have until the next calendar year to figure out how much you'll get, even if that means starting the payments later than five years after reaching state pension age.
* The payments must last for at least five years and can't be more than €24,168 per year in total for all temporary old-age annuities.
* If the annuity was paid for before January 1, 2014, it could start as early as the year the beneficiary turns 65.

**Calculation of deduction**

* Annuity products are quite popular because you can lower your tax bill by deducting the money you put into them from your income in Box 1. This means the government essentially helps pay part of your premium. For most annuity plans, especially those for retirement and for when a partner passes away, there's a limit to how much you can deduct. These limits are based on what's called the annual margin and the reserve margin. However, the rules for deducting premiums for disability benefits are different.
* Changes in pension laws in 2023 also affect how you can deduct annuity premiums and deposits. The main changes include:
  + You can now deduct up to 30% of your contribution base.
  + You can look back 10 years, instead of seven, to calculate your reserve margin.
  + The maximum amount you can deduct for the reserve margin has gone up.
  + You can keep making premium contributions until 5 years after you reach the state pension age, which is longer than before.

**Annual Margin Explained:**

The annual margin is basically how much you're allowed to deduct to make sure you're saving enough for retirement. It's calculated based on the pension you didn't add to last year. If you're under the state pension age plus five years and have a pension shortfall from last year, you can deduct the premiums you paid up to a certain limit.

**Calculating Pension Shortfall:**

A pension shortfall is officially defined and calculated using a specific formula. It looks at your earnings before certain deductions and sets a maximum amount you can earn. You take 30% of this adjusted income as the amount you're allowed to put towards retirement savings. You then subtract your pension growth from this amount. There's an online tool and a part of the tax return software that can help you figure out this annual margin.

**Reserve Margin Explained:**

The reserve margin is the annual margin from past years that you didn't use. You're allowed to use this margin if you're younger than the state pension age plus five years. If you could have deducted more in the past 10 years but didn't, you can still do so for money you put into an annuity in 2023. You calculate this starting with the oldest year first, and the tax software will help you do this correctly. The maximum you can deduct using the reserve margin is €38,000.

**Non-deductible premiums**

* When you file your taxes, you might find out that you can't deduct all of the money you put into your annuity in 2023. If your annuity meets the right conditions, though, it will be handled in Box 1 for tax purposes.
* This means that when you start getting money from the annuity, it will be taxed. However, there's a method called the balance method for dealing with contributions you couldn't deduct.
* This method ensures that payments from your annuity are only taxed after accounting for any contributions that weren't deducted. If you couldn't deduct part of your contribution, the part that wasn't deducted won't be taxed when you receive payments, up to €2269 per year.
* You can ask the tax office for a 'balance statement' if you have contributions that weren't deducted. This statement helps the institution paying your annuity know not to tax these contributions.
* Without this statement, you'd have to adjust your tax return to avoid overpaying tax, and you might still have deductions for healthcare contributions that you won't get back.
* If you couldn't deduct more than €2269 over the past five years, you can get this money back from the insurer without being charged interest. But, you must claim back the whole amount, including the €2269 covered by the balance method, and then actually deduct it.
* This will increase your assets in box 3 for those years, and you might get an extra tax bill for this repayment. You'll need a statement from the tax office to do this, and you can find out how to get one on the tax office's website.

**When you can deduct**

* For premiums paid in 2023, you can only deduct them in the 2023 tax year. If you find out you missed deductions from 2022 while doing your taxes, you can add them if the 2022 tax assessment isn't final yet. If it is final, you might still be able to claim a deduction by asking for a special reduction.

**Moving capital to different companies**

* You can switch your annuity insurance to a bank annuity or the other way around. This could be important when considering what happens after death. With annuity insurance, the benefits might stop or pass to a partner, depending on your policy.
* Bank annuities, being more like savings or investment accounts, always go to someone else when you die. If you outlive your savings, an insurance-based annuity might be better since it pays out for life, unlike a bank annuity which stops after a certain date. However, switching between these options might not always be easy or cost-free.
* You can also move your annuity capital to a bridging annuity in a bank account, but banks can't offer bridging annuities directly due to legal restrictions.
* If you want a bridging annuity later, you'll need to arrange it with an insurance company, keeping within specific legal limits. Make sure to keep all your documents safe for future reference.

### Deduction for specific health related costs

There's a tax deduction available for certain healthcare expenses. Here's a breakdown of how it works, including which costs you can deduct, which ones you can't, and other important rules.

**Threshold Income Explained:**

Threshold income is your total income from all three tax categories before any personal deductions are applied. There's a minimum amount (threshold) of healthcare expenses you must have before you can start deducting these costs from your taxes. Only the amount of healthcare expenses that exceeds this threshold can be deducted. This threshold applies even if you were only taxable for part of the year.

**Determining the Correct Threshold:**

* If you and your tax partner were together for the entire year, add up your healthcare costs and use the threshold from a specific table meant for tax partners, considering both of your incomes combined.
* If you had a tax partner for only part of the year and chose to be considered partners for the whole year, do the same.
* In all other situations, use a different table based on just your income.

**Special Rules for Tax Partners:**

* Healthcare costs are calculated individually, but there's a special rule for tax partners:
  + If you were partners for the whole year, you combine your healthcare costs. The tax software then calculates the threshold based on both of your incomes. This usually means partners might not get as much of a deduction as single people, but you can split the deductible amount however you want.
  + If you can assign the deduction to the partner who pays more in taxes, that's often beneficial.
* Part-Year Tax Partners:
  + If you were partners for only part of the year, you can deduct not just your own expenses but also those of your partner and any expenses for children under 27 during that time.
  + For the time you weren't partners, you each claim your own healthcare costs. For the time you were partners, you can decide who claims the costs.
  + Couples not opting for a full-year partnership might deduct more because their expenses aren't measured against a combined threshold for the whole year. However, this deduction isn't as flexible in terms of who can claim it.

**Who You Can Claim For:**

* You can claim specific healthcare costs for:
  + Yourself
  + Your tax partner
  + Your children or your partner's children under 27
  + Severely disabled household members over 27
  + Live-in care-dependent parents, siblings
  + The person you're claiming for must not be able to cover these costs themselves. It's not always clear when someone is unable to pay for their own healthcare costs.

**Non-deductible healthcare expenses**

* Some healthcare costs, even though they are related to illness or disability, cannot be deducted from your taxes because the law specifically excludes them. These non-deductible expenses include:
  + Health Insurance Act (Zvw) premiums and other health insurance fees.
  + Costs not covered by health insurance due to being part of voluntary or compulsory deductibles.
  + Healthcare services included in your health insurance's basic package.
  + Payments towards the Long-Term Care Act (Wlz) and the Social Support Act (Wmo), such as contributions for care in a facility or at home.
  + Personal contributions for care budgets under the Wmo, Zvw, or Wlz.
  + Extra payments for medicines that have a reimbursement limit or are not fully covered by insurance.
  + Costs for more expensive, non-preferred medicines unless there's a medical need for them and this is supported by a doctor's statement to the insurer.
  + IVF treatments for women aged 43 and older, and the first two IVF attempts if more than one embryo is transferred for women under 38.
  + Mobility aids like crutches, walkers, and wheelchairs.
  + Mental health care and dyslexia care for those under 18.
  + Certain prenatal screening tests without a medical indication.
  + Home modifications and adjustments to vehicles or computers not specifically designed for your illness or disability.
  + Vision aids such as glasses, contact lenses, and the costs for laser eye surgery.
  + Expenses reimbursed or could be reimbursed by health insurance, your employer, the UWV, the municipality, or the state.

**Deductible expenses include:**

* Medical and surgical help from doctors, specialists, and dentists. Paramedical services are deductible if you have a statement from the provider detailing the treatment.
* Vaccination costs for medical prevention, like travel vaccinations.
* Costs related to physical conditions caused by illness or medication, including treatments for baldness, fat accumulation, and wrinkles, if they're side effects of an illness or medication.
* Hospital stays for medical reasons are deductible, excluding non-medical reasons like cosmetic surgery.
* Costs for care hotels split between medical care and accommodation are deductible.
* Fees for alternative healers and special therapies prescribed and supervised by a doctor.
* Unreimbursed costs for prescribed medicines and certain medical devices.
* Expenses for special diets prescribed by a doctor.
* Extra costs for clothing and bedding due to illness or disability. A fixed amount is deductible without needing receipts.
* Family assistance costs exceeding a certain threshold, including payments to non-certified caregivers.
* Transport costs to medical treatments, modifications to vehicles for medical reasons, and travel expenses related to medical care.
* Costs for special education due to medical reasons and personal budgets for selecting your own care are deductible, with conditions on how these are claimed.

Remember, you cannot deduct costs reimbursed by insurance or other sources. Also, choosing a healthcare provider outside your insurance network may affect the deductibility of those expenses.

### Deductions for qualifying gifts

There are two kinds of donations you can make that might allow you to get a tax deduction:

1. Individual Donations: These need to be above a certain amount before you can deduct them from your taxes. In 2023, the donation must exceed a specific threshold to qualify for a deduction.
2. Periodic Donations: These don't have a lower limit but must follow stricter rules. There's also a cap of €250,000 on how much you can deduct in 2023 and beyond.

**Individual Donations**

Individual donations are money you give to charities or similar organizations because you want to help (not because you're getting something in return). To deduct these donations from your taxes, the following conditions must be met:

* The donation must be to an approved charity (known as an ANBI) that's recognized by the tax office and is based in certain locations, including the Netherlands and some other specified countries.
* Local political parties can also qualify if they are recognized as an ANBI.
* You need to have documentation, like receipts, to prove your donation.
* The total amount of your donations for the year is added up. Only the amount that's above 1% of your total income (with a minimum of €60 and a maximum of 10% of your income) can be deducted.
* Donations made through a lottery, even if the lottery supports charities, aren't deductible.

**Donations to Cultural ANBIs**

Donations to cultural organizations get a special boost in your tax return, automatically increased by 25%, making more of your donation deductible. However, there's a limit of €1,250 on this increase.

**Volunteer Expenses**

If you volunteer and choose not to claim expenses you're entitled to, this can count as a donation. Conditions include:

* The organization you volunteer for offers to compensate you, but you choose not to take it.
* Your travel expenses for volunteering can be deducted at €0.21 per kilometre if you don't claim them as expenses.

**Periodic Donations**

Periodic donations are set up to last for at least five years with the same amount donated each year, and they have no lower limit for deduction. However, from October 2022, you can't deduct more than €250,000 per year for these donations. The organization you donate to must be an ANBI, or a specific type of association that meets certain requirements.

**Periodic donation:**

* It must be made to an ANBI or a qualifying association.
* You agree to donate the same amount annually for at least five years.
* The donation agreement ends if the donor or another specified person dies.
* The donation is made willingly, without expecting anything in return.
* The agreement is documented properly, either through a notarial deed or a written agreement.

**Cash Donations**

Cash donations are not deductible. It's better to make donations through a bank transaction to ensure they can be deducted, assuming other conditions are met.

**Donations and Partnerships**

If you have a tax partner, you combine your donations to calculate the deduction, which is based on your combined income. You can choose how to split the deductible amount between you. If you were partners for only part of the year, you each deduct your own donations after accounting for your individual thresholds.

### Deduction for qualifying alimony payments

Partner alimony is money paid for support to an ex-spouse or a partner from whom one is permanently separated. The person paying can reduce their taxes by deducting this amount, and the person receiving it must pay taxes on it as income. For the deduction to apply, the alimony must be legally required, ordered by a court, or agreed upon by both parties. Payments made without any legal obligation don't qualify for a tax deduction, but payments made for moral reasons after the legal obligation ends can still be deducted, based on a specific rule from 1995.

Alimony is often paid regularly, like weekly or monthly, but other arrangements exist:

* Lump-Sum Payments: A one-time payment to an ex-spouse can be deducted by the payer and is taxed as income for the receiver. This is allowed when there's a legal basis for the alimony that could be settled in one payment. Money given as part of splitting assets, however, isn't deductible.
* Pension Rights and Annuities: Payments related to pension rights settlement or annuities (where premiums were previously deductible) can also be deducted.
* Payments in Kind: Instead of cash, alimony might be paid by covering certain expenses like health insurance or providing free housing. The value of these payments can be deducted by the payer and is considered taxable income for the receiver. Special rules apply if the housing isn't rented but is part of an owned home.
* Annuity Premiums: Paying an annuity premium for the ex-spouse's benefit is deductible under certain conditions, such as the payments starting immediately after the premium is paid and ending no later than the ex-spouse's death.

Alimony to a former cohabiting partner who was not married to the payer can also be deductible if there's a court-enforceable agreement based on a moral obligation. The allowable amount of support is guided by established standards (Treman standards). A lump-sum alimony payment to a former cohabiting partner, however, isn't deductible.