

**Tax Guide to the Netherlands**

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**Introductory word**

We are delighted to present this comprehensive guide to the basics of individual taxation in the Netherlands. This guide provides clear explanations and practical insights into the complexities of Dutch taxation, serving as an essential personal income tax return filing handbook for individuals residing in the Netherlands and entrepreneurs conducting business there.

This guide is structured to clearly explain key aspects of Dutch taxation:

1. **Chapter 1: Introduction to Dutch Personal Income Taxation**
   * Provides an overview of taxation fundamentals in the Netherlands.
   * Explains applicable tax rates, exemptions, and payment procedures.
   * Clarifies taxation differences for employees and self-employed professionals.
2. **Chapter 2: International Taxation Considerations**
   * Discusses important international tax matters relevant to Dutch residents.
   * Explores how tax treaties affect the taxation of income for residents and businesses operating internationally.
3. **Chapter 3: Taxation for Highly Qualified Immigrants**
   * Details the specific tax treatment available to highly skilled expatriates.
   * Outlines the conditions, benefits, and application procedures for the 30% ruling.
4. **Chapter 4: Taxation of Crypto Assets**
   * Examines how income derived from cryptocurrency and digital assets is taxed.
   * Provides insights into reporting requirements and compliance practices.

We hope this handbook will be insightful and don’t hesitate to give us feedback!

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# 1. Fundamentals of Dutch personal taxation

Before you start preparing your Dutch personal income tax return, it is important to clarify your status. Whether you're moving into or out of the Netherlands, or have income sourced from the country, knowing your tax residency, filing options, and eligibility for special tax provisions is essential. The first section provides guidance on determining your filing status so you can file the correct forms and understand the implications of selecting a particular status.

## 1.1. Determining your filing status

1. **Domestic / foreign tax resident**

In the Netherlands, tax residency is governed by the General Taxation Act (*Algemene wet inzake rijksbelastingen*, “**AWR**”). Dutch tax law does not provide an exhaustive definition of “tax resident.” Instead, it refers to “factual circumstances,” a concept interpreted through jurisprudence (art. 4 para. 1 AWR). The Dutch tax authorities consider the below factors amongst others when assessing tax residency of an individual:

* Spending the majority of your time in the Netherlands;
* Having your partner and/or (direct) family residing in the Netherlands;
* Working in the Netherlands;
* Being insured in the Netherlands;
* Visiting a general practitioner in the Netherlands;
* Membership in Dutch associations or organisations;
* Enrolling your children in Dutch schools.

In practice, a person is typically recognised as a tax resident upon registering with a Dutch municipality and obtaining a personal tax number (“BSN number”). This may lead to situations of dual tax residency when moving from a country where, for example, you have already stayed more than 183 days in the same tax year prior to moving to the Netherlands. The same overlap may occur when you are moving out of the Netherlands and deregistering yourself from the municipality, in which case you are, by default, considered to have ceased Dutch tax residence.

However, the above dual tax residence situations do not necessarily lead to double taxation. When completing the first personal tax return after moving to the Netherlands (*M-formulier*), it is important to note the general rule of income allocation. Income must be divided into:

* Income received before the move: Generally tax-exempt in the Netherlands.
* Income received after the move: Generally taxable in the Netherlands.[[1]](#footnote-0)

In a similar vein, after the year of emigration you are obliged to file your exit personal tax return (*M-formulier*) with the income received after the move generally not being subject to Dutch taxation.

Those who are Dutch tax residents for the whole calendar year shall file the ordinary personal tax return (*P-formulier*), while those who haven’t been tax resident in the Netherlands for a single day in the year but have local income to declare, shall file another form (*C-formulier*).

1. **Single / joint income tax return filing**

In the Netherlands, fiscal partners have the option to file income tax returns either individually or jointly. The choice, by itself, doesn’t generally affect the legal and tax outcomes. The main reason for doing a joint filing is simplicity and consistency of submitted data.

You are regarded as partners for Dutch income tax purposes (“fiscal partners”) if at least one of the three criteria below applies to you:

* you are married (*huwelijk*); or
* you have registered your partnership in a municipality (*geregistreerd partnerschap*), which in effect is very close to the marriage; or
* you are registered at the same address in the municipal records and:
* you have a child together;
* one of you have legally recognised the other’s child;
* you are recognised as partners under a pension scheme; or
* you jointly own a home you live in.

Fiscal partners can, regardless of whether they file jointly or separately, allocate between each other in the desired share:

* **Box 1**:
* deemed income from owner-occupied residence (*eigenwoningforfait*) with all other items of Box 1 income being taxed on an individual (separate) level;
* deductions (*aftrekposten*), such as mortgage interest relief, gift and medical costs deductions;
* **Box 2**: income from substantial participations (e.g. dividends, capital gains);
* **Box 3**: savings and investment assets.

In addition, certain tax credits (*combinatiekorting*) and tax rate thresholds (Box 2, Box 3) further enhance the advantages for fiscal partners filing jointly (see Sections 1.2. - 1.4 for further explanation). It shall be noted that.

Another advantage is that asset transfers between fiscal partners are disregarded for gift tax purposes (see Section 4.3. below).

When you and your fiscal partner choose to submit a joint income tax return, each of you in general remains individually responsible for the accuracy and completeness of the information provided by yourself. However, incorrect information can affect the joint tax assessment, potentially having indirect consequences for the other partner. In this respect, it is especially important to understand that even when filing separate income tax returns fiscal partners may be deemed to jointly own specific assets which have to be correctly declared.

Before 2018, the Dutch unlimited community of property regime meant that upon marriage, all assets and debts — whether acquired before or during the marriage—became jointly owned by both spouses. Since 1 January 2018, marriages and registered partnerships in the Netherlands automatically follow the regime of limited community of property (*beperkte gemeenschap van goederen*), unless a marriage agreement (*huwelijkse voorwaarden*) explicitly sets alternative arrangements.

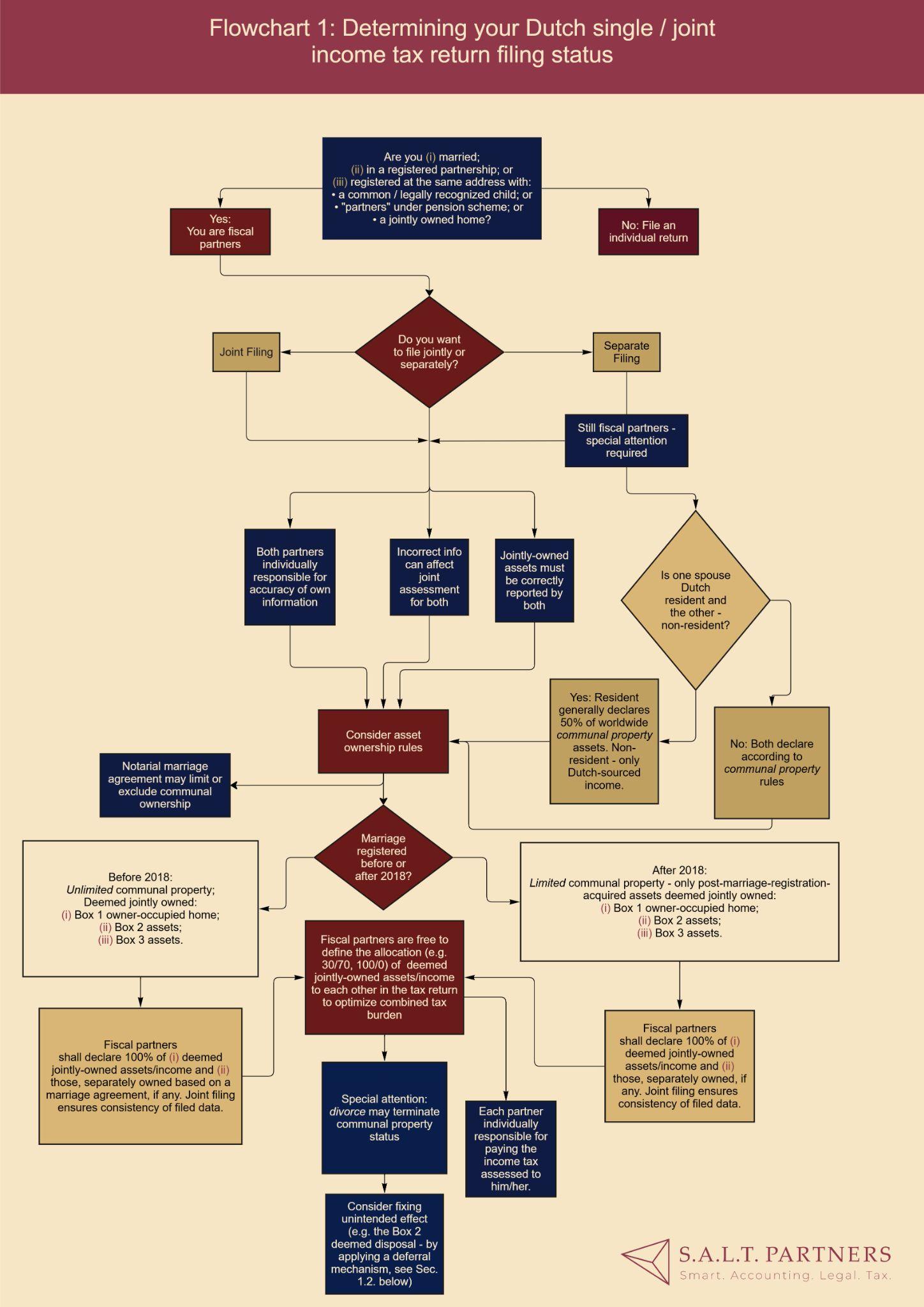
| Under this system, spouses jointly own only the assets and debts acquired after the marriage date, while assets and debts each partner owned individually beforehand, or received through personal inheritance or gifts during the marriage, remain separate. From an income tax perspective, spouses are automatically fiscal partners, meaning that Box 2 and Box 3 assets acquired during the marriage belong equally (50/50) to both spouses by default, irrespective of whose name is on the title. Spouses do have flexibility to deviate from this standard allocation in their tax return to optimise their overall tax burden but the combined pool of declared items in Box 2/Box 3 generally shall always equal 100%. |
| --- |

This arrangement is especially relevant when one spouse is a Dutch tax resident and the other is not. In such cases, the resident spouse must declare their half of all shared assets held worldwide, while the non-resident partner typically only declares assets situated in the Netherlands and has no right for allowances (tax deductions and credits). Non-resident partners are not regarded as fiscal partners, unless they qualify as qualified foreign tax residents (*kwalificerend buitenlands belastingplichtige*). For details see the end of **Section 1.2** below.

While each spouse is individually responsible for their own tax returns, any omissions and payments, failing to report jointly-owned assets can have consequences for both partners, since the Dutch tax authorities may seek recovery from the communal marital estate. Therefore, the instances of separate tax return filings by married couples require special attention.

| **Tip:** Fiscal partners in the year of relocation  If you and your spouse have arrived in the Netherlands, then make sure that you are registered in the municipality at the same date so that you can apply the fiscal partnership status (and its benefits) in the first income tax return (M-form) for the year of relocation, starting from the date of such registration. |
| --- |

Finally, a situation where the fiscal partners cease to become such (e.g. due to divorce), may trigger unforeseen tax implications. See, for instance, below on the deemed disposal of Box 2 assets.



1. **Do you have a 30% tax ruling?**

For 30% tax rulings granted before 2024, beneficiaries could opt for a partially tax non-resident status (*partiële buitenlandse belastingplicht*), exempting them (and their fiscal partners in case of a jointly filed tax return) from Dutch taxation on foreign assets in Box 2 and Box 3 (see Section 4.3. for details on the 30% tax ruling).

However, this status is abolished from 1 January 2025 (after 55 years of being the main reason for affluent expat individuals to put up with the Dutch weather). While this exemption still applies until 31 December 2026 to those who continue to have the 30% tax ruling at least since December 2023, the general rule now is that you, as a Dutch tax resident, are required to declare your Box 2 and Box 3 assets held worldwide, so make sure that you plan your tax filing accordingly.

**1.2. ​Determining your taxable income**

This section explains how Dutch tax rules categorise your income into different groups. Tax residents of the Netherlands are subject to personal income tax on their worldwide income. The taxable income is grouped into three categories, or "boxes," based on the type of income.

| **Humour:** Rumor has it that the Dutch Tax Authority offers an exceptionally generous severance package. Instead of giving departing employees just one box to pack their belongings, they get three — Box 1, Box 2, and Box 3! |
| --- |

Below we will dwell upon the structure of each box and examples of related taxable / non-taxable income.

| Box 1: Earned income and income from owner-occupied home |
| --- |

Box 1 covers various categories of income, including:

* Employment income – Salaries, wages, and benefits from an employer;
* Business income – Profits from self-employment or business activities;
* Other active earnings – Compensation from freelance work or temporary jobs;
* Income from property rights – Earnings from granting property rights to a company in which the taxpayer has a substantial interest (at least 5% ownership in shares or options);
* (State) pensions – Retirement benefits from government or private pension schemes;
* Periodic payments – Certain recurring payments from individuals, such as child support;
* Insurance payouts – Payments received from insurance companies under specific conditions;
* Deemed rental income – Imputed income from an owner-occupied home, treated as part of taxable income.

Dutch tax law categorises real estate ownership into two types:

* **Owner-occupied home (Box 1)** – The primary residence is subject to an imputed rental income, calculated annually. Mortgage interest on qualifying loans may be deductible.
* **Non-primary residences (Box 3)** – Second homes, investment properties, and other non-primary residences fall under Savings and Investment Income in Box 3, where they are generally (see Box 3 section below) taxed based on their net asset value.

**Taxation of owner-occupied home (Box 1)**

In general, it is more tax beneficial to have your apartment / house in Box 1 (rather than in Box 3) because:

* the imputed income in Box 1 is lower than in Box 3 (see below);
* the mortgage costs and interest payments are generally deductible from Box 1 income;
* in the absence of a mortgage you will get a substantial decrease of the imputed income in Box 1 (see below).

Box 1 imputed rental income (*eigenwoningforfait*)

The imputed rental income for an owner-occupied home is calculated using prescribed rates that are adjusted yearly. The rates applicable for 2025 are as follows:

| Cadastral value | Imputed income |
| --- | --- |
| From € 0 to € 12 500 | 0% |
| From € 12 501 to € 25 000 | 0,10% |
| From € 25 001 to € 50 000 | 0,20% |
| From € 50 001 to € 75 000 | 0,25% |
| From € 75 001 to € 1 330 000 | 0,35% |
| From € 1 330 000 | € 4 655 plus 2,35% of the excess amount of € 1 330 000 |

**Deductible mortgage costs**

If a mortgage or loan is given out (by a bank, your relative, friend or your personal holding BV, does not matter) to purchase an owner-occupied home, the interest paid is generally deductible against income in Box 1. If a mortgage or loan is not related to the maintenance or improvement of an owner-occupied home, the interest is not deductible and the debt is included in Box 3.

| **Tip:** Family Mortgage Loan  You consider financing your child’s purchase of a house in the Netherlands. Instead of sending the money as a gift, consider giving out a mortgage loan at a Dutch market interest rate (e.g. 6%), subject to the mortgage agreement requirements mentioned below. This will mean that your child will have to pay you 6% in interest on the principal annually which he/she will deduct from his/her taxable Box 1 income. You could return the paid interest amounts to the child income- and gift tax-free:   * if you are Dutch tax resident: under the threshold of annual parent-to-child gifts of €6,713 (2025). * if you are not a Dutch tax resident: without limitations, since gifts from non-resident parents are non-taxable, neither under income nor gift tax   See Section 4.2. for details on the Gift Tax. |
| --- |

The requirements for deductible mortgage/loan interest are simple:

| **Criterion** | **Mandatory?** | **Comment** |
| --- | --- | --- |
| Written agreement | Yes | Clear terms on interest and repayment |
| Repayment obligation (annuity/linear) | Yes | Mandatory full repayment within 30 years |
| Report loan to the Dutch Tax Authorities | Yes | Required in your first tax return |
| Arm’s length interest rate | Yes | Check out the standard bank terms |
| Mortgage right (pledge) on the house | No | Provides extra security for the lender. No security = higher interest rate |

The default way to apply the interest rate deduction is to account for it in your income tax return for the reporting (previous) tax year. In this way you will often receive a full tax refund in a few months after the filing (say, in July 2026 for the interest paid in 2025). The second, and more efficient, option is to apply for a preliminary tax assessment (*voorlopige aanslag*) by submitting an advance income tax return for the current year shortly after signing the mortgage or loan agreement. Once approved, you will receive the estimated tax refund in monthly installments, which will later be reconciled in your final tax return after the end of the year.

Together with the interest you may also deduct the mortgage/loan-related one-off costs:

* Advice and mediation fees for mortgage advice;
* Commitment fee (to lock in mortgage rate);
* Notary fees for the mortgage deed;
* Land registry fees for the mortgage deed;
* Translator’s fees for the mortgage deed;
* Valuation costs to get the loan;
* Costs for applying for the National Mortgage Guarantee (NHG);
* Penalty interest (*boeterente*) for early repayment;
* Construction interest (paid after signing the preliminary purchase agreement but before the mortgage deed);
* Costs related to a construction deposit or renovation loan;
* VAT on the above (where applicable).

In practice, the above mortgage-related one-off costs result in an additional deduction of 5,000 euros from your Box 1 income for the year in which the delivery takes place.

| The real estate transfer tax (*overdrachtsbelasting*) is not deductible. The standard rate is 2% of the cadastral (WOZ) value, provided that you submit a declaration to the notary of purchase for the primary residence purposes.  **Tip:** the 0% transfer tax “starters”-exemption (*startersvrijstelling*) can be used by declaring via a special form (*verklaring overdrachtsbelasting startersvrijstelling*) to the notary that:   * you are under 35 years old at the time of signing the notarial deed; * you are buing the real estate for the purpose of living in it (main residence); * you have not previously received the transfer tax exemption; * the value of the real estate does not exceed € 525,000 (2025) at the time of entering into the notarial deed. |
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Building Depot Specific Rules If you take out a mortgage loan and part of it is held in a building depot (*bouwdepot*), the funds must generally be used within two years for renovation or improvement of your home. If, after two years, there are still unused funds in the depot, the interest on this remaining balance is no longer immediately deductible. Interest becomes deductible again only once you actually spend this remaining amount on qualified renovation or home improvements. Until this expenditure occurs, you must declare 'No' for the deduction of the interest on this portion.

Equity Reserve Rule (*bijleenregeling*) When you sell your primary residence, if the proceeds exceed the outstanding mortgage debt, you create what's called an 'equity reserve' (eigenwoningreserve). To calculate your equity reserve, determine the difference between the sales price of your old home minus the selling costs and the outstanding mortgage debt.

When purchasing your next home, the maximum mortgage eligible for interest deduction is reduced by the amount of this equity reserve. This means that if you have equity from your previous property, you must use this equity towards your new property before taking out a new mortgage if you want full interest deductibility.

| **Example** | | |
| --- | --- | --- |
| Alex sells his old home in 2023 for €300,000. The remaining mortgage debt is €200,000, and selling costs amount to €6,000. Thus, Alex's equity reserve is (€300,000 - €6,000 - €200,000) = €94,000.  He buys a new property for €400,000 (excluding €20,000 of purchase costs). The maximum deductible mortgage Alex can have is (€420,000 - €94,000) = €326,000. Interest on any mortgage amount exceeding €326,000 is not deductible and is considered a Box 3 liability. | | |

Deductible Imputed costs (no/low mortgage)

If your mortgage (and deductible costs) is low compared to the taxable value of your home in Box 1 ("eigenwoningforfait"), you are entitled to a special deduction (*aftrek geringe eigenwoningschul*d) which can balance off the imputed rental income. The deduction is phasing out each year for 3.33% so that in 2024 it was 80%, in 2025 - 76.67%, in 2026 - 73.34 and so on.

Calculation example (2025):

* Imputed rental income: €1,200
* Mortgage deductible costs: €1,000
* Difference: €200
* Deduction: €200 × 76.67% = **€154**
* Remaining €46 of imputed rental income is added to your Box 1 tax base.

As you can see from the above, placing your real estate in Box 1 can be quite tax appealing but generally you may do so only in relation to the acquired residence that you move into (and register at this address in the municipality).

| **Tip:** if you buy a new apartment / house but don’t move in, there is still a chance to place it in Box 1 if:   * at the moment of delivery you intend to move in within three years from the end of the year of delivery; * and the property is not rented out during this transition (*leegstand of in aanbouw*).   In order to extend the Box 1 treatment of your property that you move out you can post it for sale (*leegstand bij verkoop*) without renting it out, in which case it can be put into Box 1 for the maximum of three years after the year of moving out.  Interestingly enough, this extended Box 1 treatment (*verhuisregeling*) is also granted in a chain event where you first buy a property and put it into Box 1 based on “intention to move in” and then within three years you sell it. |
| --- |

Qualified foreign tax resident (*kwalificerend buitenlands belastingplichtige*) As a final remark on the deductible mortgage costs, generally only Dutch tax residents are allowed to apply the deduction. If your primary residence is owned by yourself and your non-resident fiscal partner, then generally you will be only able to deduct the mortgage costs which you specifically paid for and only in proportion to your share in the real estate (e.g. 50%). The only exception is when your spouse is regarded as a qualified foreign tax resident (*kwalificerend buitenlands belastingplichtige*), that is:

* has at least 90% of their global income taxable in the Netherlands; and
* resides in qualifying jurisdictions (EU countries, Liechtenstein, Norway, Iceland, Switzerland and some other) during the relevant tax period; and
* has a written statement (*inkomensverklaring*) signed by the tax authority of his/her residence).

Given the strictness of the above requirements, generally it would mean that Dutch non-residents don’t have the right to deduct mortgage costs, as well as to deduct tax credits (see **Section 1.4** below). Depending on their country of residence limited allowances (deductions / credits) may be allowed. For instance, if you reside in the EU Countries (excluding the Netherlands and Belgium), Liechtenstein, Norway, or Switzerlandone, you are eligible for:

* Entrepreneurial deduction (*ondernemersaftrek*);
* Tax-free allowance in Box 3 (*heffingsvrij vermogen box 3*);
* Employment credit (*arbeidskorting*);
* Income-dependent combination credit (*inkomensafhankelijke combinatiekorting*).

| Box 2: Income from substantial interest in companies |
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Box 2 applies to income derived from a substantial interest in a company (BV, NV, cooperatives and foreign analogies), defined as direct or indirect holding at least **5%** of the company’s shares or comparable rights, including options to shares.

In calculating the threshold your share and the share of your fiscal partner are combined together. If the combined result reaches or exceeds the 5% threshold each of you will be recognized to have substantial interest in the company. In case you are not anymore fiscal partners the rules on the deemed disposal may apply to you and/or your partner (see below).

When a company has multiple types of shares, the 5% criterion must be applied to each share class.

If you have a substantial shareholding in a particular class of shares, the force of attraction rule of article 4.9 of the Dutch Income Tax Act (*Wet inkomstenbelasting 2001,* hereinafter - “**IB**”) requires that your other shares, options for shares and participation certificates in that issuer are also included in the substantial shareholding (*meesleepregeling*).

Shares, options or profit-sharing certificates that are otherwise part of the taxpayer’s Box 3 assets can also qualify as a substantial interest if your fiscal partner or a direct relative (by blood or marriage) of yours or of your partner does have a substantial interest in the same company (*meetrekregeling*).

Taxable income under this category includes:

* Dividend payments and bonus shares – Includes both regular dividends and hidden dividends, such as those derived from certain profit-sharing loans.
* Repayment of contributed capital – Subject to tax when it exceeds the original capital contribution.

| **Tip:** When deciding to repay capital from your BV make a proportional decrease in the number of shares / nominal share capital in order to avoid Box 2 taxation. Sometimes you will need first to convert the additional paid in capital (*agio reserve*) into nominal share capital before making such a decrease. |
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* Income from the sale or deemed sale of shares – Gains realised from (imputed) selling or transferring shares.

The tax base is defined as the realisation value (which may be not lower than the fair market price of the disposed share) minus the acquisition and capital investment costs borne by the taxpayer in relation to such share (verkrijgingsprijs).

| **Tip:** When relocating to the Netherlands, foreign company owners holding 5% or more shares shall declare in their first income tax return the fair market value of the shareholding at the time of immigration which amount (and not the actual investment costs) will be used as a deductible (step up) from the tax base upon realisation of the shares (Art. 4.25 IB). |
| --- |

Certain situations trigger a deemed disposal (*fictieve vervreemding*), resulting in taxation on the assessed market value of the share even when no direct transaction occurs:

* Selling shares below market value.
* Transferring shares through inheritance.
* Changing the shareholder’s tax residency.

| **Tip:** When relocating from the Netherlands, company owners holding 5% or more shares are taxed in Box 2 on the increase in share value during their stay in the country. However, owners of foreign companies can avoid this tax if they have lived in the Netherlands for less than 8 consecutive years and no more than 10 years in the past 25 years (passantenregeling). |
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* Ending a substantial shareholding (e.g. through divorce).
* Receiving a distribution upon company liquidation.
* Granting a call option on the shares.

Dutch tax law provides for a deferral mechanism (*doorschuifregelingen*) that postpones Box 2 taxation on deemed disposals arising from the division of marital assets, inheritance, and gifts.

Under this deferral, the taxable event in Box 2 is shifted to a future date, occurring only when the recipient of the substantial interest eventually makes an actual or deemed disposal of the asset.

#### General conditions for the deferral:

* The transfer must be completed within two years following the dissolution of the marriage or the death of the owner.
* The recipient must be a Dutch tax resident.
* The acquired shares or profit rights must not be part of the recipient’s business assets.
* The acquired shares or profit rights must not generate employment-related income.
* For gifted substantial interest shares, the recipient must have been employed by the company for at least 36 months immediately preceding the transfer.
* For gifted and inherited shares, the company in question must operate a material enterprise.

**Exit tax**

Upon your emigration and filing of a tax return (*M-formulier*), a preservative tax assessment (*conserverende aanslag*) will be issued by the Dutch tax authorities with regard to your deemed disposal of a substantial shareholding, following which:

1. you may choose either to be immediately taxed; or
2. to defer the payment until a taxable event occurs (e.g., disposal, dividend payout).

| The Box 2 tax is calculated on the increase in value of shares in a foreign company from the date of immigration to the Netherlands to the date of emigration from the Netherlands. Any appreciation in value before becoming a Dutch tax resident is not taxable. |
| --- |

#### Further, the deferral procedure differs depending on the country of destination:

* **Non-EU/EER emigration**: A formal deferral request is required to be filed with the tax authority which must be accompanied by a security (bank guarantee or a pledge / charge over the shares).
* **EU/EER emigration**: Deferral is granted automatically, but the Dutch tax authorities may require annual proof of ownership and a confirmation of residence address to maintain the deferral.

Taxpayers with substantial interests should carefully plan their (deemed) disposals to avoid unexpected tax implications.

| Box 3: Income from savings and investments |
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The Dutch taxation system for personal investment income, known as **Box 3**, is undergoing significant reforms, with the new system now anticipated to be implemented no sooner than from **2028**. ​Historically, Box 3 taxed individuals based on imputed returns on their assets, rather than actual income. This method was challenged and deemed to violate property rights, leading to the need for reform. ​

**Transitional measures: the lesser of imputed or actual returns in Box 3**

In response to earlier criticisms, a temporary system known as the forfaitaire spaarvariant was introduced in 2021. This system estimated returns on assets but continued to rely on imputed figures, which remained controversial and were subject to further legal scrutiny. ​On June 6, 2024 The Dutch Supreme Court ruled that the interim measures were insufficient, particularly for taxpayers whose actual returns were lower than the imputed returns. The Court mandated that taxpayers should be allowed to demonstrate their actual returns if they are lower than the assumed rates, and tax assessments should be adjusted accordingly. Until the new system is implemented, the current regime is supplemented with a rebuttal provision allowing taxpayers who have received a final tax assessment (for the years 2021 and onwards) to file a form to the tax authorities requiring a reassessment based on the lower actual returns of Box 3 assets.

**Planned reforms from 2028**

The government plans to implement a new Box 3 system in 2028, focusing on taxing actual returns. Key features include:​

1. **Realized returns (Vermogenswinstbelasting):**

* Capital gains from the sale of unlisted securities.​
* Capital gains from the sale of crypto assets.​
* Capital gains from the sale of the real estate.​
* Dividends, interest, and income from deposits.​
* Rental income.

| **Real or imputed return:** The current version of the reform bill provides for three alternative scenarios of rental income calculation:   * for properties rented out for at least 90% of the year - real rented income; * for properties not rented out at all - a fixed imputed income rate (currently set at 2.65% of the WOZ-value); * for properties rented out for less than 90% of the year - a mix of a real / imputed income approach. |
| --- |

1. **Unrealized returns (Vermogensaanwasbelasting):**

* Annual changes in the market value of listed instruments (e.g., shares, bonds, crypto assets) compared to the previous year.​
* Foreign currency gains from bank deposits in foreign currencies.​

Taxpayers should prepare themselves for the upcoming reform which, if enacted in the form currently foreseen, would impose a significant additional administrative burden in the form of capital gain calculations for the Box 3 assets disposed of throughout the year (currently not declarable).

| Box 3 Interim transition system (2023 - 2027) |
| --- |

**Imputed income taxation**

Box 3 covers various types of assets, with their market value assessed generally as of 1 January of the reporting year. For instance, the 2025 income tax return, due by 1 May 2026, will be based on the value of Box 3 assets as of 1 January 2025, except for real estate, whose market value shall be assessed as of 1 January of the year preceding the reporting year (Article 18 of the Real Estate Valuation Act (Wet waardering Onroerende Zaken - WOZ)). For Dutch real estate you shall generally use the cadastral valuation (WOZ-waarde). In contrast, you shall assess the market value of your foreign real estate yourself based on objective criteria (which can be evidenced before the Dutch tax authority).

**Assets Included in Box 3**

The following types of assets are taxed under Box 3:

* **Bank and brokerage accounts** – Cash balances held in personal accounts.
* **Cash on hand** – Physical currency holdings.
* **Loans issued to others** – Private loans extended to third parties.
* **Minority shareholdings** – Shares representing less than 5% ownership in a company.
* **Financial instruments** – Investment products such as bonds and derivatives.
* **Cryptocurrencies** – Digital assets, including Bitcoin and other crypto holdings.
* **Trust entitlements** – Beneficial interests in trusts.
* **Real estate (excluding the owner-occupied home)** – Second homes, rental properties, and investment real estate.
* **Other assets** – Movable property (not for personal use), intangible assets, and property rights, unless they generate active earnings taxed in Box 1.

**Procedure for determining the tax base for Box 3**

#### 1. Net Asset Value

* Calculate the total value of all Box 3 assets as of the reporting date (in euros).
* Deduct Box 3 debts, applying a fixed deductible amount:
  + € 3 800 for single taxpayers (2025).
  + € 7 600 for fiscal partners (2025).

#### 2. Net Imputed Return on Assets

* Determine the imputed return (in euros) for each asset category, based on the applicable rates.

| Asset category | Rate for calculation of imputed profitability | |
| --- | --- | --- |
|  | 2024 | 2025 |
| Savings | 1,03% | 1,44% |
| Investments and other holdings | 6,04% | 5,88% |
| Debts (net of threshold) | 2,47% | 2,62% |

#### 3. Cumulative Yield

* Calculate the Cumulative Yield (%) by dividing the Net Imputed Return on Assets (step 2) by the Net Asset Value (step 1) and by multiplying the result by 100.

#### 4. Fiscal Value of Assets

* The fiscal value is the Net Asset Value reduced by the fixed exemption, which in 2025 is:
  + € 57 684 for single taxpayers.
  + € 115 368 for fiscal partners.

#### 5. Tax Base

* The tax base for Box 3 is calculated by multiplying the Fiscal Value of Assets (step 4) by the Cumulative Yield rate (step 3).

#### 6. Tax Amount

* The final Box 3 tax amount is determined by applying the Box 3 tax rate to the Tax Base (step 5).
* For 2025, the Box 3 tax rate is 36%.

**Procedure for applying the (lesser) actual return tax base to Box 3**

Starting in the summer of 2025, you will be able to report your actual Box 3 return to the Dutch tax authority in a separate form. You will receive a separate letter for each year that you are allowed to report your actual return.

If your actual return on Box 3 assets for a given year is lower than the imputed return, you may submit the Actual Return Declaration (*Opgaaf Werkelijk Rendement*) to the tax authorities and request taxation based on your actual return instead of the deemed return for that year.

Ensure you have the following details before submitting the Actual Return Declaration:

* Bank and Savings Accounts
  + Bank name and IBAN.
  + Annual interest statement.
  + Interest in foreign currency, converted using ECB exchange rates.
* Cash in Foreign Currencies
  + Value in euros as of January 1 and December 31 or at the time of exchange.
  + ECB exchange rate.
* Investments (Stocks, Bonds, Options, Green Investments)
  + Annual summary of investment income (excluding withheld dividend tax).
  + Market value as of January 1 and December 31.
  + Total value of annual purchases and sales.
  + Foreign investment income, converted using ECB rates.
* Cryptocurrencies (Bitcoin, Altcoins, NFTs)
  + Value as of January 1 and December 31.
  + Total annual purchases and sales.
* Second Home (Non-Primary Residence)
  + Address details.
  + WOZ value for the current and following year.
  + For foreign properties:
* Market value as of January 1 or purchase date.
* Market value as of December 31 or sale date.

**Note:** Real estate maintenance costs are not deductible under the actual return system.

* Rental Property
  + Address details.
  + WOZ value for the current and following year.
  + Rental income received (via bank statements or rental agreements).
  + For foreign rental properties:
* Market value as of January 1 or purchase date.
* Market value as of December 31 or sale date.

**Note:** Real estate maintenance costs are not deductible under the actual return system.

* Other Real Estate (Land, Garages, Commercial Properties)
  + Address details.
  + Market value as of January 1 or purchase date.
  + Market value as of December 31 or sale date.
  + Rental or lease income.

**Note:** Real estate maintenance costs are not deductible under the actual return system.

* Receivables (Loans Issued to Others)
  + Interest received (from bank statements or loan agreements).
* Other Assets (Non-Exempt Capital Insurance, Miscellaneous Assets)
  + Value as of January 1 and December 31.
  + Total premiums paid and benefits received during the year.
* Liabilities (Debts in Box 3)
  + Lender’s name.
  + Interest paid (from bank statements, loan agreements, or annual summaries).

**Example: Calculation for a married couple’s joint tax return (2025)**

| Patrick and Dina, who do not qualify for the 30% ruling, report the following assets and liabilities as of 1 January 2025:  • Savings: € 100 000  • Assets in brokerage and crypto accounts: € 60 000  • Debt: € 10 000  Further, partners have in 2025:  • Net result from crypto- and stock-trading: € 30 000  • Net bank deposit income: € 1 000 |
| --- |

1. Imputed income approach

| Step | Explanation | Calculation |
| --- | --- | --- |
| 1 | Net Asset Value | € 100 000 + € 60 000 - (€ 10 000 - € 7 600) = € 157 600 |
| 2 | Net Imputed Return on Assets | € 1 440 (i.e. € 100 000 \* 1,44%) +  € 3 528 (i.e. € 60 000 \* 5,88%) -  € 63 (i.e. € 2 400 \* 2,62%) =  € 4905 |
| 3 | Cumulative Yield | € 4 905 / € 157 600 \* 100 = 3,11% |
| 4 | Fiscal Value of Assets | € 157 600 – (2 \* € 57 684) =  € 42 232 |
| 5 | Tax Base | € 42 232 \* 3,11% = € 1 313 |
| 6 | Tax Amount | € 1 313 \* 36% = € 473 |

1. Real income approach

| Step | Explanation | Calculation |
| --- | --- | --- |
| 1 | Tax Base | € 30 000 + € 1 000 = € 31 000 |
| 2 | Tax Amount | € 31 000 \* 36% = € 11 160 |
| Since the real income Tax Base exceeds the imputed income Tax Base the taxpayers have no right to claim taxation based on a real income approach. The Box 3 tax amount for 2025 will be € 473. | | |

**Procedure for calculating income tax across all Boxes**

#### **Step 1:** Determine Net Income per Box

* Calculate gross income for each Box.
* Deduct any allowable expenses to determine net income.

#### **Step 2:** Apply Tax Deductions

* Reduce the taxable base by applying allowable tax deductions as per Section 1.5.

#### **Step 3:** Calculate Base Tax

* Apply the relevant tax rates (see Section 1.3) to the adjusted tax base across all Boxes.

#### **Step 4:** Apply Tax Credits

* Reduce the total tax due by allowable tax credits (refer to Section 1.5).

#### **Step 5:** Determine Final Tax Liability

* The amount remaining after tax credits is the total income tax payable.

### **General rules for income classification and loss offset**

#### Priority order for income categories

* If income qualifies under multiple categories, it is assigned to the first applicable category in numerical order:
  + Box 1 takes precedence over Box 2.
  + Box 2 takes precedence over Box 3.
* Net assets generating Box 1 or Box 2 income are excluded from the notional yield calculation in Box 3.

#### Loss carryforward and offset rules

* Losses in Box 1 can be:
  + Carried forward for nine years.
  + Carried back for three years.
* Losses in Box 2 can be:
  + Carried forward for six years.
  + Carried back for one year.

| If a substantial shareholding (Box 2) ceases to exist, unused losses may be partially offset against Box 1 tax liabilities, at rates of:   * + 24.5% for income up to € 67 804.   + 31% for amounts exceeding € 67 804 (2025 rates). |
| --- |

#### Offsetting personal deductions

* If Box 1 income is lower than total personal deductions, the remaining deductible amount may be offset against Box 3 income.

| Examples of taxable income in Box 1: |
| --- |

* Salary from a Dutch or foreign employer.
* Income from independent personal services, such as:
  + Work through a Dutch sole proprietorship (*eenmanszaak*) or foreign equivalent.
* Imputed rental income from an owner-occupied home.
* Market interest on loans granted to a Dutch or foreign company where the taxpayer holds at least 5% ownership.
* Royalties from licensing intellectual property developed by the taxpayer.
* Periodic annuity payments (*lijfrente*).
* Alimony payments.

| Examples of taxable income in Box 2: |
| --- |

* Dividends received from a Dutch or foreign company where the taxpayer holds at least 5% ownership.
* Deemed income from foreign investment companies:
  + 5,88% (2025) of the value of shares or participation certificates held in a substantial shareholding at the start of the year (minus other regular income).
* Repayments of contributed share capital, unless:
  + The repayment is lower than the purchase price.
  + The repayment has been approved by the general meeting of shareholders with a corresponding reduction in statutory share capital.

| Loans from owned (5%+) company   * A substantial shareholder and their fiscal partner may borrow up to € 500 000 tax-free from their own company. * Any borrowing above this limit is taxed as Box 2 income (treated as a deemed dividend), except for loans used to finance their primary residence. |
| --- |

| Examples of taxable income in Box 3: |
| --- |

* Balance of the insurance account linked to a capital insurance policy (*kapitaalverzekering*).
* Royalties from intangible assets, if not classified as a business asset.

| There are two types of investment insurance:   1. Capital insurance *(kapitaalverzekering*) 2. Financial annuity (*lijfrente*)  Capital Insurance  * Provides a **lump-sum payout** during the taxpayer’s lifetime or upon death. * **Premiums paid are not deductible** from taxable income. * **Lump-sum payouts are tax-free**, but the insured amount is **taxed under Box 3** (based on the insurance account balance as of **1 January**).  Financial Annuity  * Involves **periodic payments** to the taxpayer. * **Taxed under Box 1**, not Box 3. * Taxation depends on the annuity type:   + **Option 1**: Both **premium payments and annuity income** are taxable.   + **Option 2**: Only the **annuity payments** are taxable, with premiums being deductible, thereby reducing the **Box 1 tax base**. |
| --- |

| Examples of non-taxable income: |
| --- |

* Income from the sale of Dutch or foreign real estate, provided the taxpayer does not exceed the "active property management" threshold.
* Rental income from real estate (excluding the owner-occupied home), as long as it does not exceed the "active property management" threshold.
* Income from the sale of securities and financial instruments, unless there are indications of "active trading" or "business activity" (See Section 4.1.1).
* Dividend income from a shareholding below 5%.
* Interest income from loans/debentures, where:
  + The shareholding in the company is less than 5%.
  + There is no business relationship between the lender and the company.
* Lump-sum payouts from a capital insurance policy (*kapitaalverzekering*).
* Investments in green funds or projects *(groenfonds*) with special status (*groenverklaring*):
  + Up to € 26 312 (€ 52 624 for fiscal partners) is tax-exempt.
  + Tax credit of 0.1% (2025) of the investment amount**.**

| Threshold for “active real estate management”  Real estate income is taxable in **Box 1** if the taxpayer **actively manages** their properties (**Article 3.91(1)(c) IB**). Otherwise, rental and sale income remains in **Box 3**.  Indicators of **passive property management (normaal vermogensbeheer)** include:   * **No specialised professional knowledge** in real estate. * **No major capital improvements** beyond normal maintenance. * **Properties are not frequently bought and sold**. * **Day-to-day management tasks** (e.g., repairs, cleaning, administration, rent collection, liaising with tenants) are **delegated to a management company**.   If these conditions are met, real estate income is **not considered business income** and remains in **Box 3**. |
| --- |

**1.3. Rates of taxation**

| Box 1: Earned income and income from owner-occupied home |
| --- |

### **Box 1 Tax Rate Brackets**

Box 1 income is taxed under three brackets, with different tax structures:

* First Bracket: The tax rate is split between:
  + Social security contributions
  + Income tax
* Second and Third Brackets: The full rate applies as income tax only.

For 2025, the second bracket tax rate will be 1.66% higher than the first bracket, while the general bracket structure remains unchanged.

| Taxpayer who has not reached retirement age (67 years) | 2024 | 2025 |
| --- | --- | --- |
| First bracket tax rate | 36,97% | 35,82% |
| Part corresponding to income tax | 9,32% | 8,17% |
| Part corresponding to social security contributions | 27,65% | 27,65% |
| Income threshold for the second bracket rate to apply | € 38 098 | € 38 441 |
| Second bracket tax rate | 36,97% | 37,48% |
| Part corresponding to income tax | 36,97% | 37,48% |
| Income threshold for the third bracket rate to apply | € 37 420 (cumulatively with 1st threshold -  € 75 518) | € 38 376 (cumulatively with 1st threshold -  € 76 817) |
| Third bracket tax rate | 49,50% | 49,50% |

The first and second tax brackets in Box 1 have increased this year (2025) from 36,97% to 37,48%, and the threshold for which this rate applies has risen from € 75 518 to € 76 817.

Application of the social security contributions rate (27,65% on the first € 38 441 in 2025) needs to be assessed separately where a foreign element presides and a double tax exemption is sought. While unilateral (national) or bilateral (double (income) tax treaty (**DTT**)) exemption may apply to income tax, social security contributions are governed by separate bilateral social security treaties or by a multilateral treaty, such as EU Regulation 883/2004/EC (see Section 2.1 below).

| Box 2: Income from substantial interest |
| --- |

| 2025 | Taxable income | Tax rate |
| --- | --- | --- |
| No fiscal partner | ≤ € 67 804 | 24,5% |
|  | > € 67 804 | 31% |
| With fiscal partner | ≤ € 135 608 | 24,5% |
|  | > € 135 608 | 31% |

In 2024, the tax rates in Box 2 were 24,5% and 33%, respectively, with thresholds set at € 67 000 / € 134 000 depending on your fiscal partnership status.

In 2023, the Box 2 tax rate was a flat 26,9%, with no thresholds.

| Box 3: Income from savings and investments |
| --- |

Box 3 tax rate:

• 36% in 2025, 2024; and

• 32% in 2023.

**1.4. Private Wealth Case Study**

| Shall you buy a €1.5 mln town house directly or tax-wise it is better to give out yourself a mortgage from your personal holding BV? |
| --- |

| The analysis is based on the following **personal financial profile** for an individual considering the purchase of a **€1.5 million apartment** in the Netherlands in 2025:   * + Annual gross salary (Box 1): € 200 000   + Total taxable Box 3 assets: € 5 000 000   + Actual return on Box 3 assets: € 200 000 per year (**4%**)   + No existing mortgagedebt before the new property purchase |
| --- |

### **Scenario 1:** Purchasing as Private Wealth (No Mortgage)

In this scenario, you pay the full €1.5 million from personal savings without taking a mortgage. The home remains your primary residence, meaning it is not taxed in Box 3, but you do not qualify for mortgage interest deductions. The tax effects are as follows:

#### Box 1 – Imputed income and Hillen deduction

* You do not pay mortgage interest, so there is no tax deduction available.
* The home still has an imputed income (*Eigenwoningforfait*) of € 8 650.
* However, because there is no corresponding interest deduction, you can apply the Hillen deduction, which allows you to offset 76.67% of the imputed income.
* After applying the Hillen deduction, only € 2 020 remains taxable, leading to an additional € 1 000 in tax liability (compared to ~€4,280 in Scenario 2).

#### Box 3 – Reduction of taxable wealth

* Since you use €1.5 million of your personal wealth, your taxable Box 3 assets drop to €3.5 million.
* You will pay € 17 845 in Box 3 tax liability.

### Net Benefit of Purchasing with Own Funds

* By not paying interest, you avoid a €60,000 annual mortgage cost.
* Assuming your investments earn 4% annually, you forego €60,000 in potential returns..

1. Imputed income approach

| Step | Explanation | Calculation |
| --- | --- | --- |
| 1 | Net Asset Value | € 3 500 000 |
| 2 | Net Imputed Return on Assets | € 3 500 000 \* 1,44% =  € 50 400 |
| 3 | Cumulative Yield | € 50 400 / € 3 500 000  \* 100 =1,44% |
| 4 | Fiscal Value of Assets | € 3 500 000 – (€ 57 684) =  € 3 442 316 |
| 5 | Tax Base | € 3 442 316 \* 1,44% = € 49 569 |
| 6 | Tax Amount | € 49 569 \* 36% = € 17 845  Actual return tax base (€ 200 000) is higher and the imputed tax base and therefore is not applied. |

### **Scenario 2:** Purchasing as a Private Residence with a Mortgage from Your Own BV

In this scenario, you set up a personal BV to act as the lender. You transfer €1.5 million of your personal assets into the BV as capital or a loan. The BV then provides you with a mortgage loan of €1.5 million at a 4% interest rate, secured by your house. You purchase the home privately, making it eligible for Box 1 taxation as your primary residence. The tax consequences are as follows:

#### Box 1 – Mortgage interest deduction and imputed income (Eigenwoningforfait)

* You pay €60,000 in mortgage interest annually to your BV.
* This interest is deductible in Box 1 at a maximum rate of 37.5%, leading to a tax benefit of approximately € 22 500.
* The imputed owner-occupied home income (Eigenwoningforfait) for the property (WOZ value of €1.5 million) amounts to € 8 650.
* On balance, a *negative owner-occupied home income* of € 60 000 - € 8 650 = € 51 350 is created, which reduces your taxable Box 1 income. The tax benefit is roughly € 51 350 × 37.5% ≈ **€ 19 000** net.

#### Box 3 – Reduction of Taxable Wealth

* Unlike a standard mortgage, €1.5 million of your private wealth is moved to the BV, meaning this amount no longer falls under Box 3 taxation.
* As a result, your Box 3 taxable assets decrease from €5 million to €3.5 million.
* Box 3 assumes a 4% return on assets, meaning that you no longer pay tax on €60,000 in assumed income.
* You will pay € 17 845 in Box 3 tax liability (instead of € 25 621 if the town house wouldn’t have been caught).

#### BV – Interest Income and Corporate Taxation

* The BV receives €60,000 in interest income from you.
* This amount is subject to 19% corporate tax on net income , meaning the BV pays € 9 500 and retains € 40 500 after taxes (assuming at least € 10 000 is deducted from the gross income as operational expenses).
* As long as you leave the money in the BV, no further taxation applies. If you decide to distribute it as dividends, Box 2 taxation applies, but you can defer this to optimize your tax position.

### Net Benefit of the BV Mortgage

* You effectively pay interest to yourself, benefiting in two ways:
  1. Mortgage interest deduction in Box 1 (37.5%)
  2. Lower tax rate (19%) on interest income in the BV
* The difference (approximately 18.5% of €60,000 = €11,000 per year) is a direct tax advantage.
* Additionally, Box 3 tax savings of €21,600 per year make this structure highly efficient.
* In total, this setup provides an annual tax benefit of approximately €22,850, making it one of the most tax-efficient options.

**1.5. Tax benefits**

| Box 1: Earned income and income from owner-occupied home |
| --- |

**Tax credits**

A tax credit (*heffingskorting*) is a discount applied directly to the amount of tax payable. In the Netherlands, employees and self-employed individuals are entitled to three main tax credits in the Netherlands:

1. Basic tax credit (*algemene* *heffingskorting*), which also can be given if you have only Box 2 or Box 3 income;

2. Labour tax credit (*arbeidskorting*) which is only given if you have Box 1 income;

3. Credit for working parents with a child under 12 (*inkomensafhankelijke* *combinatiekorting*) which is only given if you have Box 1 income.

**Basic credit**

|  | 2023 | 2024 | 2025 |
| --- | --- | --- | --- |
| Maximum amount of tax credit | € 3 070 | € 3 362 | € 3 068 |
| The reduction in the tax credit amount starts with the amount of income in Box 1,2 and 3 (2025) reaching the threshold (see the right column).  In 2024 and previous years the threshold amount included only Box 1 income. | € 22 661 with a coefficient of 6,095% | € 24 813 with a coefficient of 6,630% | € 24 813 with a coefficient of 6,337% |
| Example of calculation for an income of €70,000 | 6,095% x (€ 70 000 –  € 22 660) = € 2 885  € 3 070 – € 2 885 =  € 185  Credit amount: € 185 | 6,630% x (€ 70 000 –  € 24 812) = € 2 996  € 3 362 – € 2 996 =  € 366  Credit amount: € 366 | 6,337% x (€ 70 000 –  € 24 812) = € 2 863  € 3 068 – € 2 863 =  € 205    Credit amount: € 205 |

**Labour credit**

|  | 2023 | 2024 | 2025 |
| --- | --- | --- | --- |
| Maximum amount of tax credit | € 5 052 | € 5 532 | € 5 599 |
| For taxpayers under the retirement age (67 years), the reduction of the credit amount starts with the amount of income in Box 1 reaching the threshold (see the right columns). | € 37 691 with a rate of 6,51% | € 39 958 with a rate of 6,51% | € 43 071 with a rate of 6,51% |
| Example of calculation for an income of €70,000 euros | 6,51% x (€ 70 000 -  € 37 692) = € 2 103  € 5 052 – € 2 103 =  € 2 949    Credit amount:  € 2 949 | 6,51% x (€ 70 000 –  € 39 957) = € 1 956  € 5 532 – € 1 956 =  € 3 576    Credit amount: € 3 576 | 6,51% x (€ 70 000 –  € 43 072) = € 1 753  € 5 599 – € 1 753 =  € 3 846  Credit amount:  € 3 846 |

**Credit for working parents with a child under 12 years of age**

The credit for working parents with children born after December 31, 2026, will be abolished due to the Government's plan to introduce (nearly) free nursery schools in 2027.

| 2023 | 2024 | 2025 |  |
| --- | --- | --- | --- |
| Maximum amount of tax credit | € 2 694 | € 2 950 | € 2 986 |
| Tax credit rate | 11,45% | 11,45% | 11,45% |
| Parent's income that is not taken into account in the calculation | € 5 547 | € 6 073 | € 6 145 |
| Example of calculation for an income of less than the earning parent of €30,000 | 11,45% x (€ 30 000 -  € 5 547) = € 2 800    € 2 800 > € 2 694    Credit amount:  € 2 694 | 11,45% x (€ 30 000 -  € 6 073) = € 2 740  € 2 950 > € 2 740    Credit amount:  € 2 740 | 11,45% x (€ 30 000 -  € 6 145) = € 2 731  € 2 950 > € 2 731    Credit amount:  € 2 731 |

**Tax deductions**

Tax base deductions (*aftrek*) are amounts subtracted directlyfrom the tax base, making them less advantageous than tax credits.

Self-employed individuals who work at least 1 225 hours per year in their business are eligible for additional tax deductions (*ondernemersaftrek*), including:

• Private entrepreneurs’ deduction (*zelfstandigenaftrek*);

• Starters’ deduction(*startersaftrek*). This is an additional deduction available no more than three times within the first five years of business ;

• Partner’s work deduction (*meewerkaftrek*): A deduction for a partner employed in the spouse's business for at least 525 hours per year, provided the partner earns less than € 5 000 annually for such work.

• Small and medium-sized business deduction (*MKB-winstvrijstelling*): A deduction applied to the tax base after accounting for all other deductions.

Private entrepreneurs’ deduction

|  | 2023 | 2024 | 2025 |
| --- | --- | --- | --- |
| Tax base deduction | € 5 030 | € 3 750 | € 2 470 |

Starters’ deduction

The maximum deduction for entrepreneurs will gradually decrease, reaching € 1 200 in 2026 and € 900 in 2027.

|  | 2023, 2024, 2025 |
| --- | --- |
| Tax base deduction | € 2 123 |

Partner’s work deduction

|  | 2023, 2024, 2025 | | | |
| --- | --- | --- | --- | --- |
| Number of partner's working hours per year | 525 - 875 | 875 – 1 225 | 1 225 – 1 750 | > 1 750 |
| Deduction rate as a proportion of income (less business expenses) | 1.25% | 2% | 3% | 4% |

Small and medium-sized business deduction

|  | 2023 | 2024 | 2025 |
| --- | --- | --- | --- |
| Amount of tax deduction | 14% | 13,31% | 12,7% |
| Example of calculating the 4 deductions above for income (less business expenses) of € 70 000 and 700 partner business hours | € 70 000 x 1,25% =  € 875  € 70 000 - € 5 030 -  € 2 123 - € 875 =  € 61 972  € 61 972 x 14% =  € 8 676  € 61 972 - € 8 676 =  € 53 295  Tax base after deductions: € 53 295 | € 70 000 x 1,25% =  € 875  € 70 000 - € 3 750 -  € 2 123 - € 875 =  € 63 252  € 63 252 x 13,31% =  € 8 419  € 63 252 - € 8 419 =  € 54 833  Tax base after deductions: € 54 833 | € 70 000 x 1,25% =  € 875  € 70 000 - € 2 470 -  € 2 123 - € 875 =  € 64 532  € 64 532 x 12,7% =  € 8 196  € 64 532 - € 8 196 =  € 56 336  Tax base after deductions: € 56 336 |

**Rate adjustment**

**Applies to:**

* **aftrekposten eigen woning;**
* **persoonsgebonden aftrek;**
* **ondernemersaftrek;**
* **TBS vrijstelling;**
* **MKB vrijstelling**

The rate adjustment percentage in 2024 is 12,53%. As a result of this adjustment, in 2024, the maximum tax refund you can receive on all your deductions in the highest tax bracket will be 36,97%. Without the rate adjustment, this would have been 49,50%. In 2025, the deduction will be limited to 37,48%.

The full list of deductions in the personal tax return to which this rule applies is available on the tax authority's website:

<https://www.belastingdienst.nl/wps/wcm/connect/nl/aftrek-en-kortingen/content/afbouw-tarief-aftrekposten-bij-hoog-inkomen>

**1.5. Taxes for a self-employed individual**

The income of a self-employed individual generally falls into Box 1. In Box 1, such income may be declared in one of two categories:

1. Other active income (*winst uit overige werkzaamheden*);

2. Entrepreneurial income (*winst uit onderneming*).

Other active income is income meets the following two criteria:

1. It is related to participation in business transactions (*bron van inkomen*);

2. It does not pass the the entrepreneur's income test.

This means that the income of a freelancer is no longer a (tax-exempt) hobby but a as a commercial activity aimed at generating profit. However, it is not considered entrepreneurial income due to the absence of characteristics such as systematic income generation and organised labour.

Key points for freelancers

A freelancer is generally not entitled to:

• Issue invoices (except in rare cases VAT registration is required because the activity exceeds the VAT registration threshold, but not the sole proprietorship threshold);

• Reduce taxable income with special deductions for entrepreneurs (see Section 1.4. above);

A freelancer doesn't have to:

• Register as an individual entrepreneur with the Chamber of Commerce (“*KvK*”);

• Maintain formal accounting records or prepare financial statements (*jaarrekening*) for the purpose of completing the income tax return.

**Entrepreneur's income**

If your activity passes the "systematic profit-making" test, you are entitled to declare the income as entrepreneurial income(*winst uit onderneming*).

The test can be taken on the tax authority’s website and evaluates whether your activity qualifies as entrepreneurial.The main criteria (in addition to directly generating profit from participation in economic activity) are as follows:

• Size of the business (*bedrijfsomvang*):

o As a general rule, the expected annual revenue should exceed € 5 000;

o You aim to serve more than one customer.

• Duration (*continuïteit*):

o You spend time and capital to develop and sustainyour business.

• Entrepreneurial risk (*ondernemersrisico*).

o You are responsible for your business’s debts and bear the risks, such as non-payment by customers ornon-performance by contractors.

• Independence (*zelfstandigheid*):

o Yyou organise your own work and set your own rates, working independently with at least one client.

Obligations of the entrepreneur

Once you passed the "systematic profit-making" test, youmust:

• Register as a self-employed person (*eenmanszaak*(commonly referred to as "ZZP-er") with the Chamber of Commerce (*KvK*);

• Issue invoices for your services;

• Maintain accounting records and prepare an annual balance sheet (*jaarrekening*);

• Report to the tax authority for VAT purposes (if applicable);

• Retain (aforementioned) documents for seven years.

Entitlements of the entrepreneur

As an entrepreneur, you are entitled to:

• Reducing taxable income by claiming business expenses and business deductions (see Section 1.4. above);

• Reimburse VAT paid to contractors, provided the entrepreneur's activities are not VAT-exempt;

• List property (laptop, auto, real estate, etc.) as an asset on the balance sheet of the business.

**Tax rates**

Entrepreneurial income falls under the Box 1 income categoryas income from active activities and is subject to the following taxes:

Income tax:

• Tax is levied at the rates and tax brackets outlined in Section 1.3.

• For entrepreneurs who are not Dutch tax resident (see Section 1.1.), the first scale does not include the social security contributions (27,65% on the first € 38 441).

Compulsory health insurance payments (*premies volksverzekeringen*):

The Dutch Health Insurance Act (*Zvw* ) insures people mostly for short-term healthcare, for example a visit to their general practitioner. This is different from the compulsory private health insurance.

• Charged at a rate of 5,26% of the net profit.

• Applicable on profits up to € 75 864.

• If the entrepreneur is not a Dutch tax resident, these payments are generally not applicable.

Entrepreneurs independently decide whether or not to take out additional insurance for:

• Loss of Income;

• Disability (*arbeidsongeschiktheid*); and

• Third party liability (*beroepsaansprakelijkheid*).

**Annual accounts (*jaarrekening*)**

Unlike a company, a ZZP-er (self-employed person)is not required to draft annual accounts and submit them to the Chamber of Commerce (*KVK*). However, annual accounts are essential for completing the annual income tax return. Theseannual accounts consists of:

• a balance sheet of assets and liabilities (*balans*); and

• an income statement (winst- en-verliesrekening).

Considerations for preparing the balance sheet:

• How the business is financed;

• Distribution of profits;

• The company's retained earnings (*eigen vermogen*);

• Any property or assets included in the business's balance sheet; and

• The business’s commercial or tax reserves.

The income statement serves as the basis for calculating thebusiness’s taxable net profit - profit after deducting allowablebusiness expenses. This profit derived from accounting records, which must accurately reflect:

• business’s assets;

• depreciation;

• income; and

• business-related expenses, including any losses.

If certain business expenses are not fully deductible (for example, only 80% is allowed or deduction are subject tolimits), adjustments must be made to the financial result to comply with tax regulations. The adjusted financial result is then reported on the income tax return.

**Personal assets and business assets**

The entrepreneur must maintain proper records (*vermogensetikettering*) of their company's fixed assets.

Fixed assets are the physical and non-physical items that a ZZP-er (self-employed person) uses for their business, such as an office building, laptop, or machinery. These assets are listed on the business balance sheet at their purchase price, which includes costs like transport, installation, and setup. Expenses for maintaining or improve these assets, such assoftware upgrades, can increase their value (as these expensesare capitalised on the balance sheet).

| For example, if you spend € 450 on developing a websitelinked to an economic benefit (e.g. an online shop or a counselling agency), the website must be included on the balance sheet as a fixed asset. The € 450 cannot be immediately deducted as an expense from Box 1 the tax base. Instead, the asset must be depreciated over its useful life (see below). |
| --- |

An entrepreneur may include assets such as a car, office building, laptop, or telephone on the company´s balance sheet if they are used for at least 10% of business purposes. This is supported by case law (*Hoge Raad 9 februari 1955, nr. 12,084, ECLI:NL:HR:1955:AY2693, BNB 1955/87*).

**Advantages of accounting an asset as property, plant and equipment**

• A portion of the asset’s value can be deducted annually from the Box 1 entrepreneurial income base;

• Additional investment deductions may apply to reduce the Box 1 tax basis (see below);

• VAT paid on the purchase of an asset can be refunded

• For cross-border purchases, VAT may not need to be paid at all.

• Please note that if the asset is also used for private purposes, the VAT must be adjusted year-end to account for private use, reducgin the deductible or refundable VAT.

• Also note that the deductibility of VAT does not implythat business expenses can be deducted from your income tax base, and vice versa.

**Disadvantages of accounting an asset as property, plant and equipment**

• Any increase in the asset’s value, such as in the case of a capital gain on a real estate sale or the termination of the self-employed individual’s business, will be taxed under Box 1.;

• If the asset is used for private use (e.g. a car or residential house), and imputed profit on the asset’s use will be taxed under Box 1.

**Separate home office (*zelfstandige werkruimte thuis*)**

To qualify as a home office for tax purposes, two main criteria must be met:

1. Independence Criterion (*Zelfstandigheidscriterium*)

The workspace must be physically independent, meaning it has:

• A separate entrance or access (e.g., driveway or door).

• Its own bathroom;

• If possible, also a kitchen.

2. Income Criterion (*Inkomenscriterium*)

Once the independence criterion is satisfied, the workspace must also meet specific income requirements. The applicable requirement depends on whether you have an additional workspace elsewhere:

• If you have another office outside your home:

* At least 70% of your combined business profits, taxable salary, and income from other active work must be earned in or from your home office.

• If you do not have another office:

* At least 70% of your combined income must be earned in or from the home office.
* Additionally, at least 30% of the income must be earned physically within the home office.

When both the independence and income criteria are met, the workspace qualifies as a tax-recognized home office (*kwalificerende werkruimte*).

**Separate home office on the balance sheet of the company (*bedrijfsvermogen*)**

If the criteria are met, the portion of your home used as ahome office can be included on the company’s balance sheetatits market value. To do the market value, you needtoestimate the market value of the entire property and adjust it proportionally based on the size of the office relative to the total property size.

The office can be depreciated until its value reaches 50% of the cadastral value (*bodemwaarde*). There are also the following benefits to take into account:

• The cadastral value of the office will no longer be subject to the imputed tax for your main residence in Box 1 (*eigenwoningforfait*).

• A portional amount of the mortgage can be included onthe company’s balance sheet, allowing a partial deduction of mortgage interest

• Utility bills, property taxes, municipal taxes, insurance premiums, office renovation costs, and office equipment expenses can also be proportionally deducted.

Note: If the office increases in value, this could result in a taxable gain in Box 1 upon property sale or the closure of the ZZP business.

**Separate home office (as personal property in Box 3) in use by a business (*privévermogen*)**

If the criteria for a separate home office are met, you can transfer the cadastral value of the office to Box 3. Thetransferred amount is no longer subject to the imputed tax for your own residence in Box 1 (*eigenwoningforfait*). Theproportional portion of the mortgage debt is also transferred to Box 3, and the interest is no longer deducted from the Box 1 tax base.

The imputed rent (*gebruiksvergoeding*) for the office can be deducted from the company's profit in Box 1. This rent may not exceed the imputed yield on office’s value in Box 3 (see Section 1.2.).

Additionally, utility bills, decoration, renovation and equipment costs for the office can also be deducted from Box 1.

**No separate home office**

If the criteria for a separate home office are not met, but you planned to use at least 10% of your living space as an office when you purchased your home and actually use that portion exclusively for business purposes, you have two options:

• Include the entire house/flat on the company’s balance sheet . In this case, you must report additional income in Box 1 for the private use of the residential portion of the house;

• Include only the home office on the company’s balance sheet. The residential portion remains part of Box 1, subject to the usual rules for personal property.

If neither option is chosen and the home office does not qualify as a separate workspace, home office expenses are not deductible. This includes costs for:

• Decoration and renovation;

• Furniture;

• Utilities;

• Municipal taxes;

• Insurance;

• Office internet and communication.

In this case, the cadastral value of the house (including the home office) remains subject to the imputed income for theOwner-occupied home in Box 1, and mortgage interest continues to be deductible from Box 1 income.

**Car**

When starting a business as ZZP-er, the entrepreneur mustdecide whether he will place the car on the company's balance sheet (*auto van de zaak*) or treat the car as personal property used for business purposes.

**Vehicle on the balance sheet of the company (*bedrijfsvermogen*)**

If the car is placed on the company’s balance sheet, the entrepreneur can depreciate the care over its useful life, deduct actual business-related expenses, such as fuel, maintenance, insurance and road taxes. Additionally, the entrepreneur can claim VAT deduction on the care and related servicing expenses, subject to VAT rules.

However, if private use exceeds 500 kilometres per year, animputed income for private car use (*bijtelling*) is addedannually to Box 1 income. The amount of imputed income depends on:

• Catalogue value of the car (*nieuwwaarde*). This is based on the car’s initial catalogue value when it was first registered, even if the car is purchased second-hand.

• CO2 emission levels:

o 0 grams per kilometre (electric cars):

▪ 16% on the first € 30 000 of the catalogue value;and

▪ 22% on any value exceeding € 30 000 (hydrogen and solar-powered cars are exempt from the increased rate);

o Other cases: 22% applies to the full catalogue value.

• The car’s imputed income rate depends on its registration date (*leaving the showroom*).

**Car as personal property used for business (*privévermogen*)**

If the car is treated as personal property, but used for business purposes, the entrepreneur is entitled to deduct a fixed rate of€0.23 per kilometre for business-related trips. To qualify for this deduction, proper records must be kept, including the date of the trip, departure and destination details, number of kilometeres travelled and the purpose of the trip. .

**Advantages of including property, plant and equipment on the company’s balance sheet**

**Accelerated depreciation for starters**

If the KIA investment deduction (see below) and the starter’s deduction (*startersaftrek*) apply to the company, the entrepreneur can choose to depreciate assets on an accelerated basis (*willekeurige afschrijving*).The depreciation amount can be determined by the entrepreneur, provided the book value does not fall below the residual value (*restwaarde*) or, for real estate, the statutory minimum percentage of the cadastral value (*bodemwaarde*). A maximum of € 387 580 per year can be deducted across all assets under this scheme (for 2024).

## Willekeurige afschrijving voor startende ondernemers

Startende ondernemers kunnen onder specifieke voorwaarden nog steeds gebruikmaken van willekeurige afschrijving[10](https://www.pnoconsultants.com/nl/nieuws/mia-subsidielijst-voor-milieu-investeringen-in-2024-fors-opgeschoond/)[11](https://www.duurzaam-gastvrij.nl/nieuws/de-milieulijst-mia-en-vamil-in-2024-wat-moet-ik-weten). De voorwaarden zijn:

* Ondernemingsvorm: Alleen voor eenmanszaken, maatschappen, commanditaire vennootschappen of vennootschappen onder firma[10](https://www.pnoconsultants.com/nl/nieuws/mia-subsidielijst-voor-milieu-investeringen-in-2024-fors-opgeschoond/)
* Startersaftrek: Er moet recht bestaan op de verhoogde zelfstandigenaftrek (startersaftrek)[10](https://www.pnoconsultants.com/nl/nieuws/mia-subsidielijst-voor-milieu-investeringen-in-2024-fors-opgeschoond/)[11](https://www.duurzaam-gastvrij.nl/nieuws/de-milieulijst-mia-en-vamil-in-2024-wat-moet-ik-weten)
* Geen eerdere onderneming: In de 5 voorafgaande jaren minimaal 1 jaar geen eigen onderneming hebben gedreven[10](https://www.pnoconsultants.com/nl/nieuws/mia-subsidielijst-voor-milieu-investeringen-in-2024-fors-opgeschoond/)
* Beperkt gebruik: Niet meer dan 2 maal gebruik hebben gemaakt van de zelfstandigenaftrek in de 5 voorafgaande jaren[10](https://www.pnoconsultants.com/nl/nieuws/mia-subsidielijst-voor-milieu-investeringen-in-2024-fors-opgeschoond/)
* Maximumbedrag: Het bedrag is gelijk aan het maximum voor de kleinschaligheidsinvesteringsaftrek[10](https://www.pnoconsultants.com/nl/nieuws/mia-subsidielijst-voor-milieu-investeringen-in-2024-fors-opgeschoond/)
* Periode: Alleen op bedrijfsmiddelen gekocht in de jaren van startersaftrek of het aanloopjaar

**Voordeliger dan in VPB sfeer.** Voor het fiscaal jaar 2024 en de jaren daarna zijn er momenteel geen algemene regelingen voor willekeurige afschrijving zoals die bestonden voor nieuwe bedrijfsmiddelen in 2023. De eenmalige tijdelijke regeling die gold voor investeringen in 2023 is afgelopen en wordt niet voortgezet.

* Startende ondernemers in de vennootschapsbelasting k**unnen niet gebruikmaken** van willekeurige afschrijving, omdat deze regeling specifiek is voor IB-ondernemers
* **VAMIL ook geldt voor BV's** en andere vennootschapsbelastingplichtige lichamen

**Accelerated amortisation for environmentally friendly investments**

If the asset is included on the green list of the Netherlands Enterprise Agency (“RVO”), it qualifies for accelerated depreciation, under the VAMIL scheme (*VAMIL-regeling*).

Key benefits include:

• Up to 75% of the acquisition or production costs can be deducted in a lump sum or other chosen schedule from the tax base.

• The procedure aligns with the MIA environmental investment deduction (see below).

• This benefit remains in effect through 2028.

**Investment deductions**

**Small investment deduction (*kleinschaligheidsinvesteringsaftrek*) ("KIA")**

If, in 2024, your business acquired or produced fixed assets worth more than € 2 800, with each asset costing at least € 450 (excluding VAT), you are eligible for an investment deduction (KIA) of up to € 19 535. This deduction, in addition to standard depreciation, reduces your taxable income for the year.

Examples of fixed assets not eligible for KIA:

• Land parcels;

• Residences;

• Yachts for representational purposes;

• Related-party transactions;

• Securities and debt obligations;

• Goodwill.

Note: Licences, such as annual subscriptions, do not qualifyfor the investment deduction (KIA), as they are not considered fixed assets due to the recurring nature of their payments.

**Deduction in respect of investments for environmental protection (*milieu-investeringsaftrek*) ("MIA").**

The MIA is a tax deduction for investments in environmentally friendly assets included in the annually updated Environmental Investment List (*Milieulijst*). . This list categorizes assets into seven groups, each eligible for an additional investment deduction rate of 45%, 36% or 27%. The MIA scheme has been extended until the end of 2028.

Examples of eligible assets that improve the environmental sustainability and may also qualify for the KIA deduction include:

• 3D printers;

• Electric cars;

• Buildings and engineering systems (including residential buildings);

• Investments in land improvement, such as landscaping orbiodiversity conservation.

To claim the MIA benefit:

1. Submit a relief request on the RVO website within three months of making the investment.

2. Attach documentary evidence of the asset’s acquisition.

3. After receiving approval from the RVO, apply the deduction in your tax return.

MIA is only available for new assets with a minimum value exceeding € 2 500 per item. MIA can be applied alongside the **KIA** deduction, provided all eligibility criteria are met..

**Deduction in respect of investments in energy-saving equipment and renewable energy sources (*energie-investeringsaftrek*) ("EIA")**

The EIA provides a deduction of 40%of the purchase price for assets listed on the annually updated Energielijst of deductions for investments in energy saving technologies, renewable energy and CO2 reduction (). While the requirements for EIA are similar to MIA, the EIA cannot be applied simultaneously with MIA for the same asset.

| How investment deductions work  You buy a 3D printer for € 70 000 and include it on the company’s balance sheet. You are approved by the RVO for the MIA / VAMIL benefit.    Deductions in the Year of Investment  1. Depreciation: Deduct € 52 500 (75% of € 70 000) under the VAMIL scheme in the first year.  2. KIA Deduction: Deduct € 19 555 (Small-Scale Investment Deduction).  3. MIA Deduction: Deduct € 31 500 (45% of € 70 000).  Total Deductions  • In the year of investment, you deduct € 103 555 in total from your taxable income in Box 1.  You are not required to pay the full purchase price of € 70 000 upfront. You can pay 25% in advance and settle the remaining balance later. In this scenario, your actual cost is € 17 500 after tax benefits. |
| --- |

**Tax credits for scientific and technical research**

For entrepreneurs engaged in scientific and technical research and development (*speur- en ontwikkelingswerk* or *S&O*), a separate tax benefit (*S&O aftrek*) is available to reduce the tax base in Box 1. The benefit amounts to::

• € 15 551 (2024);

• An additional € 7 781 if you meet the criteria for a technology start-:

* You have not been an entrepreneur in at least one of the previous five years;
* You have not used S&O benefit more than twicebefore.

General requirements for claiming the S&O deduction (as per art. 3.77 IB):

• You must work at least 1 225 hours per year in yourbusiness;

• At least 500 hours per year must be spent on research and development activities;

• You need to obtain an R&D declaration (S&O verklaring) from the RVO. To qualify, you must demonstrate thatyour R&D activities focus on solving a technical problem and involve the creation of innovative technology.

**Creation of enterprise provisions**

Entrepreneurs can create provisions for future expenses (*voorziening / kostenegalisatiereserve*), which functionsimilar to "reverse amortisation". For example, if you intend to spend € 100 000 on renovationsin 5 years, you can start setting aside and deducting € 20 000 annually from your income tax base in Box 1. This allows you to distribute large expenses over multiple years, reducing taxable income in the short term.

**Additional pension contributions**

Additional pension contributions (*aanvullend pensioen*) madethrough contracts with a pension fund, bank or insurance company are deductable from the company's tax base in Box 1. These contributions will be taxed in the future, once you start receiving payments (e.g., after reaching retirement age).However, future tax rates are likely to be lower, as your taxable base in retirement will generally be lower.

**1.6. Taxes in respect of employee's income**

As a general rule, an employer must assess and withhold the following taxes and premiums from an employee's wages:

• Salary taxes (*loonheffingen*). These are advance deductions from an employee's salary, later offset against the employee's final income tax liability;

• Employee insurance premiums (*werknemersverzekeringspremies*), which are charged on top of the employee's salary and paid by the employer;

• Health insurance premiums (*bijdrage Zorgverzekeringswet*). These premiums also refered to as employer health contributions (*werkgeversheffing*), are withheld and paid by the employer.

A Dutch tax resident working for a local company is primarily concerned with payroll taxes, which are deducted from theirsalary. As a general rule, payroll deductions are calculatedmonthly according to a progressive scale based on the witte tabellen rates. Tax rates in 2024 for workers under 67 years of age are 36,97% and 49,50%, mirroring Box 1 income tax rates). Adjustments for salary and basic credits may apply (see Section 1.4. above).

If an employee submits a written request upon startingemployment to apply wage and base credit, these taken into account when calculating payroll taxes. If the monthly salarydoes not exceed € 1 080 (2024), no payroll taxes are withheld. Starting with a monthly salary of € 10 404 or more (2024), the wage and base credit adjustments no longer apply.

For holiday pay, 13th salary, bonuses, option exercises, the employer use the table for special types of remuneration (*tabel voor bijzondere beloningen*) to calculate payroll taxes withholding. The adjustment can be either downward or upward, depending on the total annual employee income. For example, the payroll tax rate of 56,01% applies to bonusses for employees with an annual salary between € 75 519 and € 134 930 (2024).

It is important to note that payroll tax is not the final tax liability for a Dutch tax resident. The withheld payroll taxes, along with basic and payroll credits, are offset against the final personal income tax liability in Box 1. Filing a personal tax return at year-end can often be advantageous, even if salary is the only declared income. The final reconciliation considers the current year’s income and any applicable tax credits, such as the credit for parents (see Section 1.4).

If you live and work in the Netherlands for a foreign employer, the company is generally required to register with the Dutch tax authority, and calculate and pay health insurance premiums (werkgeversheffing). If the foreign employer does not comply, the remote worker must pay income tax directly and pay the statutory health insurance tax (ZVW eigen bijdrage) at a rate of 5,32% on the first € 71 624 of foreign salary income.

**Taxation of stock options**

In the Netherlands, employees typically receive two types of stock options:

1. Stock options to acquire shares in publicly traded companies. Usually employees are granted (and then “vested”) options according to a schedule: they can only exercise the option, sell the shares and receive the proceeds according to the schedule.

2. There is the so-called Restricted Stock Award, where restricted shares are issued upfront but can only be soldafter the company goes public.

Stock options are frequently offered by US parent entities, with taxes on these options governed by Dutch rules regardless of the issuing entity as long as the employee is a Dutch tax resdient.

Starting from 1 January, 2023, employees can now choose when the stock options are taxed. The standard rule is thattaxes are withheld when the shares can be sold – typically when the sale restriction are lifted, , which is often linked to the company going public. This applies to both shares from Dutch employers as well as shares in the foreign parent entity.

In cases where the shares are already listed when the option is exercised, taxes are withheld at that time. If sale restrictions remain in place when the option is exercised, taxes are withheld once those restrictions are removed. If restrictions persist beyond a specified period, they are treated as though they have been lifted for tax purposes.

For publicly listed shares, taxes are withheld five years after the option is exercised, even if sale restrictions remain in place. For shares that are not publicly listed at the time of exercise, taxes are withheld five years after the company becomes listed.

This default rule applies unless the employee submits a written request at the time of exercising the option to have taxes withheld earlier. This election can be advantageous under the Box 3 rules applicable until 2026 (see Section 1.2 above). By choosing this option, the employee pays payroll taxes on the smaller amount, calculated as the market value of the shares at the time of receipt, minus the costs of exercising the option.

Once taxed under this approach, the shares are classified under Box 3, provided the employee’s shareholding in the company is less than 5%. Further appreciation in the value of the shares is not taxable as income. Instead, only the imputed return on the market value of the shares, as determined on January 1 of the accounting year, is subject to Box 3 taxation. This allows for potential tax advantages by minimizing initial tax liabilities and excluding future capital gains from income tax.

**Example 1: employee of a (listed) public company**

Day X: Employee receives an option for 100 shares in a public company at an exercise price of € 100 per share.

Day X + 5 years: Employee exercises the option and receives 100 shares. The market value of the shares is € 1 000 000.

Payroll taxes are withheld immediately upon exercise, as required for listed companies: (€ 1 000 000 -/- € 10 000) x 49,5% = € 490 050 in income tax.

**Example 2: Employee of a private company (no tax withholding requested)**

Day X: Employee receives an option for 100 shares in a private company at an exercise price of € 100 per share.

Day X + 5 years: Employee exercises the option and receives 100 shares. The market value is € 100 000, but the shares cannot be sold until the company is listed. No withholding tax is requested.

Day X + 10 years: The company becomes listed. The market value of the 100 shares is now € 1 000 000. Payroll taxes are withheld upon listing: (€ 1 000 000 - € 10 000) x 49,5% = € 490 050 in income tax.

**Settlement Example 3: Employee of a private company (tax withholding requested)**

Day X: Employee receives an option for 100 shares in a private company at an exercise price of € 100 per share.

Day X + 5 years: Employee exercises the option and receives100 shares. The market value is € 100 000. Withholding tax is requested by the employee: (€ 100 000 - € 10 000) x 49,5% = € 44 550 in income tax.

Day X+10 years: The company is listed, and the shares aresold. Assuming the sale generates € 1 000 000 on January 1, the box 3 tax is calculated as follows: (this simplified example does not take into account any tax deductions, nor the value of other assets):

€ 1 000 000 x 1,03% (imputed yield) = € 10 300

If the shares are not sold on January 1, and their market value is € 1 000 000, the amount of tax would have been (this simplified example does not take into account any tax deductions, nor the value of other assets):

€ 1 000 000 x 6,04% (imputed yield) x 0,36% = € 21 744

From 2027, changes to the Box 3 system (see Section 1.2. above), may increase the tax burden for employees holding or selling public shares.

**Stock appreciation rights and restricted stock units**

Stock Appreciation Rights and Restricted Stock Units provide employees with a cash payment equivalent to the market value of a company’s stock on a specified date, without transferring ownership of the shares. These option are financially advantageous for Dutch companies , as the payments can be deducted from the corporate income tax base. However, they are less favourable for employeesbecause the payments are subject to high payroll taxes under Box 1 and cannot offset these payments in Box 3, resulting in a higher overall tax burden compared to direct ownership of shares.

**Filing a tax return**

Filing a tax return in the Netherlands is typically doneelectronically by May 1, using partially pre-filled information provided by the tax authority. Additional documents are only required if specifically requested.

You are obliged to file a tax return if the tax authority sends a request through your your personal account or by mail, or if you reasonably know you owe income tax. Filing a return can still be adventitious if your taxable income consists solely ofsalary where payroll taxes have already been withheld. The final assessment takes into account your total income, allowable deductions, and applicable tax credits, which could result in a refund or adjustment.

**2. International taxation**

**2.1. Avoiding double taxation when moving from a third-country**

When relocating to the Netherlands from a non-EU country, you may encounter double taxation, where your income earned abroad is taxed both in the Netherlands and in the source country. This generally applies to:

• Salary from a foreign company or income from a foreign sole proprietorship (Box 1);

• Dividends distributions or sale of shares in a foreign company (Box 2);

• Income from financial assets held in foreign brokerage accounts (Box 3);

• Owning or leasing of foreign real estate (Box 3).

Double taxation only applies to income received in the Netherlands after you obtain your BSN number. Income earned before the BSN number is issued is excluded fromyour Dutch tax calculations. For Box 3, the tax base is determined as of January 1, with a proportional split between tax-exempt income (before you receive your BSN number) and taxable income (after you received your BSN number).

**Example:** Suppose you move to the Netherlands on July 1 and receive your BSN number on the same day. Your total Box 3 assets as of January 1 amount to € 120 000. Since you became a Dutch tax resident halfway through the year, a proportional exemption applies for the six months when you were not a resident. For Dutch taxtion your taxable base for Box 3 is calculated as €

Similarly, income from work abroad before the BSN number is issued is not taxed, even if it’s received later.

Overseas income earned after obtaining a BSN number is taxable unless an exemption applies. Exemptions can arise from:

• A double tax treaty (“DTT”) with the country of incomesource; or

• Dutch national law, if no applicable DTT exists or the DTT does not provide tax relief.

Currently, the Netherlands has 96 active DTTs.

If a DTT is unavailable, not in effect or not applicable, the Netherlands provides double taxation relief under the Double Taxation Avoidance Decree 2001 ("Bvdb 2001").

The most favourable instrument under the Bvdb 2001 is the exemption (*vrijstelling*) from income tax in the Netherlands. This exemption applies specifically to the following types of foreign income (Article 9 (1) Bvdb):

• Business income earned through a foreign permanent establishment, which is exempt from income tax in Box 1;

• Income from employment carried out abroad, which is exempt from income tax in Box 1;

• Income from foreign real estate, which is exempt fromincome tax in Box 3.

To qualify for these exemptions, it must be demonstrated that foreign income is included in the tax base in the country where it is earned. Acutal payment of tax is not required; it is sufficient to provide that, under the general rule, the income is taxable and has been declared.

For foreign real estate (Box 3), the question is whether the exemption applies when property tax, rather than income tax, is imposed in the country where the real estate is located. Based on a literal interpretation of the law, the exemption does not apply in such cases. However, there is no clear definitive from the courts. One potential solution is to rent out the property and claim the exemption by demonstrating thatincome tax is paid on the rental income in the country where the property is located.

For entrepreneurial and employment income, evidence must be provided to establish a clear connection between the individual’s physical presence and the country where the workis performed.

Unilateral exemption on employment income is granted under the following circumstances:

• If there is evidence of a link between the salary income and the employee’s actual presence abroad. For example,if an employee works 90 days per year abroad and receives a fixed income for that period, even if the payment is spread over time, the exemption may apply; or

• If the exemption is proportional to the number of days the employee is physically present in another country to perform work. In this case, the total annual income is multiplied by a fraction where:

* The numerator is the number of working days worked abroad; and
* The denominator is the total number of all working days in the year,

Weekends, public holidays, and vacation days are excluded from this calculation. Sick days are attributed to the country where the employee was expected to work during that period.Case law provides further clarification (HR 23 september 2005, ECLI:NL:HR:2005:AP1424, nr. 40179 (BNB 2006/52)).

Income and social taxes on options received for work and other activities performed before moving to the Netherlands and obtaining a BSN number are exempt if:

• Vesting of all options is completed before relocation. In such cases all amounts received from exercising options and selling shares, regardless of when they are received, are exempt;

• Vesting of options continues after relocation. In this scenario, amounts received from exercising of options and selling of shares are exempt only to the extent that they relate to the vesting before relocation to the Netherlands. These provisions are detailed in Sections 4 and 5of the Secretary of State for Finance’s Decision of 11 February 2002 (IFZ 2002/40M).

**Permanent establishment**

A "permanent establishment" exists when an entrepreneur is not only formally registered as a sole proprietor in another country but is also actively conducting business there. This includes activities such as negotiations with customers and suppliers or managing staff. The exemption for foreign business income is not directly tied to the number of days spent in the country where the business is registered. As a result, it is possible to claim the full exemption on foreign business income even if most of the time is spent in the Netherlands.

In the case of foreign dividends, interest and royalties, there is generally no unilateral exemption. Relief is provided only through a credit for withholding tax (*verrekening*) paid to countries listed as developing nations (Art. 6 Bvdb 2001). Examples of such countries include Kyrgyzstan, Tajikistan, Mongolia, Vanuatu. If the income does not qualify for a tax credit, it is possible to deduct the foreign tax paid from the Dutch income tax base (*kostenaftrek*), but only if such income falls within Box 1 or Box 2. No deduction is allowed for income classified under Box 3.

**2.2. Avoidance of double taxation when receiving income from countries with DTTs**

For certain sources of income, such as dividends, interest and royalties, DTTs often provide more favourable methods for avoiding double taxation compared to the unilateral measuresapplied in the Netherlands.

For instance, a Dutch tax resident receiving dividends, interest, or royalties from a Spanish company can credit the withholding tax paid in Spain against income tax payable in the Netherlands (Articles 10,11,12, 25(2) of the relevant DDT). Furthermore, DTTs typically reduce withholding tax rates. For example, the DTT with Spain reduces the Spanish withholding tax rates on dividends, interest, and royalties to 15% cent, 10%and 6%respectively.

DTTs are also advantageous for claiming income tax exemptions in Box 3 for foreign real estate. Under a DTT (e.g. under Art. 6 and Art. 25(2) of the DTT with Spain), it is sufficient that the other country has the right to tax theproperty, as specified in the DTT (*mag worden belast*). There is no requirement for the property to be included in the foreign income tax base.

Similarly, DTTs offer benefits of employee income. For example, a Dutch tax resident receiving income for employment in the United Arab Emirates (UAE) may qualify for an income tax exemption in the Netherlands under the DTT, even though the UAE does not impose income tax.

**Agreements on avoidance of double taxation in social security**

It is important to note that neither DTTs, nor the Bvdb 2001 provides exemptions for social taxes in the Netherlands. For instance, Box 1 includes a social contribution rate of 27.65% on the first € 38 441 (see Section 1.3.). Additionally,entrepreneurs (see Section 1.5.) and remote workers (see Section 1.6.) are subject to an additional tax for compulsory health insurance (*ZVW-zelfst / eigen bijdrage*) at a rate of 5,32% on the first € 71 624 of net income.

To address these social taxes, special treaties are concluded between countries to avoid double taxation in the field of social security (*socialezekerheidsverdragen*). The Netherlands has such agreements with over 20 countries, including theUSA, Australia, Canada and Israel.

Within the European Economic Area (EEA, which includes EU member states as well as Iceland, Liechtenstein and Norway, and Switzerland, European law governs the coordination of social security systems. This is primarily regulated under EU Regulation No 883/2004 and No 987/2009 as amended by EU Regulation No 465/12 on the coordination of social security income insurance schemes ("the Regulation").

For remote workers or individuals running a private foreign business from the Netherlands, the ZVW eigen bijdrage / ZVW-zelfst) remains applicable. The Regulation establishesthat the country where the employment or business activity is performed has priority in levying social taxes. Reference is made to art 11(3)(a) of the Regulation and the case law SF v Inspecteur van de Belastingdienst (Case C-631/17) EU:C:2019:381).

**3. Taxes for “Highly Skilled Migrants”**

**3.1.​Tax benefits for "highly skilled migrants"**

The 30% ruling is an expat allowance granted by the Dutch tax authority upon the request by the employer and the employee. This benefit is generally available to high skilled migrants (*kennismigrant*) hired from abroad or individuals on a start-up or entrepreneur visa (*zelfstandig ondernemer*).

Foreign employers can also apply for the 30% ruling if they register with the Dutch tax authority for payroll tax withholding purposes. Without prior registration, the 30% ruling will not apply to foreign wages.

**Benefits for 30% ruling recipients in 2024 and later:**

• For a period of 5 years (60 months), a portion of the employee’s salary is exempt from payroll and income taxes:

* First 20 months, 30%of salary is tax-exempt.
* Second 20 months - 20% of salary is tax-exempt.
* Final 20 months - 10%of salary is tax-exempt.

• Exchange of a driver's licence for the 30% ruling holder and their family, allowing conversion to a local licence without retaking the drivers test;

• Exemption from declare foreign assets (Boxes 2 and 3) for the 30% ruling holder and their fiscal partner) in 2024.

**Benefits for 30% ruling recepients granted before 2024:**

• 30% of salary is exempted from payroll and income taxes for the full exemption period of 60 months;

Exchange of a driver's licence for the 30% ruling holder and their family, allowing conversion to a local licence without retaking the drivers test;

Exemption from declaring and paying tax on foreign assets (Boxes 2 and 3) for the benefit holder and their fiscal partner in 2024, 2025, and 2026.

**Requirements for the 30% ruling (2024)**

Minimum annual gross salary, including holiday pay (*vakantiegeld*), 13th salary, bonus and payroll taxes, must exceed:

• € 46 107; or

• € 35 048 for employees under 30 years of age with a PhD or Master's degree.

To receive the full 30% exemption (rather than a partial exemption),

the minimum annual gross salary must be increased to account for the exempt portion. This results in the following thresholds:

• € 65 867 for standard employees; or

• € 50 069 for employees under 30 years of age with a PhD or Master's degree.

**Eligibility criteria and application process**

To qualify for the 30% ruling, the following conditions must be met:

• At the time of signing the employment contract, the employee must have resided outside the Netherlands.

• Additionally, they must not have lived within 150 km of the Dutch border for more than 8 months in during 24 months preceding the contract date.

It is advisable to finalize the employment contract before relocation to the Netherlands. For instance, startup founderswanting to establish a new company (*BV in oprichting*) may sign an employment contract c that is later ratified by the company upon its formal incorporation.

Employees who were students at Dutch universities may still apply for the 30% tax ruling. In such cases, it is necessary to demonstate that no significant connection to the Netherlands existed between the arrival date and the employment contract date. Relevant case law: HR 4 March 2011, BNB 2011/127.

The 30%tax ruling can be applied for within 5 years of the employee’s first qualifying employment, provided that theymet the eligibility requirements at the time of both their first and current employment. Important considerations include:

• The ruling is valid for a maximum of 5 years from the employee’s relocation to the Netherlands. It cannot be retroactively applied to a period before the start date of the employment contract.

• Applications submitted within 4 months of the contract start date (e.g., by 30 April 2024, for a contract start on 1 January 2024) ) will apply retro actively from the contract start date. For later application, the ruling will apply from the first day of the month following the application.

**Salary ceiling for the 30% ruling**

The annual salary ceiling for the 30% ruling limits the exemption to salaries below a specific threshold. Salaries above this threshold are taxed under the standard rules. For2024, the salary ceiling is

€ 233 000 (based on a 40-hour workweek). This allows a maximum exemption of € 69 900 from salary and income taxes.

The Dutch tax authority has clarified that if a portion of the salary is exempt from taxation because it is unrelated to the employment in the Netherlands (see Section 2), this does not affect the salary ceiling applicable to the 30% ruling. However, if the employee works in the Netherlands for only part of the calendar year, the salary ceiling will be proportionally reduced to reflect the time worked here.

It should also be noted that the salary ceiling does not apply when an employer opts to provide a tax-free reimbursement for the actual costs of relocating the employee to the Netherlands (referred to as *extraterritoriale kosten*) instead of using the 30% ruling. This choice is made annually by the employer in January and can be particularly beneficial in cases where employer reimburses significant expenses, such as international school fees for the employee’s children. These fees can reach up to € 23 000 per child per year, making this alternative option a financially advantageous solution in certain circumstances.

**3.2. Examples of taxation of local and foreign income with and without preferential status**

**Local salary of € 100 000 (gross) with a 30%ruling (*kennismigrant*)**

With the 30% ruling, only 70% of the gross salary is taxable. The calculation is as follows:

• € 100 000 x 0,7 x 36,97% (first income bracket of Box 1)

• -/- € 485 (basic tax credit)

• -/- € 3 581 (employment income tax credit)

• = € 21 813 income tax payable

The effective tax rate after the annual tax return is filed is 22%.

**Local salary of € 100 000 (gross) without 30%ruling(*kennismigrant*)**

Without the 30% ruling, the entire gross salary is taxable. The calculation is as follows:

• € 75 549 x 36,97% (first income bracket of Box 1)

• + € 24 451 x 49,5% (second income bracket of Box 1)

• -/- € 1 627 (employment income tax credit)

• = € 38 406 of income tax payable

The effective tax rate after the annual tax return is filed is 38%.

**Foreign salary of € 100 000 (gross) without 30% ruling**

Scenario: 200 working days spent in the Netherlands, 50 days in the employer’s country of incorporation; no double social tax treaty; no taxes withheld in the Netherlands by the employer. The calculation is as follows:

• € 75 549 x 36,97% (first income tax bracket of Box 1)

• + € 4 451 x 49,5% (second income tax bracket of Box 1)

• -/- € 1 627 (labour income tax credit)

• = € 38 406 (taxes on worldwide income)

• € 38 110 × 27,65% (Box 1 income tax bracet 1, social tax) =

• = € 10 537 (not exempt from DTT tax)

• € 100 000 x 50 / 200 / € 100 000 x (€ 38 406 - € 10 537)

• = € 6 967 (the exempt portion of tax on the foreign portion of worldwide income)

• € 38 406 -/- € 6 967

• = € 31 439 (i.e. the amount of income tax after filing the annual return)

• € 71 624 (maximum salary threshold for ZVW eigen bijdrage) x 5,32%

• = € 3 810 (ZVW eigen bijdrage)

• € 3 810 + € 31 439

• € 35 249

The effective tax rate after the annual tax return is filed is 35%.

**Foreign dividend income of € 100 000 from the UAE with the 30% ruling in 2024**

With the 30% ruling and partial tax non-resident status, tax on foreign dividend income is 0%.

Dividend income from participation in a foreign company can be excluded from tax declarations under this status.

**Foreign dividend income of € 100 000 from the UAE without the 30% ruling in 2024 (no fiscal partner)**

Without the 30% ruling, foreign dividend income is taxed under Box 2. The calculation is as follows:

€ 67 000 x 24,5% (first Box 2 tax bracket) + € 33 000 \* 33% (second Box 2 income tax bracket) =

€ 27 305

The effective rate before the applying any tax credits is 27%.

**4. Taxation of crypto-assets in the Netherlands**

In the Netherlands, there are no specific rules governing the taxation of crypto-assets. The general principles and guidelines of the Dutch tax authorities apply. Additionally, in 2018, the Secretary of State for Finance clarified the Ministry of Finance’s position on the taxation of crypto-asset transactions.

**4.1.​ Glossary**

To determine tax treatment, crypto-assets can catagorised into three types:

(i) cryptocurrencies" (cryptocurrency),

(ii) investment tokens" (security tokens); and

(iii) utility tokens" (utility tokens) .

• "Cryptocurrencies" are crypto-assets that associated with a native blockchain protocol (commonly called protocol tokens) and serve as a medium of exchange or payment on their respective blockchains (sometimes reffered to as payment tokens). These are the most widely recognisedtype of crypto-asset. Examples include Bitcoin and Ether, which are traded on secondary markets and often attract speculative interest.

• "Investment tokens" are crypto-assets issued forinvestments raised by a project. They are typicallyassociated with a promise of returns, either throughdirect payments or an increase in value over time.

• "Utility tokens" are crypto-assets that circulate within a specific application, often based on the infrastructure of another (protocol) token. They grant the holders access to certain features or benefits within the application, such as internal currency, loyalty programme, pre-order forgoods or services, reputation points, or voting rights. The tax treatment of utility tokens depends on several factors, including:

* the nature of the rights granted to the holder;
* the existence of a counter-provision by the user; and
* Whether the tokens are resellable or subject tospeculative interest.

Crypto-assets often possess mixed characteristics, which can complicate their tax treatment. For example, non-fungible tokens ("NFTs") may exhibit features of both utility tokens(e.g., the right to access or dispose of an audiovisual work) and investment tokens (e.g., speculative interest in valuefluctuations). In such a case, the tax consequences depend on the specific circumstances of the crypto-asset’s issuance, use,and inherent features. Each scenario requires a tailored assessment of the crypto-asset to determine the applicable tax treatment accuratly.

**4.2. Taxation of crypto-assets in the Netherlands**

**VAT**

The VAT treatment of crypto-assets in the Netherlands is determined by their nature and use. The exchange of cryptocurrencies, including fiat currency, is exempt from VAT. This exemption is based on the European Court of Justice ruling in the Hedqvist case and is codified in Art 11(1)(i) of the VAT Act 1968 (Wet OB 1968), recognizing cryptocurrency exchanges as an exchange of means of payment. Similarly, the issuance of investment tokens may be exempt from VAT under Art 11(1) of the VAT Act 1968 Wet OB 1968, as these are classified as financial transaction.

In contrast, utility tokens may be subject to VAT depending on the circumstances of their use. For instance, if a token is issued in exchange for payment for future goods or services specifically defined at the time of issuance, VAT may apply. This distinction makes the classification of the token critical in determining its VAT treatment.

Recent legal rulings have provided clarity on the VAT treatment of specific crypto-related activities. In a 2023 decision, the Amsterdam Court of Appeal ruled that the purchase and sale of digital currency used in an online game were taxable activities for VAT purposes. The court determined that the exemption for cryptocurrencies did not apply, as the digital currency was not classified as "currency" but rather as a right to a license. This ruling, Hof Amsterdam 30 May 2023 (ECLI:NL:GHAMS:2023:1499), suggests that the sale of non-fungible tokens (NFTs) could similarly be treated as a non-exempt licensing of digital rights.

Additionally, rulings from the Dutch Supreme Court (Hoge Raad, 26 February 2021, BNB 2021/77) and the Hague District Court (Rechtbank Den Haag, 1 October 2021, V-N 2022/4.13) have recognized mining as an economic activity for VAT purposes. This recognition allows entrepreneurs engaged in mining to deduct input VAT related to their operations, further defining the economic framework for VAT application in the crypto space.

**Income tax**

In the Netherlands income from crypto-assets is taxed based on the nature of the activity and the source of the income. There are three possible categories for taxation: Box 3, Box 1 as entrepreneurial income, and Box 1 as freelancer's income.

**Taxation under Box 3**

Box 3 is the most favourable tax treatment for crypto-assets. If crypto-assets are held passively without active trading or systematic profit-seeking, their value is taxed as part of your net wealth. The following rules apply:

1. As of January 1 of the reporting year, the balance sheet for all crypto-assets must be restated in euros. The total value is added to other assets in Box 3.

2. An imputed yield of 6,04% (2024) is applied to the total value of assets in Box 3, regardless of the actual return. Tax is calculated based on this imputed yield.

3. From 2027, the tax treatment of crypto-assets in Box 3 will become less favourable, with changes expected to impact the imputed yield or tax calculation method.

The mere acquisition or sale of crypto-assets does not generate taxable income under Box 3, provided the activity does not exceed the threshold of "normal asset management" (*normaal vermogensbeheer*).

**Taxation Under Box 1 (Entrepreneurial Income)**

If crypto-asset transactions are conducted as part of an entrepreneurial activity, such as systematic trading or mining, the resulting profit is taxed under Box 1 as entrepreneurial income. This category allows deductions for business expenses, entrepreneurial allowances, and tax credits.

1. Profits are calculated as gross revenue minus acquisition costs and business expenses.

2. Losses can be carried forward for nine years or carried back for three years (Art. 3.150 IB).

3. VAT liability must be monitored, as activities such as mining or trading may require VAT compliance.

**Taxation Under Box 1 (Freelancer's Income)**

For individuals conducting crypto-asset transactions on a smaller scale without meeting the entrepreneurial threshold, income may fall under Box 1 as freelancer's income. This is less favourable, as no deductions are allowed for acquisition costs or business expenses.

1. Income is declared as "other income" and taxed at Box 1 rates.

2. VAT liability should also be monitored in connection with the activity.

**Determining the applicable Box**

The tax treatment deepens on whether the activity passes the "systematic profit-making" test (*bron van inkomen*) and remains within the standard of normal asset management.

Key considerations include:

* Speculative operations, such as buy-and-hold or arbitrage trading, where results are predominantly influenced by market fluctuations, generally fall into Box 3.
* Active operations, such as mining, developing, or selling NFTs, where profits are directly tied to active effort, capital expenditures, and operational decisions, typically fall into

Box 1.

The Gelderland District Court addressed the taxation ofalgorithmic trading on the crypto market for the period 2015 to 2018 and conclude that it constituted speculative of income falling in Box 3. Despite the trader incurring labour costs to create and monitor a trading bot, the court found no direct link between these labour costs and the financial outcome. Losses resulting from crypto-asset price fluctuations in 2018 reinforced the conclusion that the trader could not reasonably expect a consistent increase in profits. Furthermore, the court noted that the trader’s actions did not exceed the level of effort associated with normal asset management. As a result, the income from crypto-assets was classified under Box 3. (Case law: ECLI:NL:RBGEL:2022:2836, Rechtbank Gelderland, 23-05-2022.)

The Dutch tax authority aligns with this interpretation, stating that periodic or even daily trading in crypto-assets generally falls into Box 3 if the results are primarily speculative and not substantially influenced by the trader’s active efforts. However, if the trader's activities demonstrate a consistent and direct relationship between active actions, such as significant labour or capital investment, and an increase in profits, the income may instead be taxable under Box 1.

In the context of mining, the tax authority emphasizes assessing the relationship between the miner’s labour intensity, capital expenditure, and resulting financial gains. If mining generates an operating profit—where revenue consistently exceeds expenses—the activity constitutes an objective source of income (*bron van inkomen*) and must be taxed in Box 1.

**4.3. Selected examples of calculating taxes on crypto-asset transactions**

**Example 1: Box 3**

Scenario: Vadim, a Dutch resident with a primary job in IT,trades crypto-assets as a speculative activity. His trading includes buying and selling various crypto-assets to generate profits.

During 2024, Vadim conducted the following transactions:

• January: Sold 2 Bitcoins for € 80 000, purchased earlier for

€ 60 000 , resulting in a net income of € 20 000.

• May: Sold 5 ETH for € 10 000, purchased earlier for € 8 000, resulting in a net income of € 2 000.

• August: Sold 300 SOL tokens for € 27 000 , purchased earlier for € 6 000, resulting in a net income of € 21 000.

In total, Vadim achieved a net gain of € 43 000 from crypto-asset sales in 2024. Additionally, the value of his remaining crypto-assets on 1 January 2024 was € 100 000, an increase of € 30 000 compared to the previous year.

Box 1 or Box 3 qualification

As Vadim's trading activity is speculative and secondary to his main employment, it does not exceed the standard of ordinary asset management (normaal vermogensbeheer). Therefore, his crypto-assets are taxed under Box 3, not Box 1.

Income tax calculation for 2024

In Box 3, the income from crypto transactions is not directly taxed. Instead, the taxation is based on the value of assets on 1 January of the tax year.

• Value of Crypto-Assets (1 January 2024): € 100 000

• Value of Other Assets (Fiat): € 60 000

• Net Asset Value: € 160 000

• Exempt Threshold (2024): € 57 000

• Taxable Base: € 160 000 - € 57 000 = € 103 000

Imputed Return on Taxable Base:

• Net Imputed Return Rate: 4,16%

• Imputed Return on Assets: € 103 000 × 4,16% = € 4 285

Tax Amount:

• Tax Rate: 36%

• Tax Payable: € 4 285 × 36% = € 1 543

**Example 2: Box 1 - Entrepreneur's income**

Scenario: Karina is a Dutch resident and an active trader on both the stock market and crypto-asset market. Trading is her primary occupation, and she is registered as a sole proprietor (ZZP). During 2024, she earned a net income of € 100 000 from the sale of crypto-assets and stock market instruments after deducting business expenses. As a sole proprietor, Karina qualifies for various business deductions, including the entrepreneur's deduction, the starter's deduction, and the SME profit deduction. She is also subject to the 12,53% additional tax charge on entrepreneurial deductions attributable to the second taks bracket of Box 1 (see Section 1.4).

Tax calculation

1. Tax base before deductions

Total net income: € 100 000

2. Entrepreneurial deductions

* Entrepreneur's deduction: € 3 750
* Starter's deduction: € 2 123

Taxable income after these deductions:

€ 100 000 - (€ 3 750 + € 2 123) = € 94 127

* SME profit deduction: € 94 127 × 13,31% = € 12 528

Taxable income after all entrepreneurial deductions:

€ 94 127 - € 12 528 = € 81 599

3. Income tax payable before tax credits

Tax is calculated using Box 1 progressive rates:

* First bracket (€ 75 549 at 36,97%): € 75 549 × 36,97% =

€ 27 930

* Second bracket (€ 6 050 at 49,5%): € 6 050 × 49,5% = € 2 995

Total income tax: € 27 930 + € 2 995 = € 30 925

4. Tax credits

* Basic tax credit: € 0 (phased out for Karina’s income level)
* Labour income tax credit: € 1 628

Total tax after credits:  
€ 30 925 - € 1 628 = € 29 297

5. Additional tax charge on deductions

Entrepreneurial deductions are subject to an additional charge of 12,53% under the second tax bracket of Box 1:

(€ 12 528 + € 3 750 + € 2,123) × 12,53% = € 2 306

Total tax payable: € 29 297 + € 2 306 = € 31 603

**Example 3: Box 1 - Freelancer Income**

Scenario: Oleg is a Dutch resident and an artist. Oleg developed and marketed an NFT project over a year, generating income of €200,000 from the sale of the created NFTs (audiovisual works). Oleg is not registered as a sole proprietor (ZZP) and has not arranged with the tax authority to qualify as an entrepreneur for tax purposes. Consequently, his income must be reported as freelancer income under Box 1. No business or entrepreneurial deductions apply, and due to his high income, tax credits are also inapplicable.

Tax calculation

1. Tax base

Total taxable income: € 200 000

2. Income tax

Tax is calculated using Box 1 progressive rates:

* First taxbracket (€ 75 549 at 36,97%): € 75 549 × 36,97% =

€ 27 930

* Second tax bracket (€ 124 451 at 49,5%): € 124 451 × 49,5% = € 61 603

Total tax payable: € 27 930 + € 61 603 = € 89 533

**Types of deductible business expenses of an entrepreneur**

Entrepreneurs engaged in crypto-asset activities can deduct the following expenses when calculating their taxable income under Box 1:

• cost of acquiring crypto-assets;

• transaction fees;

• advertising costs;

• professional costs of drafting a contract to acquire or dispose of tokens;

• cost of valuation or separation to calculate profit or loss.

**Accounting for crypto-assets for the purpose of determining entrepreneur's income**

When crypto-assets are attributed to entrepreneur's income, every acquisition, creation, purchase, or sale of a crypto-asset,including exchanges between different crypto-assets, must be recorded in euros on the date of the transaction. Each type of crypto-asset must be accounted for separately to ensure accurate reporting for tax purposes.

For accounting purposes, crypto-assets are generally classifiedas current assets (*vlottende activa*) or inventory (*inventaris*).They are typically grouped per crypto-asset, based on their purchase price or the lower market value at the time of reporting. Other valuation methods may also be applied if deemed appropriate. The Last-In-First-Out (LIFO) or First-In-First-Out (FIFO) methods can be used to calculate the net value of tokens sold during a given period.

The exchange rate on the trading platform where the transaction occurred determines the value of they payment received and the book value of the new assets acquired. In cases where the precise value of individual token cannot be established, a weighted average value can be calculated to establish the overall value of the crypto-assets. These accounting principles generally help to accurately value and be compliant with tax regulations for entrepreneurial income derived from crypto-assets.

**Gift and inheritance tax in the Netherlands**

Gift tax (*schenkbelasting*) and inheritance tax (*erfbelasting*) are imposed on assets gifted or inherited from Dutch tax residents. The taxable value of these assets is determined onfair market value at the date of transfer. Exemptions are available but are applied after determining the tax liability, based on the type of relationship between the donor or deceased and the recipient.

Gift tax exemptions (Article 33 SW):

Under Dutch law, the following exemptions apply for gift tax:

• A once-in-a-lifetime exemption of up to € 31 813 for gifts to children aged between 18 and 40.

• An annual exemption of € 6 633 for gifts to children, regardless of age.

An annual exemption of € 2 658 for gifts to other recipients (e.g., non-children).

Inheritance tax exemptions (Article 32 SW)

For inheritance tax, the following exemptions are available:

• Spouses can inherit up to € 795 156 free of tax.

• Children and grandchildren benefit from an exemption of € 25 187.

Other heirs (e.g., distant relatives or non-family members) are exempt for up to € 2 658.

**Rates for 2024 (Article 24 SW)**

| Taxable amount (euros) | Rate | | |
| --- | --- | --- | --- |
| Category of giver orheir | I | II | III |
| Up to €152,368inclusive | 10% | 18% | 30% |
| Over €152,368 | 20% | 36% | 40% |

Recipients of donations and heirs are classified into three categories for determining the applicable tax rates and exemptions:

• Category I: Spouses, registered partners, and heirs in a direct line (e.g., children and parents).

• Category II: Grandchildren and subsequent descendants (e.g., great-grandchildren).

Category III: Other individuals, including non-family members and more distant relatives.

**Provision of information to tax authorities by cryptocurrency exchanges**

Crypto-asset owners must be aware of the new EU Directive on Mutual Administrative Cooperation ("DAC8"), whichentered into force in November 2023. This directive mandates the automatic exchange of financial account information related to crypto-assets and must be implemented in the Netherlands by 1 January 2026.

Under DAC8, crypto service providers—including crypto exchanges, e-wallet providers, NFT marketplaces, aggregators, tokenisation platforms, crypto funds, and DeFi services with a certain level of centralised management—will be required to report client data to tax authorities. This automatic information exchange is modeled after the OECD Crypto-Asset Reporting Framework (2022) and is similar to the Common Reporting Standard (CRS) already used for banking information.

Providers will annually report the following details to the client’s tax residence jurisdiction:

1. Client identity: Personal information such as name, address, and tax identification number (TIN).

2. Crypto-asset balances: The value of holdings as of the reporting date.

3. Account transactions: Details of transactions, including acquisitions, sales, and exchanges.

Countries such as the US and the UK are also expected to implement these standards by 2027, aligning with the international trend toward greater transparency in crypto-asset reporting.

Owners of undeclared crypto-accounts should take proactive steps to ensure compliance before 2026, as international data-sharing frameworks will expose undeclared holdings. Early preparation can mitigate potential legal and financial consequences arising from non-compliance.

**Tax implications of various crypto-asset events**

| Event | Tax liability |
| --- | --- |
| Exchanging crypto-assets for goods and services (e.g., buying a Tesla with BTC) | The transaction itself is not taxable for income tax purposes. The BTC value, converted to euros, is included in Box 1 only if its source is attributed to entrepreneur's income or freelancer's income. |
| Transfers of crypto-assets between different wallets | Tax exempt. |
| Loss of crypto-assets (e.g., loss of access to private key, etc.) | If related to entrepreneur's income or freelancer's income, losses can be deducted when calculating taxable income. Otherwise, losses are disregarded but reduce the total cost of capital in Box 3. |
| Receiving crypto-assets as a gift (free of charge) | If received from a Dutch tax resident, the recipient must file a gift tax return. The value as of 1 January of the reporting year is included in Box 3. |
| Receiving crypto-assets for a fee | If related to entrepreneur's income or freelancer's income, it is taxed under Box 1. Otherwise, the balance as of 1 January of the reporting year is included in Box 3. |
| Crypto-asset mining | If related to entrepreneur's income or freelancer's income, it is taxed under Box 1. Otherwise, it is included in Box 3. |
| Staking (delegating) crypto-assets | If related to Entrepreneur's Income or Freelancer's Income, it is taxed under Box 1. Otherwise, the balance as of 1 January of the reporting year is included in Box 3. |
| Crypto-asset mixer (tumbler) | If the same crypto-asset is received, there are no tax consequences. If the income relates to entrepreneur's income or freelancer's income, it is taxed under Box 1. Otherwise, the balance as of 1 January is in Box 3. |
| Receiving crypto assets from an employer | Payroll taxes and social security contributions must be withheld by the employer, based on the crypto-asset’s euro value at the time of receipt. |
| Inheritance of crypto-assets | If received from a Dutch tax resident, inheritance tax must be paid. The balance as of 1 January of the reporting year is included in Box 3. |
| Receipt of crypto-assets from specific individuals | If related to entrepreneur's income or freelancer's income, it is taxed under Box 1. Otherwise, the balance as of 1 January of the reporting year is included in Box 3. |
| Crypto-asset hardfork | If related to Entrepreneur's Income or Freelancer's Income, it is taxed under Box 1. Otherwise, the balance as of 1 January of the reporting year is included in Box 3. |

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**Annex 1 - Entrepreneur's expenses deductible from the tax base (*winst uit onderneming*) for Box 1**

| Category of expenditure | Amount of deduction |
| --- | --- |
| Meeting with clients, contractors and business partners (including transport, accommodation, etc). | 100% |
| Lunch with client, gift to client (food, drinks, other) | You can deduct all expenses except:  (i) 20 per cent of the expenses; or  (ii) (ii) € 5 600.  (Art. 3.15(5) IB) |
| Organisation of a conference and workshop | 100% |
| Representation expenses: attendance (as a participant, not as an organiser) at a conference, seminar, excursions, study, transport (except yachts), accommodation, food, drinks, entertainment, etc.). | Deduct all expenses except: (i) 20% of the expenses, or (ii) € 5 600 (Art. 3.15(5) IB). If hospitality expenses are unnecessary, transport and accommodation deductions are limited to € 1 500 (Art. 3.16(2)(f) IB). |
| Separate office (rent, decoration and repairs, furniture, utilities, municipal taxes, etc.) | 100% |
| Home office (rent, decoration and repairs, furniture, utilities, municipal taxes, etc.) | Deductible in proportion to the size of the house/flat if it qualifies as a "separate office." Otherwise, not deductible. |
| Equipment, stationery, a working laptop and a working telephone | 100% if the price is below € 450 excluding VAT; otherwise, deductible according to the depreciation schedule (standard 20% per year). |
| Third-party liability insurance | 100% |
| Accidental incapacity insurance (aov). | 100% if the payment is periodic (Box 1, subject to payroll taxes). 0% if the payment is a one-off (Box 3, not subject to payroll taxes). |
| Car finance lease (depreciation, loan interest, maintenance, repairs, petrol, other) andvehicle operating lease (lease payments, car wash, road tolls, petrol) | 100%, but private use over 500 km/year incurs an annual imputed income charge in Box 1. |
| Advertisements | 100% unless it includes representation expenses, in which case it is deductible pro rata. |
| Mobile (communication and internet) | 100% for business subscriptions. Otherwise, pro rata to business usage. |
| Courses, trainings, education | 100% if for professional development. 0% if for a new qualification. |
| Professional literature | 100% |
| Subscription to online services (databases, applications, programmes) for business purposes | 100% |
| Clothing | 0%, except in rare cases of professional necessity. |

**About the authors and the document**

This guide has been prepared by specialists from Buzko Krasnov Law Firm in collaboration with S.A.L.T. Partners B.V.’s partner Vlad Burilov and Wrap & File’s owner Ernst van Gassen.

If you have any questions or require professional advice, please feel free to contact the authors directly for assistance.

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1. However, see Chapter 2 for discussion on when the income received after the move may still be tax-exempt. [↑](#footnote-ref-0)