# Personal income tax return guide for expats living in the Netherlands 2025

### Welcome to the Netherlands: a practical guide to your personal income tax return for the year 2024

The Netherlands is known for its cheese, windmills, and a well-structured—though at times complex—tax system. This guide is here to help you file your Dutch personal income tax return with clarity and efficiency.

Whether you're filing for the first time or simply want to understand your obligations better, this guide provides practical explanations and step-by-step support to help you file accurately and on time.

This guide was written by [Ernst van Gassen](https://www.linkedin.com/in/ernst-van-gassen-9196a7b5/?originalSubdomain=nl). It’s entirely ad-free and filled with useful (non-affiliate) links. If you find it helpful, feel free to share it—or buy me a [coffee](https://www.paypal.com/donate/?hosted_button_id=C5YSM8PK9YJXJ).

❗Y\*\*ou must file your tax return 2024 before 1st of May 2025. Extensions are possible, but must be formally requested.\*\*❗

**The M Form – income tax return in year of arrival or departure**

When relocating to or from the Netherlands, individuals are required to file an M Form (Migratieformulier). This is a specific income tax return applicable in the year of immigration or emigration.

The term "M Form" originates from the earlier paper-based version of the form. However, from tax year 2024 onwards, it can be submitted digitally via Mijn Belastingdienst, using your DigiD credentials.

The M Form is now integrated into the regular tax return system. As such, it appears within the same digital environment as the standard P Form (the income tax return used for residents).

*A separate section has not been included for the M Form at this stage, as its digital integration streamlines the process. Please reach out to me if you would like to see a dedicated explanation.*

### Start

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Now, if all this legal talk has your head spinning and you’d like some tax advice, feel free to reach out! You can find me at info@wrapandfile.com or connect with me on LinkedIn. I promise I won’t bite—unless it's into a juicy tax deduction!

### [Key points to remember](https://www.notion.so/Key-points-to-remember-182bdb137e0380208414f4cb203f633c?pvs=21)

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

**Key points to remember**

* **Tax year**: The Dutch tax year aligns with the calendar year, starting on January 1st and ending on December 31st.
* **Filing deadline**: Typically, you must file your tax return 2024 before 1st of May 2025. Extensions are possible, but must be requested.
* **Tax residency status**: Your tax obligations depend significantly on your residency status. Residents of the Netherlands are taxed on their worldwide income, while non-residents are taxed only on income sourced within the country.
* **30% ruling**: Some expats may qualify for the 30% ruling, a tax advantage for highly skilled migrants moving to the Netherlands for work, allowing 30% of their salary to be tax-free. If you have a tax partner who does not qualify for the 30% ruling, the tax-free allowance will only apply to your income. Additionally, for box 3 assets, the 30% ruling does not apply to your partner’s box 2 and box 3 assets, and these assets will be taxed according to the standard Dutch tax regulations, unless the assets are divided and allocated to the partner who has the 30% ruling.
* **Digital filing**: Most taxpayers in the Netherlands file their returns electronically via the Belastingdienst (Dutch Tax and Customs Administration) website. You'll need a DigiD (digital identification) to access the service. **Filing can be done in English.**
* **Pre-filled forms**: The tax authority pre-fills many parts of your tax return with information already available to them, such as your Dutch salary, bank accounts, and owner-occupied home mortgage interest.
  + Review this information carefully for accuracy. **It is important to check it carefully because any mistakes are your responsibility, not of the Dutch Tax Authorities.**
* **Deductions**: Be aware of possible deductions, such as mortgage interest (for homeowners), healthcare expenses, and charitable donations, which can reduce your taxable income.
* **Timely payment**: Please pay on time, as you will have to pay tax interest on your tax debt if you have not paid before the end of the payment period.

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

**Trust and similar legal structures**

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

### [Schematic overview of the calculation of the Dutch personal income tax](https://www.notion.so/Schematic-overview-of-the-calculation-of-the-Dutch-personal-income-tax-182bdb137e0380b8990ffb470ebbb589?pvs=21)

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

### [Checklist](https://www.notion.so/Checklist-182bdb137e0380f0b909de8e3d9e4110?pvs=21)

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

***General information***

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

***Employment and business***

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

***Owner-occupied home***

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

***Substantial interest***

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

***Assets and liabilities***

* [ ] Annual statements of all checking and savings accounts. Including:
  + Foreign bank accounts.
  + Deposits.
  + Digital wallets, such as PayPal.
  + Abovementioned accounts for your underaged children.
* [ ] Overview of any loans granted by you to others.
* [ ] Cash.
* [ ] Annual statement of your investments, such as stocks, options, warrants, etc.
  + Report green investments separately. An exemption may apply to these.
* [ ] Overview of your crypto assets.
* [ ] The amount of dividend tax withheld in 2024.
* [ ] The amount of foreign dividends received in 2024 and foreign dividend tax withheld dividend tax by fund.
* [ ] Overview of other assets (in the broadest sense of the word), for example:
  + Physical precious metals.
  + Items with significant value not used in your household.
  + Art that you own with the significant purpose of holding it as investment.
  + (Undivided) share in an inheritance.
  + Etc.
* [ ] A full overview of all of your debts, excluding the mortgage for the owner-occupied home.

***Deductions***

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

### [The 30% ruling: new versus old](https://www.notion.so/The-30-ruling-new-versus-old-190bdb137e0380158821d9d33e111086?pvs=21)

**Introduction**

The 30% ruling, a long-standing tax incentive for highly skilled foreign employees in the Netherlands, is undergoing significant changes. Initially, a gradual reduction to 10% was planned, but following concerns from businesses and economic analyses, the Dutch government reversed this decision. Instead, a 27% ruling will be introduced starting January 1, 2027.

Additionally, the salary threshold to qualify for the ruling will be increased beyond standard indexation. Employers and employees alike should be aware of these changes, their implications, and the transitional arrangements.

**What Is the 30% ruling?**

The 30% ruling is a tax advantage allowing employers to provide up to 30% of an employee's salary tax-free as compensation for the additional costs of working in the Netherlands (so-called extraterritorial expenses). This benefit applies for a maximum period of five years and is subject to specific eligibility criteria, including salary requirements and prior residence outside the Netherlands.

Previously, employers had the choice to either:

1. Apply the 30% ruling, allowing a tax-free allowance of 30% of an employee’s salary.
2. Reimburse actual extraterritorial expenses, which could involve administrative burdens.

In recent years, the 30% ruling has been under scrutiny, leading to multiple reforms. The Dutch government initially introduced a stepwise reduction to 10%, but this measure has now been revoked in favor of a fixed 27% ruling.

**Overview of the recent changes to the 30% ruling**

**1. From 30% to 27% ruling**

* The previous plan to gradually reduce the ruling to 10% has been abandoned.
* Instead, a constant flat rate of 27% will be introduced from January 1, 2027.
* Until that time, the tax-free allowance remains at 30% for 2025 and 2026.

**2. Increase in salary thresholds**

To qualify for the 30% ruling, employees must meet a minimum salary requirement, which is adjusted annually for inflation. However, as of January 1, 2027, the government has proposed a larger increase than usual:

* Standard salary threshold will increase from €46,107 to €50,436 (*indexed annually*).
* For employees under 30 with a qualifying master's degree, the threshold will increase from €35,048 to €38,338 (*indexed annually*).

**3. Transitional rules**

The Dutch government has introduced transitional rules to protect employees who are already benefiting from the 30% ruling:

**Employees who applied for the 30% ruling before 2024**

* These employees will continue to receive the full 30% benefit for the entire duration of their ruling.
* The current salary thresholds will apply (*subject to normal indexation*).

**Employees who applied for the 30% ruling in 2024**

* They will retain the 30% ruling until January 1, 2027.
* From 2027 onward, the tax-free percentage will decrease to 27%.
* However, they will retain the old salary threshold for the full duration.

**Employees applying for the 30% ruling in 2025 or later**

* They will be subject to the new rules from the start.
* This means that from January 1, 2027, they will receive only 27% tax-free.
* The higher salary thresholds will apply.

**4. Impact on seconded employees**

* Employees seconded abroad by Dutch employers will also be affected.
* As of 2027, seconded employees will only qualify for a maximum of 27% tax-free (instead of the current 30%).
* Unlike incoming employees, no transitional rules apply for seconded employees.

**5. Abolishment of the partial non-resident tax status**

* The partial foreign taxpayer status will end on January 1, 2025.
* Previously, employees under the 30% ruling could opt to be treated as non-resident taxpayers for Dutch Box 2 (substantial interest) and Box 3 (wealth tax) purposes.
* This change means affected individuals will be subject to full Dutch taxation on their global assets.
* A transitional rule allows employees who had the 30% ruling before 2024 to keep their partial non-residency status until 2026.

### [The future of box 3](https://www.notion.so/The-future-of-box-3-19fbdb137e03803d82eef452dc621928?pvs=21)

The Dutch tax system is undergoing significant reform in the taxation of savings and investments under Box 3. The current system, which taxes assumed returns based on a notional rate, has been widely criticized for its unfair treatment of taxpayers with differing actual returns. In response, the government has proposed the "Wet werkelijk rendement box 3" (Taxation of Actual Returns in Box 3), set to take effect on January 1, 2028.

The need for reform The transition to a system based on actual returns has been driven by legal, economic, and political considerations:

* Legal challenges: The Dutch Supreme Court ruled in June 2024 that the current system is unjust, as it taxes assumed returns rather than actual income, violating the principle of fair taxation.
* Public and political demand: There is strong public and political pressure to tax Box 3 income more equitably.
* Feasibility considerations: The government acknowledges the challenge of implementing a system that balances fairness, administrative feasibility, and fiscal responsibility.

Structure of the new box 3 system The proposed legislation introduces a hybrid system combining two methods of taxation:

* Capital gains tax (*vermogenswinstbelasting*): Taxes are levied on gains realized upon the sale of real estate and shares in startups.
* Capital growth tax (v*ermogensaanwasbelasting*): Annual taxation on accrued but unrealized gains for publicly traded shares, bonds, and other liquid assets.

This structure aims to reflect actual returns while maintaining administrative efficiency.

Alternative models considered The government and the Council of State considered several alternatives:

* Forfaitary tax with a rebuttalscheme: Rejected due to legal and fairness concerns, particularly benefiting high-net-worth individuals.
* Full capital gains tax: Rejected due to the risk of tax deferral and significant short-term revenue losses.
* Wealth tax: Found legally challenging, as it could violate property rights if tax liability exceeds actual income.

Ultimately, the government concluded that taxing actual returns with a hybrid approach offers the best balance between fairness, feasibility, and revenue stability.

Timeline and next steps

* March 2026: The legislation must be approved by Parliament to meet the 2028 implementation deadline.
* 2026-2028: The tax authorities and financial institutions will implement necessary system changes.
* 2028 Onward: Taxpayers will report actual returns, transitioning from the current notional return model.

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

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

### [1.1. Children, stepchildren, and foster children](https://www.notion.so/1-1-Children-stepchildren-and-foster-children-183bdb137e03806381b6f3660b422a28?pvs=21)

For tax purposes in the Netherlands, the term "child" includes several categories, each with specific conditions:

1. **Your own children**

* This refers to children born to you or adopted by you.
* If parents are not married, a father must legally acknowledge the child to be recognized as the child’s parent.
* Children for whom paternity is established by court ruling are also considered "own children."
* Adopted children are treated the same as biological children under Dutch ***tax*** law.

1. **Stepchildren**

* These are children from your spouse or fiscal partner’s previous relationship.
* Note: Sons-in-law and daughters-in-law (partners of your stepchildren) are not classified as your stepchildren for tax purposes.

1. **Foster children**

* A foster child is a child you care for and financially support as if they were your own.
* If the child receives financial support from other sources (e.g., alimony or guardianship funds), they may not qualify as your foster child for tax purposes. However, an exception applies if you still make a significant financial contribution to their care.
* Foster children are treated similarly to biological and adopted children when it comes to tax implications.

1. **Children of your fiscal partner**

* If you have a fiscal partner (a [spouse](https://www.notion.so/1-2-Fiscal-partnership-183bdb137e03802598f0de7ecaef1066?pvs=21) or [someone officially recognized as your tax partner](https://www.notion.so/183bdb137e038099a510fc983611dfb2?pvs=21)), their children are also considered your children for tax purposes.

**Foreign family relationships**

Family relationships established abroad, such as the legal recognition of a child or adoption under foreign law, are also recognized in the Netherlands under international private law. This recognition applies unless explicitly excluded by Dutch civil law, which is not the case for tax purposes.

**Tax rules for minors (under 18 years old)**

1. **Who declares the income of a minor?**
   * Minors must declare certain types of income in their own tax return. This includes:
     + Income from business activities.
     + Wages or income from employment.
     + Income from freelance or other forms of work.
     + Periodic benefits, such as annuities.
   * Parents are responsible for declaring other forms of income (e.g., income from property, investments, or substantial interest) on their tax return.
2. **Orphans and Guardianship**
   * If a minor is an orphan, their guardian is responsible for declaring income that would otherwise be declared by the parents.
3. **Turning 18: A Transition Year**
   * In the year a child turns 18, tax responsibilities are split:
     + For the part of the year when they are still a minor, parents declare their income (except wages, freelance income, etc.).
     + For the part of the year when they are 18, the child becomes responsible for declaring their own income.
     + Assets and liabilities remain the parents’ responsibility for that year because the tax assessment date for these items is January 1, when the child was still a minor.
4. **Filing a Tax Return Together**
   * If your child has income to declare, you file a joint tax return covering both your income and theirs. This simplifies the process and ensures compliance with Dutch tax rules.

### [1.2. Fiscal partnership](https://www.notion.so/1-2-Fiscal-partnership-183bdb137e03802598f0de7ecaef1066?pvs=21)

**Who qualifies as a tax partner?** You are considered automatic tax partners if you are:

* Married or in a registered civil partnership (unless you are no longer living at the same address and have officially filed for divorce or legal separation).
* Living together (unmarried) at the same address and meet at least one of the following conditions:
  + You have a notarized cohabitation contract;
  + You have a child together;
  + One of you has legally acknowledged the other’s child;
  + You are both registered as partners in a pension scheme;
  + You jointly own and live in a property; or
  + A minor child of one partner is registered at the same address;
* For simplicity, this guide refers to "marriage", which includes registered civil partnerships.

**Recognized marriages and partnerships** Your marriage or civil partnership must be recognized under Dutch civil law. This means:

* It is registered at the municipality ("*Gemeente*") where you reside.
* If concluded abroad, it must be recognized by the Netherlands.

**Tax partnership if your partner lives abroad** You can still qualify as tax partners if all the following apply:

1. Your partner lives in an EU country, Liechtenstein, Norway, Iceland, Switzerland, Bonaire, St. Eustatius, or Saba.
2. Together, you must pay Dutch income tax on at least 90% of your worldwide income.
3. Your partner provides an income declaration from their local tax authority. If unavailable, a filed tax return and assessment may suffice.

**Only one tax partner allowed**

You cannot have more than one tax partner.

* If multiple people qualify, marriage takes precedence.
* If multiple marriages exist (legal abroad but not in the Netherlands), the first spouse is the tax partner.
* For multiple cohabitation contracts, the oldest contract applies.

**End of tax partnership**

For married couples, the tax partnership ends when:

* They file for divorce or legal separation and
* They no longer live together.
* If still living at the same address, they remain tax partners until they move apart.

For cohabiting partners, the tax partnership ends when they

* No longer share the same registered address.
* No longer meet any qualifying conditions (e.g., pension registration, child together, etc.).

**Homeownership and tax partnership**

* If two people co-own a house and both live there, they are tax partners.
* If more than two people own and live in the house, tax partnership does not apply based solely on ownership.
* However, tax partnership can still apply based on other criteria (e.g., cohabitation contract).

Mortgage deductions:

* Each co-owner must declare their own share of the house.
* They can deduct their portion of mortgage interest and expenses.
* Leasehold payments are deductible only for their share.
* If there is a tax partnership, the house and mortgage deductions can be freely allocated between partners (if the partnership lasts the full year).

**Special cases of tax partnership** Stepchildren and tax partnership:

* If a stepchild turns 18 and meets one of the conditions for tax partnership, they automatically become your tax partner.
* However, you can choose not to be tax partners until you both turn 27 at the start of the calendar year.

Forced separation (e.g., nursing home placement):

* If one partner moves to a nursing home for medical reasons, tax partnership remains unless:
  + A third party qualifies as a new tax partner.
  + One of them requests the tax authorities to terminate the partnership.

### [1.3. General notes and consequences of being tax partners](https://www.notion.so/1-3-General-notes-and-consequences-of-being-tax-partners-183bdb137e03803494e7fd66c15336a6?pvs=21)

**General notes regarding tax partners**

* If you have a tax partner for only part of the year, you can choose to extend it for the entire year. This allows you to freely allocate certain tax deductions and benefits.
* You can also choose not to extend the partnership for the whole year. However, if you wish to transfer part of the general tax credit (*heffingskorting*) to the lower-earning partner, you must be tax partners for at least six months.
* In the Dutch tax system, income and deductions are categorized as:
  + Personal income items: These must be declared by the individual taxpayer (e.g., salary).
  + Joint income items: These can be allocated between partners (e.g., mortgage interest deduction).
* If you do not have a tax partner, you must declare all your income and tax benefits individually.
* If you have a tax partner for the full year, you can allocate certain joint income and deductions in a way that is most tax-efficient.
* Privacy implications: As tax partners, you can see each other’s income, assets, and liabilities. This can be a concern in roommate situations where tax partnership is automatically applied.

**Consequences of being tax partners**

1. **Home ownership and mortgage interest deduction**

* Only one residence can be classified as the "main home" (*eigen woning*) for tax purposes.
* If both partners own and live in different homes, they must choose which one is the main home.
  + If they fail to make a choice, the home declared first in a tax return will be considered the main residence.
  + The other home will be taxed as an investment property in Box 3.
* This choice is valid only for the year it is made, meaning partners can theoretically switch their declared main residence each year.
* Special case: Married but separated spouses
  + If a couple is permanently separated but still legally married, they can still declare only one main residence.
  + However, if they have moved out and are in the two-year divorce settlement period, each spouse may declare their own home as their main residence.

1. **Deductions and income thresholds**

* Some deductions (e.g., medical expenses, charitable donations) depend on income thresholds.
* As tax partners, their combined income determines eligibility for these deductions.
* Certain deductions and tax credits can be freely allocated between partners, such as:
  + Mortgage interest deduction
  + Income from substantial shareholding (*aanmerkelijk belang*)
  + Personal deductions (e.g., alimony payments, healthcare expenses, gifts)
  + Dividend tax credit
  + Exemption thresholds for Box 3 wealth tax
  + Business-related deductions (e.g., entrepreneur’s deduction, cooperation deduction)

1. **General tax credit and working tax credit**

* If one partner has little or no income, they may be eligible for a partial refund of the general tax credit.
* This only applies if the couple was tax partners for at least six months in the tax year.

1. **Wealth tax (Box 3)**

* The exemption threshold for savings and investments in Box 3 is doubled for tax partners.
* Tax partners can allocate joint savings and investments between themselves in any chosen ratio.

### Chapter 2 - Income from business profits (box 1)

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

### [2.1. Who qualifies as a sole proprietor in the Netherlands?](https://www.notion.so/2-1-Who-qualifies-as-a-sole-proprietor-in-the-Netherlands-183bdb137e0380608dbfccca540dac75?pvs=21)

**Who is considered an entrepreneur?**

In the Netherlands, an individual is considered an entrepreneur (sole proprietor) for income tax purposes if they:

1. Operate a business: The individual runs an enterprise on their own behalf and at their own risk.
2. Assume liability: The individual is directly responsible for business-related obligations, including debts.
3. Pursue profit: The business must operate with the intent to generate profits, and those profits must be reasonably expected.
4. Demonstrate independence: The entrepreneur must exercise a level of control over their business activities and decision-making.
5. Bear business risks: The individual must take on financial risks, including liability for outstanding debts and non-payment by customers.
6. Engage in market transactions: The business must be active in economic activities and interact with (preferably) multiple clients or customers.

Independent professions (e.g., doctors, lawyers, and consultants), freelancers and self-employed individuals (”*ZZP’ers*”), qualify as entrepreneurs under Dutch tax law (”*eenmanszaak*”). There is no legal definition of "ZZP'er" in Dutch tax law. The legally defined term is "eenmanszaak" (sole proprietorship), and therefore, the term "sole proprietorship" is used in this Tax Guide.

**What is taxed?**

Profits earned from business activities are subject to taxation under Box 1 (income from work and homeownership). These profits include all financial benefits derived from the business, regardless of the structure or classification of income.

Dutch tax law also expands the definition of business profits to include:

* Income earned as a silent partner (”*medegerechtigde*”) in a business, such as a limited partner (”*commanditaire vennoot*”) in a limited partnership.
* Income from a loan provided to a business, if the loan functions similarly to equity or has a profit-dependent interest structure.

**Special tax deductions**

To qualify for most deductions, entrepreneurs must meet the hour criterion:

* Spend at least 1,225 hours per year on business activities.
* Dedicate at least 50% of total working time to the business (this requirement does not apply to startups).
* Maternity leave (up to 16 weeks) is counted as working time for the hour criterion.

Entrepreneurs who meet the hour criterion may qualify for various tax deductions that reduce taxable income:

* Private business ownership deduction (”*zelfstandigenaftrek*”) – A general tax deduction for self-employed individuals.
* R&D deduction (”*S&O-aftrek”*) – Available for businesses engaged in research and development activities.
* Working partner’s deduction (”m*eewerkaftrek*”) – If a spouse or partner works in the business, a portion of their income can be deducted.
* SME profit exemption (”*MKB-winstvrijstelling*”) – Allows a percentage of business profits to be tax-free.

**Considerations for partners and taxation**

If an entrepreneur operates within a partnership (e.g., a general partnership or limited partnership), the following considerations apply:

* Partners in a business can qualify as entrepreneurs if they are independently liable and actively involved in business operations.
* Special profit-sharing rules apply to partners in business structures such as general partnership (i.e., a vof (”*vennootschap onder firma*”) and a *maatschap*.
* If a spouse or household member works in the business, they may not always qualify as an entrepreneur, particularly if their role is deemed supportive rather than independent.

⚠️ In 2025, the Dutch Tax Authority will intensify audits on sole proprietors (zzp’ers) to verify whether they are genuinely self-employed or operating under disguised employment (”*verkapte dienstbetrekking*”).

**Employment vs. entrepreneurship** Income can be classified as:

* Salary from employment (subject to payroll tax, no business deductions)
* Business profit (eligible for entrepreneur tax benefits)
* Other income (limited deductions, no entrepreneur benefits)

The classification depends on factors such as control, financial risk, and autonomy. Employers must withhold payroll taxes for employees, while entrepreneurs manage their own tax obligations.

**Key risk indicators for disguised employment** The Tax Authority uses a holistic test to assess whether a worker is truly self-employed, considering:

* Control: Does the client dictate tasks and work conditions?
* Independence: Can the contractor freely choose work, rates, and clients?
* Business Risk: Does the contractor bear financial risk and responsibility for quality?
* Recent court rulings (e.g., Deliveroo case) confirm that contractual agreements alone do not determine employment status—actual working conditions are decisive.

**Preventing compliance issues** Tax audits focus on misclassified self-employment, which can result in retroactive tax claims and fines. Businesses should ensure correct classification to avoid payroll tax liabilities.

### [2.2. Administrative and legal requirements of doing business](https://www.notion.so/2-2-Administrative-and-legal-requirements-of-doing-business-190bdb137e03800f94c5e5c0dda53da5?pvs=21)

**Administrative and legal requirements**

* Registration: Entrepreneurs must register their business with the Dutch Chamber of Commerce (Kamer van Koophandel, KvK) and obtain a VAT number if applicable.
* Bookkeeping: Maintaining accurate financial records, including invoices, receipts, and contracts, is mandatory.
* Separate business banking: It is advisable to use a separate business bank account for financial transactions to maintain clear financial records.

**VAT obligations**

Please note that most sole proprietors must charge Value Added Tax (”**VAT**”) on their products and services. However, entrepreneurs with an annual turnover of less than €20,000 may qualify for the Small Business Scheme (”*Kleineondernemersregeling*”, “*KOR*”), which exempts them from charging VAT. This Tax Guide does not explain the VAT consequences of doing business as a sole proprietorship.

**Bookkeeping (general)**

A sole proprietor in the Netherlands is required to maintain accurate and complete financial records that reflect the financial position and activities of the business. These records must be retained for at least seven years and should include:

1. General ledger – A structured record of all financial transactions.
2. Invoices and receipts – Both incoming and outgoing invoices must be stored in compliance with Dutch tax regulations.
3. Bank statements – Transactions should be reconciled with business bank accounts.
4. Payroll records (if applicable) – If employees are hired, payroll records must be maintained. It is generally not advisable to hire employees as a sole proprietorship.
5. VAT administration – If VAT-registered, the entrepreneur must track VAT on sales and purchases and file periodic returns.
6. Annual financial statements – The tax authorities require financial statements structured according to standard formats.

Failure to maintain proper records can lead to tax adjustments and penalties. Entrepreneurs may opt to use bookkeeping software to ensure compliance and simplify tax reporting. This Tax Guide will not expand in-depth as to how to have a compliant bookkeeping.

**⚠️ The Dutch Tax Authority will increase audits of single-person BVs and businesses, focusing on private expenses wrongly claimed as business costs.**

In 2025, the Dutch Tax Authorities will closely review business expense deductions, especially for single-person BVs and self-employed entrepreneurs, due to frequent misclassifications leading to tax corrections. Tax service providers are urged by the Dutch Tax Authorities to ensure only legitimate business expenses are included in tax returns.

**Common filing mistakes** Past audits show frequent errors where private expenses, such as home renovations, gym memberships, and streaming services, are claimed as business costs. This is particularly common among single-person BVs and self-employed entrepreneurs.

### [2.3 Profits exempt of income taxation](https://www.notion.so/2-3-Profits-exempt-of-income-taxation-183bdb137e0380509124e484579f6eec?pvs=21)

Certain types of business profits are exempt from Dutch income taxation, and below only the frequently occurring ones are listed.

**Frequently occurring (relevant for expats)**

1. **Debt remission profits (*Kwijtscheldingswinstvrijstelling*)**

* Profits from waivers of unenforceable claims or claims that would cause socially unacceptable consequences are exempt.

**Frequently occurring (in the Netherlands)**

1. **Forestry exemption (*Bosbouwvrijstelling*)**

* Profits from forestry activities are exempt if the land remains designated as forest.
* Losses are not deductible.
* The exemption can be waived upon request for at least ten years.

1. **Agricultural exemption (*Landbouwvrijstelling*)**

* Changes in the value of agricultural land used within one’s own agricultural business are exempt.
* Excludes value changes due to land improvements (e.g., drainage, land consolidation).
* The exemption applies only to the agricultural value.

### [2.4. Non-deductible and partially deductible costs](https://www.notion.so/2-4-Non-deductible-and-partially-deductible-costs-183bdb137e038029b1fcc3bb57515401?pvs=21)

When filing your Dutch income tax return as an expat entrepreneur, it is important to know and understand which business expenses are fully deductible, partially deductible, or not deductible at all.

The Dutch tax system differentiates between costs that serve a purely business purpose and those that contain a personal component. Expenses that are deemed to be more related to personal lifestyle choices or legal penalties rather than legitimate business activities are non-deductible.

Below, I outline the non-deductible expenses and partially deductible expenses categorizing them into commonly encountered ones for expats and lesser common ones.

***Common non-deductible costs for expats***

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

1. Non-independent workspace in a private residence – If you use a workspace in your private home that is not physically and functionally separate from your living area, the related costs are non-deductible. Only independent workspaces that meet strict conditions are deductible.
2. Non-independent workspace in a rental property – If the workspace in a rental property is not a distinct, autonomous space, related costs are not deductible.
3. Telephone subscription in home – The cost of a home telephone subscription is not deductible unless it is strictly used for business purposes.
4. Literature other than specialist literature – Only specialized literature directly related to your business is deductible. General reading materials, such as newspapers and non-business books, are non-deductible.
5. Clothing other than workwear – Regular clothing is non-deductible unless it qualifies as workwear, meaning it is unsuitable for daily wear or features a visible business logo of at least 70 cm² per clothing item.
6. Personal care for appearance – Expenses related to personal grooming and appearance, such as haircuts, makeup, or skincare, are non-deductible, except for performers, presenters, or athletes where appearance is an integral part of their profession.
7. Health insurance contributions – Contributions to Dutch health insurance or similar foreign schemes are non-deductible.
8. Private electronics and tools – Personal computers, audio/video equipment, musical instruments, and tools not primarily used for business are non-deductible.
9. Travel and accommodation expenses exceeding study/training limits – Study and training-related travel costs exceeding €1,500 may not be deductible unless the business activities necessitate them.
10. Administrative penalties (e.g., tax penalties, labor law fines) – Dutch and foreign administrative penalties are non-deductible, including tax-related fines and penalties under labor, competition, and environmental laws.

***Not so common non-deductible costs for expats***

1. Costs related to lifestyle representation (“state expenses”) – Expenses that reflect personal lifestyle choices rather than business needs, such as luxury housing, exclusive clubs, and high-end social memberships (e.g., golf clubs or private clubs), are non-deductible.
2. Cost of vessels for representation – The costs of owning or operating vessels (e.g., yachts) for business representation are non-deductible unless the business is engaged in the manufacturing, marketing, or operation of such vessels.
3. Fines and settlements of a criminal and/or administrative nature – Any fines or settlements imposed by Dutch or foreign authorities, including disciplinary courts and regulatory penalties, are non-deductible.
4. Costs related to criminal offenses – If convicted of a crime by a Dutch court, associated costs are non-deductible. However, payments made to the state for the deprivation of illegally obtained benefits and compensation for damages may be deductible.
5. Costs of illegally keeping weapons and ammunition – Any costs related to the illegal possession of weapons are non-deductible.
6. Costs of aggressive animals – Costs for keeping animals classified as dangerous under Dutch law are non-deductible.
7. Costs of bribery – Any expenses incurred for bribery or corrupt payments are non-deductible.
8. Dutch and foreign dividend tax and gambling tax – These taxes are not deductible but may be offset against other tax liabilities under specific conditions.
9. Compulsory payments ordered by regulatory bodies – Non-voluntary payments imposed by authorities, such as administrative enforcements, are non-deductible.
10. Employment allowance to a cooperating partner – If you pay your cooperating partner an allowance below €5,000, it is non-deductible.

***Partially deductible costs***

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

1. Food, beverages, and representation Costs
   * Includes costs for business-related meals, drinks, stimulants (e.g., coffee), and hospitality expenses.
   * Deduction limit: Either €5,600 or 80% of the total cost, whichever is more favorable.
   * This includes expenses for staff and clients, as well as costs for catering services.
   * Exemptions: Meals classified as employee wages and Christmas packages for staff remain fully deductible.
2. Conferences, seminars, and study trips
   * Expenses related to congresses, seminars, symposiums, excursions, and study trips, including travel and accommodation.
   * Subject to the same €5,600 threshold or 80% deduction rule.
   * Exception: If the event qualifies as a vocational course focused on acquiring specific knowledge or skills (e.g., industry training), it may be fully deductible.
3. Travel and accommodation costs for education
   * Deductible up to €1,500 per year.
   * Excess costs above this limit are non-deductible.
4. Personal relocation costs
   * Deductible up to €7,750, plus the actual costs of moving furniture and household items.
   * The move must be business-related.
   * If two entrepreneurs in the same household relocate together, the €7,750 deduction must be shared.
5. Housing Outside the Place of Residence
   * If a business requires an individual to live outside their primary residence, housing costs are deductible for up to two years.
   * This applies only if the additional housing expenses are clearly for business purposes.

***Deductibility of costs related to a workspace in an owner-occupied home***

In the Netherlands, expenses related to a workspace in an owner-occupied home are generally not deductible unless strict conditions are met. This includes costs for furnishings, utilities, and maintenance. However, if the workspace meets specific independence and income requirements, it may qualify for tax deductions.

**General rule (non-deductibility)**

* If the workspace does not meet the criteria for an independent business space, it remains part of the owner-occupied home scheme.
* Mortgage interest related to the workspace remains deductible under the owner-occupied home scheme (box 1).
* Other costs, such as utilities, maintenance, and depreciation, are not deductible.

**Conditions for deductibility** To qualify for tax deductions, the workspace must meet both the independence and income requirements:

1. Independence Requirement

* The workspace must be a structurally separate unit from the private residence, meaning:
  + It has its own entrance.
  + It has independent sanitary facilities (e.g., a separate toilet).
  + It has its own utility meters for energy and water.
  + It is physically distinct from the private living area.

1. Income Requirement

* The income test depends on whether the individual also has another workspace outside the home:
  + If another external workspace exists:
    - At least 70% of total income (from business, wages, and other taxable activities) must be earned primarily from the home workspace.
  + If no other workspace exists:
    - At least 70% of total income must be earned in or from the home workspace.
    - Additionally, at least 30% of total income must be earned substantially from activities conducted in the home workspace.

**Tax treatment if the workspace qualifies for deduction** If the workspace meets both the independence and income criteria:

* Workspace Shifts to Box 3 (Savings & Investments)
  + The workspace is no longer treated as part of the owner-occupied home scheme (box 1). Instead, it is classified under box 3 (taxable savings and investments).
* Deductible Costs
  + The deduction is limited to the tax levied in box 3 plus expenses normally borne by a tenant in a rental situation.
  + This means a portion of costs such as utilities, insurance, and maintenance may be deductible.

**Special considerations for 2023 and beyond** Box 3 changes:

* From 2023 onward, the deemed return for box 3 assets (including qualifying workspaces) is calculated based on the "other assets" category.
* Prior to 2023, the workspace’s value could be placed in the highest-taxed category within box 3, optimizing deductions.
* However, changes in box 3 taxation (post-2017) have faced legal challenges under European law, leading to potential adjustments.

**If the workspace does not qualify** If the workspace fails the independence or income requirements:

* It remains part of the private residence.
* No workspace-related expenses are deductible.
* Mortgage interest remains deductible under the owner-occupied home scheme.
* A limited exception applies if the workspace is used by employees or contractors.

### [2.5. Depreciation of business assets](https://www.notion.so/2-5-Depreciation-of-business-assets-183bdb137e03803f9424c89c49c604ef?pvs=21)

Depreciation allows businesses to distribute the cost of certain assets over their useful life instead of deducting the full amount in the year of purchase. The applicable rules depend on the type of asset:

* **Low-value business assets (< €450 excl. VAT)** These can be fully deducted as an expense in the year of acquisition or production. There is no requirement to capitalize them.
* **Other operating assets** Depreciation is based on the asset's acquisition or production costs, reduced by its residual value, and allocated over its economic lifespan.
  + Goodwill: maximum depreciation of 10% per year.
  + Other tangible assets: maximum depreciation of 20% per year.
* **Intangible assets** The production costs of intangible assets (e.g., software, patents) may be fully deducted in the year of production instead of being capitalized.

Important limitation: If known defects or obsolescence existed at the time of purchase, they cannot be used as a justification for additional depreciation.

***Depreciation of buildings***

Depreciation on buildings is only allowed if the book value exceeds the land value. The maximum allowable depreciation is the difference between these values.

* The bottom threshold (WOZ value) for depreciation was 50% before 2024 and 100% from 2024 onward for buildings in personal use.
* For investment properties, the bottom threshold was already 100% of the WOZ value before 2024.

For buildings classified as environmental assets, depreciation can reduce the book value below the normal bottom threshold under the Vamil scheme. However, random depreciation on environmental assets is limited to 75% of the acquisition or production costs, with the remaining 25% following standard depreciation rules.

Special cases:

* Buildings owned in partnership: The WOZ value is divided proportionally among co-owners.
* Buildings on leased land: The WOZ value must be allocated between land and structures.

***Special considerations for depreciations***

**Arbitrary depreciation (*willekeurige afschrijving*)** Under specific conditions, you may depreciate eligible assets more quickly than under standard rules. This can provide a significant tax benefit by reducing taxable profit in the year of depreciation.

**Arbitrary depreciation for environmental investments (*Vamil*)** Certain assets that contribute to sustainability qualify for accelerated depreciation under the Environmental List (Milieulijst), which can be downloaded from the Netherlands Enterprise Agency (RVO) website at [www.rvo.nl](http://www.rvo.nl/).

To qualify:

* The asset must be new (not previously used).
* Registration with the RVO must be completed within three months of acquisition
* No auditor's report is required.

Key benefit: You can arbitrarily depreciate up to 75% of the asset's cost, while the remaining 25% follows the standard depreciation schedule.

**Arbitrary depreciation for small business assets** This applies if:

* You incurred production costs or made an investment in the tax year where you qualify for the increased self-employed deduction.
* The asset is not excluded from the investment deduction (KIA).
* The maximum arbitrary depreciation allowed aligns with the KIA (€387,580 in 2024).

**Additional notes on depreciation**

* **Buildings with functional components**: Certain building components with a different lifespan than the structure itself (e.g., ventilation systems, heating systems, elevators) must be depreciated separately.
* **Depreciation on disposal:** If an asset is sold or scrapped, the difference between its book value and sales price is recognized as a taxable gain or deductible loss.
* **Fixed assets in agricultural businesses:** Depreciation rules for agricultural assets are subject to standardized rates set annually by the Dutch Tax Office. If these rates are used, the tax inspector will not challenge the depreciation applied.

### [2.6. Investment allowances and credits](https://www.notion.so/2-6-Investment-allowances-and-credits-183bdb137e0380608837f587f121a9d4?pvs=21)

As an entrepreneur in the Netherlands, you may qualify for investment deductions when investing in business assets. These deductions lower your taxable profit, reducing the amount of tax owed. The main investment allowances are:

* Small-scale investment deduction (KIA);
* Energy investment allowance (EIA); and
* Environmental investment deduction (MIA).

Each scheme has specific requirements, limitations, and exclusions.

**Small-scale investment deduction (KIA)**

The KIA applies to small- and medium-sized investments in eligible business assets. If you invest within the qualifying range, you can deduct a portion of the costs from your taxable profit.

For 2024, the deduction applies to investments between €2,800 and €387,580 per enterprise. The deduction amount is based on the total annual investment:

| **Total Investment (€)** | **KIA Deduction (2024)** |
| --- | --- |
| €0 – €2,800 | €0 |
| €2,801 – €69,765 | 28% of the investment amount |
| €69,766 – €129,194 | €19,535 |
| €129,195 – €387,580 | €19,535 minus 7.56% of the portion exceeding €129,194 |
| €387,580 | €0 |

Important conditions:

* The deduction is calculated per enterprise, not per taxpayer.
* Assets under €450 (excl. VAT) are not eligible.
* Assets primarily rented out to third parties (more than 70% use) do not qualify.
* If an asset is sold or gifted within five years, and the disinvestment value exceeds €2,800, you must repay a portion of the deduction (disinvestment surcharge).

**Energy investment allowance (EIA)**

The EIA supports investments in energy-efficient technologies and CO₂-reducing assets. If eligible, you can deduct 40% of the investment costs from your taxable profit.

Eligibility criteria:

* Your company must be based in the Netherlands, Aruba, Curaçao, St. Maarten, or the BES Islands and liable for tax.
* The minimum investment per application is €2,500, and the maximum qualifying investment is €151 million.
* The asset must be new and meet the criteria in the official Energy List (Energielijst) published by the Netherlands Enterprise Agency (RVO).
* You cannot combine EIA with MIA for the same investment.

Application & Reporting:

* The investment must be registered with RVO within three months.
* If you sell or gift the asset within five years, and the total value exceeds €2,300, you must repay a proportion of the deduction.

[Apply for EIA (Dutch).](https://mijn.rvo.nl/energie-investeringsaftrek-eia#main-content)

**Environmental investment deduction (MIA)**

The MIA provides additional tax deductions for investments in environmentally friendly assets and technologies. The deduction rate depends on the asset category:

| **Category** | **Deduction rate (2024)** |
| --- | --- |
| I | 45% |
| II | 36% |
| III | 27% |

Eligible costs:

* Acquisition costs: purchase price, transportation, import duties, notary fees.
* Production costs: labor, material costs, subcontracted assembly.
* Environmental consultancy costs (for SMEs only).

To check which percentage applies to a specific business asset, use the Dutch-language [Environment List Tool (Milieulijst)](https://data.rvo.nl/subsidies-regelingen/milieulijst-en-energielijst/2024?type=miavamil).

Application and conditions:

* The asset must be on the Environment List and meet the stated criteria.
* The investment must be registered within three months at RVO.
* The minimum investment per application is €2,500.
* If you fail to use the asset within three years or do not pay at least 25% within 12 months, a repayment may be required.

[More information on MIA](https://english.rvo.nl/en/subsidies-financing/mia-vamil/entrepreneurs#conditions) (English).

Exemptions and exclusions Certain assets do not qualify for investment deductions:

* Land (except specific land improvements).
* Forestry business assets.
* Residential buildings & houseboats, unless commercially rented.
* Passenger cars (except for professional transport or certain electric vehicles).
* Securities, claims, goodwill, and certain permits.
* Animals.

**Disinvestment Surcharge (Desinvesteringsbijtelling)**

If you sell, gift, or otherwise transfer an investment within five years, a disinvestment surcharge may apply. This effectively repays part of the previously claimed deduction.

Triggers for the surcharge include:

* Selling, exchanging, or donating the asset.
* Changing the asset’s use (e.g., from business to personal use).
* Failing to pay at least 25% of the investment within 12 months.
* Not using the asset within three years of the investment.

The repayment is based on the same percentage that applied when the investment was made.

### [2.7. Fiscal reserves](https://www.notion.so/2-7-Fiscal-reserves-183bdb137e03800abda1e9b8edb31f19?pvs=21)

Fiscal reserves allow businesses to defer taxation by setting aside profits for future use. This reduces taxable income in the current year and helps in financial planning. The two primary fiscal reserves in Dutch tax law are:

1. Reinvestment reserve (*herinvesteringsreserve*)
2. Equalisation reserve (*kostenegalisatiereserve*)

Each reserve has specific conditions and limitations.

**Outdated reserve: Fiscal Retirement Reserve (o*udedagsreserve*)** The Fiscal Retirement Reserve was abolished as of 1 January 2023. Previously, entrepreneurs could set aside part of their profits for retirement, deferring tax. Existing reserves remain taxable upon retirement or business cessation.

**Reinvestment reserve**

The reinvestment reserve allows businesses to defer tax on profits from the sale of business assets by setting aside the gain for future reinvestment. This prevents immediate taxation and maintains liquidity for new investments.

Key conditions:

* The reserve can only be used for business assets (not personal or investment assets).
* The taxpayer must have a clear intention to reinvest the profit in replacement assets before the balance sheet date.
* The reinvestment must occur within three years. If not, the reserve must be added to taxable profit in the third year after its formation, unless special circumstances justify an extension (e.g., government intervention, COVID-19 delays).

Book value requirement The book value of the new asset must be at least equal to the book value of the sold asset. The reserve is deducted from the acquisition cost of the new asset, preserving the latent tax liability in the business.

Special rules

* The economic function of the new asset must match the sold asset if it is a long-term asset (e.g., real estate).
* The reinvestment reserve is also available when assets are compulsorily sold due to government measures, such as expropriation.
* If a business ceases operations due to government intervention, the reinvestment reserve may be used in a new enterprise.

Example A company sells machinery for €50,000, making a €20,000 profit. Instead of immediately paying tax on the €20,000, it sets this amount aside in the reinvestment reserve. When purchasing a new machine for €60,000, the reserve reduces the taxable amount of the investment.

**Equalisation reserve**

The Equalisation reserve helps businesses smooth out large, irregular expenses over multiple years, reducing tax volatility.

Conditions:

* The expenses must be infrequent but expected (e.g., maintenance every five years).
* The expenses must be substantial enough to cause fluctuations in taxable profit.
* The reserve must be annually allocated, even in loss-making years.
* Catch-up allocations are generally not permitted, except under special tax rulings.

Examples of Allowed Uses: ✅ Periodic maintenance costs for business premises, ships, or machinery. ✅ Long-term environmental cleanup costs for pollution caused in prior years. ✅ Unfunded early retirement commitments if a clear policy exists.

Not Allowed: ❌ Business modernization, expansion, or marketing campaigns. ❌ Costs for relocating a business (even if forced). ❌ Expected tax liabilities or general provisions for “bad years.”

Example A company paints its factory every five years for €50,000. Instead of deducting the full amount in year five, it sets aside €10,000 per year in an equalisation reserve, spreading the tax impact.

### [2.8. Entrepreneurial deductions and allowances](https://www.notion.so/2-8-Entrepreneurial-deductions-and-allowances-183bdb137e03806a92e6fd8cef308396?pvs=21)

Entrepreneurs in the Netherlands can benefit from various deductions and allowances that reduce taxable profits. These apply to the combined profit of all businesses owned by an entrepreneur. The five main deductions are:

1. Private business ownership allowance (z*elfstandigenaftrek*)
2. Research and development deduction (*speur- en ontwikkelingswerkaftrek*)
3. Working partner’s abatement (*meewerkaftrek*)
4. Business discontinuation relief (*stakingsaftrek*)
5. SME profit exemption (*MKB-winstvrijstelling*)

Private Business Ownership Allowance (Zelfstandigenaftrek)

The private business ownership allowance is a key tax benefit for self-employed individuals, allowing them to deduct a fixed amount from taxable profit.

Eligibility criteria:

* The entrepreneur must meet the hours criterion by spending at least 1,225 hours per year on business activities.
* The deduction applies per entrepreneur, regardless of the number of businesses owned.

Deduction Amount (2024):

* €3,750 for qualifying entrepreneurs.
* €1,875 for entrepreneurs who have reached the state pension age on 1 January 2024.

Start-up bonus deduction (*startersaftrek*) An extra deduction of €2,123 is available for new entrepreneurs.

Conditions:

* The entrepreneur must not have been an entrepreneur in one or more of the previous five years.
* The deduction must not have been claimed more than twice in that period. Entrepreneurs returning from a BV under the “*geruisloze terugkeer”* scheme are not eligible.

Research and development deduction (*speur- en ontwikkelingswerkaftrek*)

Entrepreneurs engaged in research and development can claim an additional tax deduction.

Eligibility:

* The entrepreneur must meet the hours criterion (1,225 hours per year).
* At least 500 hours per year must be spent on research and development activities.

Deduction amount (2024):

* €15,551 standard deduction.
* An extra deduction of €7,781 for start-up entrepreneurs (same conditions as the start-up bonus under zelfstandigenaftrek).

Important requirements:

* Entrepreneurs must obtain an S&O declaration from [RVO.nl](http://rvo.nl/).
* The activities must involve systematic scientific research or technical innovation.

Working partner’s abatement (*meewerkaftrek*)

If a partner works in the business without formal salary, a percentage of business profits can be deducted.

Eligibility:

* The entrepreneur must meet the hours criterion.
* The partner must work at least 525 hours per year in the business.
* The partner must not receive a salary of €5,000 or more.

Deduction Amount:

| Hours worked by partner | Deduction (% of profit) |
| --- | --- |
| 0 - 524 | 0% |
| 525 - 874 | 1.25% |
| 875 - 1,224 | 2% |
| 1,225 - 1,749 | 3% |
| 1,750 or more | 4% |

Alternative: Salary Instead of abatement If the entrepreneur chooses to pay the partner a salary of €5,000 or more, the abatement cannot be claimed. Instead, the salary becomes a deductible business expense, and the partner is taxed on it as personal income.

Business discontinuation relief (s*takingsaftrek*)

When an entrepreneur stops operating a business, they may claim relief on profits made from selling business assets or closing operations.

Deduction amount (2024):

* Up to €3,630, once per lifetime.
* The relief cannot exceed the cessation profit.
* If previous business discontinuation relief has been claimed since 2001, the total amount must be deducted from the €3,630 limit.

Key conditions:

* Applies only in cases of full cessation.
* Can be offset against taxable amounts from a retirement reserve (if the business was operated for at least three years).

SME profit exemption (*MKB-winstvrijstelling*)

The SME Profit Exemption allows entrepreneurs to reduce taxable profit by a fixed percentage.

Deduction rate (2024):

* 13.31% of taxable profit.

Key features:

* No hours criterion required – available to part-time entrepreneurs.
* Applied after deducting all other entrepreneurial deductions.

Treatment of business losses: If the business makes a loss, the exemption is applied as a taxable adjustment. For example, a loss of €40,000 is reduced by 13.31% (€5,324), leading to a final taxable loss of €34,676.

### Chapter 3 - Employment and owner-occupied home (box 1)

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

### [3.1. Income from employment (wage)](https://www.notion.so/3-1-Income-from-employment-wage-183bdb137e03803189e7f155d796e86d?pvs=21)

Income from employment includes all earnings from work, both in the Netherlands and abroad, that are taxable in the Netherlands.

**What is considered taxable salary?**

Your taxable salary consists of all financial benefits received from your employer, including:

* Base salary, bonuses, and allowances.
* Employer-paid pension contributions.
* Benefits such as a [company car](https://www.notion.so/3-1-1-Company-car-19dbdb137e03803eb008ce7870354cb0?pvs=21) and stock options.
* Reimbursements that exceed allowable tax-free amounts (e.g., excessive per diems or allowances).

I will discuss the taxation of the company car in [paragraph 3.1.1.](https://www.notion.so/3-1-1-Company-car-19dbdb137e03803eb008ce7870354cb0?pvs=21)

**Healthcare insurance contributions**

The employer-paid contribution to the Dutch national health insurance (Zvw) is not considered taxable income. However, if your employer reimburses or directly pays for private health insurance, this is considered taxable income.

**Pension contributions**

Pension contributions deducted from your wages are pre-tax and have already been accounted for in payroll calculations.

**Tips and gratuities**

* Tips received are taxable income and must be reported.
* If your employer withholds payroll tax on your tips (common in restaurants), the tips are included in your annual wage statement.
* If no payroll tax has been withheld, you must declare the tips in your tax return.

**Customary salary for shareholders (*gebruikelijk loon*)**

If you own at least 5% of a company’s shares and work for that company, you must receive a “customary salary” (gebruikelijk loon). The minimum taxable salary in 2024 is €56,000, or the highest of the following:

* The salary of the most comparable employee in a similar job.
* The highest-paid employee in the company or a related entity.
* €56,000 (2024 statutory minimum).

This salary must include any taxable benefits, such as a company car for personal use.

**Stock options and employee shares**

* A stock option is a right granted by an employer to buy shares at a fixed price in the future.
* The taxable event occurs when the shares become tradeable. The tax is based on the market value of the shares at that moment.
* If the value increases between exercise and tradability, the additional gain is also taxed.
* Employees can opt to be taxed at the time of exercise by submitting a written request to the tax authorities.

**Employment income from abroad**

* If you receive salary from a foreign employer while working in the Netherlands, it is taxable unless a tax treaty provides an exemption.
* Foreign income should be reported separately in your tax return under "Income from employment abroad".
* In some cases, you may be eligible for double taxation relief depending on the country and treaty conditions.

### [3.1.1. Company car](https://www.notion.so/3-1-1-Company-car-19dbdb137e03803eb008ce7870354cb0?pvs=21)

If your employer provides a company car, the private use of this car is included in payroll tax calculations, meaning you don’t need to report it separately.

The taxable benefit for private use is calculated based on:

* The car’s list price, including VAT and BPM (Dutch car tax).
* CO₂ emissions and registration year:
  + Standard addition: 22% of the catalogue value.
  + Electric cars: 16% on the first €30,000 of the value, and 22% on any amount above that.
  + Hydrogen or solar-powered cars: 16% of the full list value for five years after registration.
  + Cars older than 15 years: 35% of the fair market value.
* Your employer withholds payroll tax monthly on the benefit.
* Generally, the company car is already included in your annual tax summary, so you don’t need to declare it separately.

**Vans (*bestelwagens*)**

* For company vans, the tax calculation is based on the list price including VAT.
* If the van is 15 years or older, the taxable benefit is based on fair market value.

**Deductions for employee contributions**

* If you contribute to your employer for private use of the company car, this amount is deductible from the taxable benefit but cannot reduce it below zero.
* If you pay for a more expensive car than your employer’s budget, your personal contribution is also deductible for private use, but this must be clearly documented.
* If you pay fuel, tolls, or ferry costs directly, these can be fully reimbursed tax-free by your employer.

**Limited private use (i.e., less than 500 km per year)**

* If you use the company car privately for less than 500 km per year, no taxable benefit applies. Commuting does not count as private use.
* To prove this, you must:
  + Maintain detailed mileage records showing odometer readings and trip purposes.
  + Obtain a "statement of no private use" (*verklaring geen privégebruik auto*) from the Dutch Tax Authorities.
  + If the Tax Authorities request proof, you must provide documentation.
* If your employer incorrectly included a taxable amount for private use in your wages, you can correct this in your tax return by reporting negative wages.

### [3.2. Pension and benefit payments](https://www.notion.so/3-2-Pension-and-benefit-payments-188bdb137e038019af2cfc7d96fa0f2f?pvs=21)

Certain pension payments and benefits are considered income from previous employment, even though they are not classified as regular wages. Payroll tax is withheld at the time of payment, meaning no additional tax is usually due at year-end.

**Which benefits are taxed as income from previous employment?** The following payments fall under this category and should be reported as "pensions and other benefits" in your tax return:

Pension payments, including:

* State pension (AOW) – A government-provided pension for residents aged 67+.
* Employer-funded and occupational pensions – Pensions accumulated through employment, including those specific to professions (e.g., physiotherapists).
* Early retirement benefits, waiting pensions, and bridging benefits – These are treated the same way as regular pensions.

Social security benefits, such as:

* Disability benefits (WIA – Work and Income Act, and Wajong – for young individuals with disabilities).
* Unemployment benefits (WW – Unemployment Insurance Act).
* Survivor’s pensions (ANW – National Survivor’s Benefits Act).

Other payments subject to payroll tax, including:

* Social welfare benefits (e.g., means-tested support payments).
* Compensations for previously paid pension contributions (if refunded).
* Sick pay (ZW) received while on unemployment benefits.

**How are these pensions and benefits taxed?** These payments are not eligible for the employment tax credit because they are linked to past, not current, employment. The benefit provider automatically withholds payroll tax, which is used to offset income tax liabilities. If you receive multiple pensions or benefits, tax withholding may not always be sufficient, potentially leading to a balance due when filing your return.

**Special situations:**

1. **Survivor’s pensions:** If a spouse or parent passes away, eligible beneficiaries receive an ANW pension, which is subject to payroll tax but not the healthcare insurance contribution (Zvw).
2. **AOW pension taxation:** If you have multiple income sources, your AOW pension may be taxed at a higher rate due to progressive taxation. If you reside outside the Netherlands, tax treaties may determine where your pension is taxed.
3. **Expat considerations:** If you worked in multiple countries, your pension may be taxed in different jurisdictions depending on tax treaties between the Netherlands and those countries.

### [3.3. Income from other activities](https://www.notion.so/3-3-Income-from-other-activities-188bdb137e03803ea582c2b7c3a97e02?pvs=21)

**Classifying income: business or other activities?**

Determining whether income qualifies as business income or income from other activities is not always straightforward. However, the classification can significantly impact tax treatment.

* Income from business activities benefits from deductions and exemptions such as the entrepreneur deduction, SME profit exemption, and investment deduction. Generally, if all your income originates from your business, it is classified as business income.
* If you have multiple income sources, classification depends on factors such as the commercial intent, continuity, and profit expectation of your activities.
* If you are unsure whether your income qualifies as business income, consulting a tax advisor is advisable, especially when engaging in activities that blend personal and business elements.

**What qualifies as income from other activities?**

If your income does not meet the criteria for business income or employment wages, it is categorized as income from other work. However, not all earnings are taxable under this category. The key considerations include:

* The activity is conducted with a commercial intent.
* There is an expectation of financial benefit.
* It is reasonable to assume that this benefit will materialize.

For instance, if you generate revenue from a hobby or casual activity, but it is unlikely to yield sustained profit, the income may not be taxed. However, expenses related to such income are also not deductible.

**Examples of taxable income from other work**

The following types of income fall under this category and must be reported in your tax return:

* Royalties, copyright, and patent income.
* Payments for written works, lectures, or readings.
* Compensation for serving on boards or committees.
* Tips received that were not subject to payroll tax.
* Income as a host parent.
* Commissions earned by non-entrepreneurs, such as insurance or commercial agents.
* Freelance earnings from non-entrepreneurs, such as journalists, translators, or media professionals.
* Earnings from domestic work, provided it does not exceed three days per week.
* Payments from a personal budget holder for care services.
* Allowances exceeding the tax-free volunteer compensation limit.
* Additional earnings from activities outside standard employment.

**Calculating taxable income from other work**

When determining taxable income from other work, consider the following:

* Start-up phase: Initially, an activity may be considered a hobby, meaning expenses incurred are not deductible. Deductions become possible once the activity generates consistent revenue.
* Expense tracking: Keep records of all expenses incurred during the start-up phase. These can be deducted once the activity transitions into a taxable income source, typically within five years.
* Record-keeping: While maintaining formal bookkeeping is not required, you must provide documentation upon request by the Dutch Tax Authorities. If the activity involves asset management or the provision of goods, record-keeping is mandatory.
* Income reporting: Income should be declared when it is earned, not necessarily when received. For small-scale activities with minimal fluctuations, the cash accounting method may be used instead of the invoice method.
* Deductible expenses: Most work-related expenses are deductible, but specific limitations may apply. Check tax return guidance for eligibility.

**Assets and tax treatment**

When using assets such as vehicles, equipment, or property in your work, they must be classified correctly for tax purposes:

* Private assets: If an asset is classified as private, its costs are not deductible from work income. However, the asset may fall under Box 3 taxation for wealth tax purposes.
* Business assets: If an asset is recorded as a business asset, all associated costs, including depreciation, are deductible. If the asset is used for both private and business purposes, only the business portion is deductible.
* End of activity: When ceasing activities, business assets are transferred to private assets at fair market value. If the market value is higher than the book value, tax may be due on the capital gain.
* Depreciation rules: For property, depreciation is capped at 50% of the WOZ value. Vehicles can be depreciated at a maximum of 20% per year.

**Reporting requirements and renseignering**

Since January 1, 2022, a reporting obligation applies for payments made for certain services (IB47 declaration). Organizations paying individuals for work must report these payments to the Dutch Tax Authorities. Payments excluded from this obligation include:

* Services where a VAT invoice was issued.
* Copyright payments to heirs.
* Volunteer work compensation within tax-free limits.

Additionally, under the EU DAC7 directive, digital platforms (e.g., Airbnb, Uber) must report sales transactions if a seller completes 30 or more transactions or earns over €2,000 per year.

**Key considerations for expats**

* Foreign income: If you perform work internationally, taxation depends on double taxation treaties between the Netherlands and the country where the income is earned.
* Income splitting: If your partner earns income from other work, each person must report their own earnings separately.
* Regulations for independent workers: The Dutch Deregulation of Assessment of Employment Relations Act (Wet DBA) clarifies the distinction between employment wages, business income, and income from other work. Although active enforcement is postponed until 2025, compliance remains important.

### [3.4. Alimony income](https://www.notion.so/3-4-Alimony-income-188bdb137e0380adac01d274c0f5373e?pvs=21)

Partner alimony (spousal maintenance) is the financial support one spouse provides to the other after a divorce. In the Netherlands, such payments are considered taxable income for the recipient and must generally be declared in the annual income tax return. Below are the key tax implications and reporting requirements for alimony recipients.

**Alimony as taxable income**

* Mandatory alimony payments—established by law, court ruling, or written agreement—must be declared as taxable income by the recipient.
* Voluntary alimony payments—those made out of moral obligation after the legal requirement ends—are still taxable and must also be declared.
* Payments on behalf of the recipient, such as covering health insurance premiums, rent, or other expenses, are considered in-kind alimony and taxed accordingly.

**Forms of alimony payments** Alimony can be received in different forms, each with distinct tax implications:

* Regular periodic payments (e.g., monthly support) are taxed as income in Box 1. Lump-sum settlements (afkoopsommen) paid in cash are taxed at the recipient's normal income tax rate.
* Pension entitlements or annuity payments transferred in lieu of alimony are also taxed in Box 1.
* In-kind benefits (such as free housing, payments for utilities, or direct coverage of personal expenses) are treated as taxable alimony and must be declared based on their cash value.

**Special situations**

* Alimony and social benefits: If you receive welfare (bijstand) in addition to alimony, the Tax Office assumes the alimony is already included in the annual social benefits statement. Thus, you do not need to declare it separately.
* Joint accounts and shared expenses: Withdrawals made by the ex-spouse from a joint account or shared credit card may be deemed alimony payments and taxed accordingly.

**Deductible expenses related to alimony**

* Certain costs incurred to obtain, maintain, or enforce alimony payments can be deducted from taxable income, including:
* Legal fees for negotiating or securing alimony (e.g., lawyer costs in court proceedings). Collection costs (such as fees for a bailiff or legal enforcement to recover unpaid alimony). Administrative expenses like postage, telephone calls, and travel expenses related to managing alimony matters.

**Other considerations**

* Alimony and the Dutch healthcare system: Since 2018, alimony is subject to income-based contributions for Dutch health insurance (Zorgverzekeringswet), meaning the recipient may owe additional contributions.
* Cross-border tax implications: If the recipient is a non-resident taxpayer, taxation depends on applicable tax treaties between the Netherlands and the recipient’s country of residence.

### [3.5. Income from owner-occupied home](https://www.notion.so/3-5-Income-from-owner-occupied-home-188bdb137e0380d5bf94ceb1d24894fb?pvs=21)

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

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

***Owner-occupied home***

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

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

**Appurtenances**

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

**Rights of usufruct, use, or occupancy**

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

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

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

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

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

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

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

**Exception 2: Building plot**

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

**Exception 3: In case of divorce**

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

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

**Exception 4: Temporarily living abroad**

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

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

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

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

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

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

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

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

**Exception: tax free rental income**

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

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

### [3.6. Tax deductible expenses for the owner-occupied home](https://www.notion.so/3-6-Tax-deductible-expenses-for-the-owner-occupied-home-188bdb137e0380aeb7eac90f1ff4aea3?pvs=21)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Special case: Construction depot interest**

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

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

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

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

Deducible financing costs for an owner-occupied mortgage include:

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

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

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

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

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

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

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

### [3.7. Top up regulation (when moving/selling houses)](https://www.notion.so/3-7-Top-up-regulation-when-moving-selling-houses-188bdb137e0380ad8a3fce36529243ab?pvs=21)

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

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

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

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

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

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

### [3.8. Periodic payments](https://www.notion.so/3-8-Periodic-payments-19fbdb137e0380e7a65cc0e116b6fd82?pvs=21)

Periodic payments, also known as “periodieke uitkeringen”, refer to regular payments received over time, often in the form of annuities, or other structured income streams. Under Dutch tax law, periodic payments are generally classified as income from work and home (Box 1) and are subject to income tax. This applies to payments that serve as income support or arise from annuities, pension rights, insurance policies, or divorce settlements. However, tax treatment depends on whether:

* The payments were subject to wage tax (loonheffing) at the source.
* The payments originate from contracts where premiums were deductible in the past.
* The payments are received as a result of prior work, agreements, or legal obligations.

If wage tax has already been withheld, there is generally no additional reporting requirement in the annual income tax return. Otherwise, these payments must be declared in Box 1.

Definition of periodic payments A payment qualifies as “periodic” if it is part of an ongoing series and its total duration or amount is subject to future uncertainty. This uncertainty often relates to factors such as:

* The lifespan of the recipient.
* The completion of an event, such as a child’s education.
* A legal or contractual condition, such as remarriage in the case of alimony.

If a payment is made as a one-time lump sum, it does not qualify as a periodic payment and is treated differently for tax purposes.

Who Is taxed on the payments? Periodic payments must always be declared by the recipient, regardless of the financial arrangement. Even minors receiving periodic payments are taxed individually. For married or registered partners, the recipient is taxed separately—these payments cannot be allocated between spouses.

Taxation of annuities (*lijfrenten*) Annuities (*lijfrenten*) are a special type of periodic payment, often linked to retirement plans or personal pension savings. The taxability of an annuity payment depends on whether the premiums were deducted when paid:

* If premiums were deductible, the payments are fully taxable in Box 1.
* If premiums were not deducted, part of the annuity may be tax-exempt under the saldomethode, meaning tax is only due on amounts exceeding the previously paid premiums.

For annuities established before 2001, older rules may apply, potentially leading to different tax outcomes.

Exempt periodic payments Certain periodic payments are exempt from taxation and do not need to be reported in the tax return. These include:

* Government-provided benefits such as child support (*kinderbijslag*), rent allowance (*huurtoeslag*), and healthcare benefits (*zorgtoeslag*).
* Payments under the Long-Term Care Act (*Wlz*) or Social Support Act (*Wmo*).
* Study grants and educational allowances.
* Specific compensation funds, such as those for Jewish war victims or trade union strike funds.

Periodic payments as compensation for services Payments classified as compensation for services performed are fully taxable in Box 1. This includes payments arising from employment agreements, pension buyouts, and severance packages. If the original contributions were not tax-deductible, only the earnings above the invested amount are taxed.

Deductions for costs related to periodic payments Expenses incurred to acquire, maintain, or enforce periodic payments may be deductible. This can include:

* Legal fees for securing annuity or alimony payments.
* Collection costs such as bailiff fees for unpaid amounts.
* Administrative expenses like postage, travel, and necessary legal correspondence

Considerations for expats For expats, additional cross-border tax implications may apply. If a periodic payment originates from another country, tax treaties between the Netherlands and the paying country determine which country has taxation rights. Some payments may be exempt under double taxation agreements, while others may require partial taxation in both jurisdictions.

### Chapter 4 - Substantial interest (box 2)

If you have a 30% ruling, unless you own shares in a company domiciled in the Netherlands, you are not liable to box 2 taxation (under the old ruling). The 30% ruling is personal. If you have a 30% ruling, and your partner doesn’t, your partner will need to declare all box 2 assets.

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

### [4.1. Substantial interest in a company](https://www.notion.so/4-1-Substantial-interest-in-a-company-182bdb137e0380e88f2ed40f70384cd9?pvs=21)

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

Profits derived from a substantial interest in for example a private limited company (BV), public limited company (NV), or cooperative (c*oöperatie*) are taxed under Box 2. The tax rate for 2023 was 26.9%, but as of 2024, a progressive tax rate applies:

* 24.5% on the first €67,000 of taxable income
* 33% on any amount exceeding €67,000

Unlike box 3, taxation is not based on the value of the shares but on the income realized from them.

**What qualifies as a substantial interest?** A substantial interest exists if you, alone or together with your fiscal partner, hold:

* At least 5% of shares, profit-sharing certificates, or options in a company or cooperative.
* Less than 5% individually, but your spouse, partner, or a direct blood relative holds more than 5%, provided that you own at least one share yourself.

If you are in a tax partnership for the entire tax year, both partners must declare details of the substantial interest. Income from the substantial interest, after deduction of allowable expenses, can be allocated between both partners.

A substantial interest does not need to be declared in box 3, as its taxation falls under box 2. However, debts incurred to acquire a substantial interest are not deductible in box 3 either due to the tax ranking rules.

### [4.2. Regular benefits](https://www.notion.so/4-2-Regular-benefits-19fbdb137e0380be92def7b33ba19940?pvs=21)

Regular benefits from a substantial interest (Box 2) include dividends and other income derived from ownership. The following items qualify as regular benefits:

* Dividends received, including disguised dividends (e.g., selling real estate to the company at an inflated price).
* 6.17% deemed return on shares in a foreign investment company or an exempt investment institution (VBI), calculated on the beginning-of-year value.
* Proceeds exceeding the acquisition price on:
  + Shares,
  + Securities held in a joint account fund,
  + Profit-sharing certificates.
* Bonuses in the form of shares (bonusaandelen) issued by an investment institution, if taxable under Box 2.

**Excessive borrowing from own company (*Wet excessief lenen bij eigen vennootschap*)**

Since January 1, 2023, the maximum tax-free loan amount from one’s own company (BV) is €700,000. Any excess is treated as a notional regular benefit and taxed in Box 2.

* If you and your partner borrow more than €700,000 from your BV by the end of 2023, the excess amount is taxed as a notional benefit at the Box 2 rate in 2023.
* Starting in 2024, the limit is reduced to €500,000.

**Loan repayments and negative regular benefits**

If the excessive loan is repaid later, it is considered a negative regular benefit, deductible against positive Box 2 income. If this leads to a substantial interest loss, it can be offset according to normal rules.

**Mortgages and loan security rules**

Loans taken after January 1, 2023, must be secured by a mortgage on your own home. Older loans are exempt from this requirement.

**Loans to children**

If your children owe money to your BV, their debts are assessed separately. If a child's loan exceeds €700,000, the excess is taxed as a notional regular benefit for you. This does not impact Box 3, where the child’s debt remains taxable.

**Tax treatment of interest on excessive loans**

Interest on loans remains payable and must be declared in the company’s taxable profits.

**Additional considerations**

* Dividends paid after purchase (meegekocht dividend) must be reported as a full regular benefit, rather than deducted from the acquisition price.
* Inherited dividends (e.g., if dividends are declared but not paid before the shareholder’s death) are taxed as Box 2 income for heirs.
* Capital repayments exceeding the acquisition price are treated as dividends unless all legal requirements for a tax-free return of capital are met.

### [4.3. Disposal benefits](https://www.notion.so/4-3-Disposal-benefits-19fbdb137e0380bd9181cf7d56720a71?pvs=21)

If you sell shares in which you have a substantial interest, the profit or loss from the sale is taxable in Box 2. The taxable gain is the difference between the disposal price and the acquisition price.

**Determining the disposal price**

* The disposal price is the total value received for the shares, minus any direct transaction costs.
* If the sale is not at arm’s length, such as a sale to a family member at a lower price, you must use the fair market value instead of the agreed price.
* If the sale involves a partial transfer of rights, such as transferring the bare ownership of shares while retaining usufruct, the taxable gain is calculated on a proportional basis.

**Deductible costs**

Certain expenses incurred during the sale may be deducted from the disposal price, such as:

* Brokerage fees and advisory costs
* Notary fees for name changes
* Legal costs related to disputes over the sale price
* Travel and accommodation expenses directly related to the transaction

Expenses related to failed negotiations cannot be deducted in the year of the failed sale but may be deductible when a sale actually takes place.

The acquisition price of shares

The acquisition price is the original purchase price, including any additional costs incurred to acquire the shares. If the shares were gifted or inherited, the acquisition price is based on their fair market value at the time of transfer. In specific cases, such as corporate reorganizations or share-for-share mergers, special rules may apply to determine the acquisition price.

**Losses on disposal: offsetting rules**

If you sell shares at a loss, you may offset the negative income in Box 2, but only under the following conditions:

* Losses can only be deducted from gains from substantial interests in:
  + The previous year (carry-back rule)
  + The following six years (carry-forward rule)
* Losses incurred in 2018 or earlier can be carried forward for up to nine years.

If losses cannot be offset within these periods, they expire and cannot be deducted against other types of income.

**Special loss deduction when leaving box 2**

If you sell your last substantial interest and do not acquire a new one within two years, a special rule applies where 26.9% of the remaining box 2 loss can be offset against tax on income from work and home (box 1). This deduction starts from the second year after you no longer have a substantial interest. To use this deduction, you must submit a separate request to the Dutch Tax Authority.

**Other Special Cases**

* Emigration: If you move abroad and cease to be a Dutch tax resident, you may be subject to a *conserverende aanslag* (protective tax assessment) on unrealized capital gains.
* Inheritance: If shares are inherited, the taxable gain is determined based on their market value at the time of the previous owner’s death.
* Liquidation: If the company is liquidated, any distributions exceeding the acquisition price are taxable disposal benefits.

### Chapter 5 - Assets and liabilities (box 3)

If you have a 30% ruling, unless you own Dutch real estate other than your owner-occupied home, you are not liable to box 3 taxation (under the old ruling). The 30% ruling is personal. If you have a 30% ruling, and your partner doesn’t, your partner will need to declare all box 3 assets.

The taxation of assets and liabilities in the Netherlands is currently at a political crossroads. The old system (2017 - 2022) was designated as “unlawful” by the Dutch Supreme Court. Now a temporary system has been put in place, which as also been designated as “unlawful” by the Dutch Supreme Court. Now there are two ways to calculate your box 3 income:

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

### [5.1. The political crossroads of box 3](https://www.notion.so/5-1-The-political-crossroads-of-box-3-183bdb137e0380d09ea8c01ebd533db7?pvs=21)

The Dutch box 3 taxation system has been a subject of ongoing debate, legal challenges, and policy changes. The political landscape surrounding box 3 reflects a fundamental conflict between simplicity, fairness, and the administrative feasibility of taxation on wealth.

**The legal turning point: the supreme court’s ‘*kerstarrest*’ (2021)**

For years, taxpayers challenged the fairness of box 3 taxation, but courts upheld the system. this changed on december 24, 2021, when the dutch supreme court ruled that:

* The assumed 4% return violated the european convention on human rights (echr) because it disproportionately taxed taxpayers with low-risk savings.
* Taxpayers who had a disproportionate share of low-return assets (e.g., cash, savings accounts) overpaid compared to those with high-return investments (e.g., stocks, real estate).
* The court ordered restitution (rechtsherstel) for affected taxpayers, triggering a major political and fiscal crisis.

**The political dilemma: balancing fairness, simplicity, and budget constraints**

The dutch government faced three difficult choices in response:

* Tax actual returns (fair, but administratively complex).
* Refine the fixed-return system to align more closely with real-world returns (simpler, but still unfair).
* Introduce an alternative tax on wealth itself, rather than income (controversial, as it would penalize ownership, not earnings).

**The bridging law and its problems (2023–2026)**

* In response, the government introduced the box 3 bridging act (overbruggingswet box 3) in 2023. this interim system still relies on fixed returns, but distinguishes between:
  + Savings and bank deposits (low assumed return, e.g., 0.92%).
  + Investments and other assets (higher assumed return, e.g., 6.17%).
  + Liabilities (assumed cost, e.g., 2.46%).

While this method mitigates some unfairness, it still fails to tax actual returns. for instance, if you made no money on your investments, you could still owe tax on an assumed 6% return. conversely, if you made higher-than-expected returns, the system benefits you.

**The 2024 supreme court rulings and additional legal challenges**

In june 2024, the supreme court issued new rulings, further clarifying that:

* If actual returns are lower than assumed returns, the lower figure must be used.
* The government was forced to offer additional restitution (*aanvullend rechtsherstel*) for taxpayers affected since 2017.
* This further undermined the bridging law, forcing policymakers to rethink the system before the 2027 reform.

**The 2027 reform plan: a true tax on actual returns?**

The dutch government plans to introduce a new box 3 system in 2027, based on actual investment income rather than fixed assumptions. however, this plan has major obstacles:

* Administrative complexity: the tax authority (belastingdienst) lacks the infrastructure to track and verify actual returns for millions of taxpayers.
* Political feasibility: a tax on actual returns would mean taxing unrealized gains, which is unpopular and difficult to enforce.
* Budgetary pressure: lower taxation on savings and negative returns could cost billions in lost revenue, forcing the government to increase rates elsewhere.

**The political divide: wealth tax vs. investment taxation**

There is no clear consensus among dutch political parties:

* Some parties favor a direct wealth tax, where wealth itself is taxed regardless of returns.
* Some parties prefer taxing actual returns, arguing that a wealth tax discourages investment.
* Some parties push for a mixed system, balancing both approaches.

Meanwhile, taxpayer groups argue that any system based on unrealized gains is inherently unfair, as it forces people to pay tax on income they may never receive.

**Conclusion: an unresolved political and legal quagmire**

The box 3 debate remains one of the most politically sensitive tax issues in the Netherlands. the government must choose between fairness, simplicity, and budget stability—but it cannot achieve all three at once.

The 2027 reform may still be delayed, and alternative proposals (such as a hybrid model or full wealth tax) could emerge. until then, taxpayers remain in uncertainty, navigating an evolving and contested tax landscape.

### [5.2. General comments](https://www.notion.so/5-2-General-comments-19fbdb137e0380439884e7518bd411cc?pvs=21)

Box 3 of the Dutch tax system applies to income from savings and investments. It does not tax actual income but assumes a notional return on net assets, which is then subject to a fixed tax rate.

**Tax rate and exemption (2024)**

* The tax rate on deemed returns in Box 3 is 36%.
* Each taxpayer has a tax-free allowance of €57,000 (€114,000 for tax partners). Only net assets exceeding this threshold are taxed.

**Calculation of taxable assets**

Taxable assets are determined based on a single reference date: January 1 of the relevant tax year. Assets include:

* Bank and savings accounts
* Investment portfolios (stocks, bonds, funds)
* Real estate (excluding the primary residence, which falls under Box 1)
* Other valuable assets

Liabilities such as loans and debts reduce the taxable base, but the first €3,700 per person (€7,400 for tax partners) is not deductible.

**Deemed return on assets**

Rather than taxing actual income, box 3 applies a notional return, which varies by asset type:

* 1.03% for savings
* 6.04% for investments and other assets
* 2.47% for debts (effectively a tax benefit)

The final tax is calculated based on the mix of these asset types.

**Special considerations**

**Immigration and emigration**

* If you move to or leave the Netherlands during the year, the box 3 tax applies proportionally.
* The January 1 rule means you are only taxed if you are a Dutch tax resident on that date.
* If you acquire an inheritance in the course of the year, it is only included in box 3 from January 1 of the following year.

**Non-Residents and Foreign Assets**

* Non-residents are only taxed on Dutch-based assets, such as real estate in the Netherlands.
* Foreign bank accounts and investments are not taxable for non-residents.
* Double taxation agreements may provide relief for expats with assets in multiple countries.

**No deductible costs**

Costs related to maintaining investments, such as financial advisory fees or maintenance costs for rental properties, are not deductible in box 3. Financing costs (e.g., interest on loans for investment purposes) are not deductible either, though debts lower the taxable base.

### [5.3. Anti-abuse rules or anti “box hopping” rules](https://www.notion.so/5-3-Anti-abuse-rules-or-anti-box-hopping-rules-188bdb137e0380a2b33df9fd768c6806?pvs=21)

Under the Dutch tax system, assets are generally taxed in box 3 unless they are classified under box 1 (income from work and owner-occupied home) or box 2 (substantial interest in a company). The classification depends on the nature and use of the asset.

For instance, if a majority shareholder provides a loan to their own company, the loan shifts from box 3 to box 1, where it is taxed differently depending on whether it qualifies as a business-related loan or a private investment. The Dutch tax authorities have implemented anti-avoidance measures to prevent the strategic shifting of assets between tax categories to minimize taxation.

**Temporary asset transfers between boxes**

The tax rules impose specific conditions on the movement of assets between Box 3 and other tax categories:

* If an asset remains in box 3 for less than three months, no special scrutiny applies.
* If the holding period is between three and six months, the taxpayer must demonstrate that the transfer was driven by legitimate business reasons rather than tax optimization.
* These measures are designed to prevent artificial asset shifts that exploit different tax treatments across boxes.

**Reference date arbitrage (*peildatumarbitrage*)**

Reference date arbitrage refers to the strategic reallocation of assets around the annual tax assessment date (January 1st) to reduce tax liabilities in box 3. This typically involves converting highly taxed investments into lower-taxed bank deposits or taking on temporary debt just before the reference date to reduce the taxable base.

To counteract such tax planning, the 2024 tax return includes a new disclosure requirement for transactions involving the sale and subsequent repurchase of assets within a specific timeframe around January 1st. The Dutch tax authorities will scrutinize:

* The conversion of high-yield investments into low-yield assets, such as cash or savings accounts, within three months before and after the reference date.
* The temporary increase in liabilities before the tax assessment date, reducing taxable net wealth in box 3.

If a transaction meets these criteria, it may be ignored for tax purposes, preventing a reduction in the box 3 tax burden.

**Exemptions and counter-evidence**

Taxpayers can provide counter-evidence to demonstrate that the asset movement was based on genuine economic considerations rather than tax-driven motives. Transactions that involve a minimum holding period of three months between the sale and repurchase are not classified as reference date arbitrage.

As of mid-2025, taxpayers will be able to report their actual return on investment (*werkelijk rendement*) instead of relying on notional returns under the box 3 system. When this method is adopted, reference date arbitrage will no longer be relevant, as taxation will be based on annual returns rather than the asset composition on a single date.

### [5.4. Asset classes in box 3](https://www.notion.so/5-4-Asset-classes-in-box-3-188bdb137e0380fb9b3bc9a3c622dbf5?pvs=21)

Let's talk about what goes into box 3 for your taxes. First, you figure out what you have to declare as your assets. This includes everything you own on January 1, 2024, that isn't already taxed elsewhere, minus any debts you have at that time. This gives you what's called the yield base. Then, if you add in any assets that aren't taxed, you have what's called the savings and investment base.

* Certain things won't be counted in box 3, like:
  + Your main home (owner-occupied home) that you live in.
  + Property used for business.
  + Investments in certain partnerships.
  + Some annuities.
  + Usufruct from inheriting a home.
  + Substantial interest.
  + Debts that are counted elsewhere won't be included in box 3 either.
* Examples of assets taxed in box 3:
  + Property that's not already taxed elsewhere, like real estate.
  + Rights related to real estate.
  + Some movable property.
  + Money you've lent or are owed.
  + Money in your bank account or cash.
  + Some rights that aren't related to property.
  + Rights to periodic benefits not taxed elsewhere.
  + Other types of ownership.
  + If you're still getting money from the Tax Authorities, you usually don't need to include it in your box 3 assets.
  + However, there are some things you do need to include, like an inheritance tax claim if you got too much in a preliminary assessment and they paid it back to you. The same goes for related tax or recovery interest.
  + If you have bitcoins, other cryptocurrencies or crypto assets like NFT’s, you need to include them too. You should list their value as of January 1, 2024, under other assets. This is how much you could sell them for on that day.

### [5.5. Asset class: Real estate](https://www.notion.so/5-5-Asset-class-Real-estate-188bdb137e03802fa0fec6632cc6daaf?pvs=21)

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

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

### [5.5.1. Asset class: Real estate in a foreign country](https://www.notion.so/5-5-1-Asset-class-Real-estate-in-a-foreign-country-19fbdb137e0380949f86e4a6f85bfd6d?pvs=21)

As a Dutch tax resident, your worldwide assets, including foreign real estate, are subject to taxation in the Netherlands.

**Box 3: Wealth taxation on foreign real etate**

Most foreign real estate held as private property (whether rented or not) is taxed in box 3, which covers savings and investments. The taxation is based on a deemed return, rather than actual rental income or expenses. In 2024, the deemed return on foreign real estate is 6.04% of the property’s value, which is then taxed at the box 3 rate.

* Valuation: The property’s value is determined as of January 1st of the relevant tax year based on its fair market value.
* Deductibility of costs: No deductions are allowed for maintenance, mortgage interest, depreciation, or other expenses related to the property. The assumption is that these costs are already factored into the deemed return.
* Mortgage deduction: While mortgage interest is not deductible in box 3, the outstanding mortgage amount can reduce the taxable value of the foreign property. For 2024, a negative return of 2.47% applies to debts included in Box 3.

**Double taxation relief**

Under most tax treaties and the Dutch decree on avoidance of double taxation (*Besluit voorkoming dubbele belasting 2001*), the country where the real estate is located has the primary right to tax the income from that property. The Netherlands will then provide relief to avoid double taxation by reducing the box 3 tax liability accordingly. However, this does not exempt the property from being reported on your Dutch tax return.

**Compliance and reporting obligations**

The Dutch Tax Authorities have increased their scrutiny of foreign real estate holdings. Expats and other Dutch tax residents must report their foreign properties accurately. The authorities actively exchange information with foreign tax offices to identify undeclared assets. If undisclosed real estate is discovered, significant penalties and back taxes may apply.

### [5.6. Asset class: Checking and saving accounts and cash](https://www.notion.so/5-6-Asset-class-Checking-and-saving-accounts-and-cash-188bdb137e03805482cec33bca437778?pvs=21)

This section is usually filled out automatically for Dutch and EU bank accounts, but make sure to review all the information carefully. It's your responsibility to accurately complete the return yourself.

* This includes providing the balance of your bank and savings accounts as of January 1, 2024.
* If you have bank accounts abroad, you'll need to provide additional information.
  + You may need to convert the foreign currency to euro.
* Starting from January 1 of the tax year, bank accounts are included in box 3. Sometimes, tax is already deducted from the interest you receive. In such cases, you might receive a partial refund.
* The tax return program also asks about non-tax partners and their accounts. You only need to declare the portion of the balance that belongs to you.
* If there's another owner of the account, they need to declare their share separately. Sometimes, the account details are only filled in for one person, so you'll need to correct this in both returns.
* You can also declare any cash you have that exceeds the exemption under bank and savings accounts.

### [5.7. Asset class: Investments](https://www.notion.so/5-7-Asset-class-Investments-188bdb137e03807c96cec641eb73317c?pvs=21)

List all your investments here and specify the type.

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

### [5.8. Asset class: Receivables](https://www.notion.so/5-8-Asset-class-Receivables-188bdb137e0380a881fbd226328da440?pvs=21)

Receivables must generally be declared at their full nominal value. However, several factors influence their actual worth, including the debtor’s ability to repay, the interest rate, the repayment period, and any collateral provided.

* For receivables with a long-term repayment period, their value should be adjusted based on the expected maturity date and the agreed-upon interest rate. If the interest rate deviates significantly from market rates at the time the receivable was issued, its value is determined using the prevailing interest rate as of that date.
* If there are concerns about the debtor’s ability to fulfill payment obligations, the valuation may be adjusted to reflect the amount that is realistically expected to be received. Receivables in foreign currency should be converted to euros using the exchange rate on January 1 of the relevant tax year.
* If a receivable is interest-free and has a future repayment date, its present value will be lower than its nominal value. This valuation depends on the discount rate and the remaining term of the receivable.
* Individuals holding a limited right in a receivable, such as usufruct or bare ownership, must include the value of their right in their Box 3 taxable base. The valuation of such rights follows specific guidelines outlined in tax regulations.

**Specific situations:**

* When a child borrows money from their parents to purchase a primary residence and qualifies for interest deduction under the owner-occupied home scheme, the parents do not need to declare the interest earned as taxable income. However, the loan itself is still considered an asset in Box 3 and is subject to a deemed return rate.
* Certain tax-related receivables, such as overpaid taxes or government levies that are formally determined, are exempt from Box 3 taxation. This exemption does not apply to inheritance tax claims.
* Since January 1, 2023, intra-family receivables and debts between fiscal partners or between parents and minor children no longer need to be reported in the tax return as Box 3 assets or liabilities.

For specific calculations on the present value of receivables, including rent-free loans and those dependent on life expectancy, actuarial tables and discounting factors should be applied as per the applicable tax regulations. If you have a case at hand with this, please contact a tax advisor.

### [5.9. Exemptions](https://www.notion.so/5-9-Exemptions-188bdb137e03803595f1eedfa6de5e11?pvs=21)

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

***Forest and natural areas and estates***

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

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

***Objects of art and science***

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

***Rights to movable property under inheritance law***

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

***Limited capital allowances and funeral plans***

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

1. The insured capital from such policies is less than € 8,665 per insured.
2. The value of the rights does not exceed € 8,665 per recipient.

This exemption applies to the total of all such insurance policies. Even if the insured capital per insured exceeds € 8,665, most insurances are still exempt because the value per beneficiary during the term is usually less than € 8,665. If the insurance company cannot or will not provide a value, you have to estimate it yourself. If the value of the insurance is less than € 8,665, then you don't need to declare it.

***Petty cash***

Cash, OV chip cards, savings stamps, and wealth rights used for consumer purchases (like gift cards and phone credit) are exempt from tax up to €**€ 653per** person (which doubles for partners). Each minor child is also entitled to this exemption if they have that amount in cash or savings on January 1, 2024.

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

***Qualified green investments***

Green investments are exempt from tax up to €71,251 per taxpayer. If you have a tax partner, you automatically receive double the exemption together, which totals €142,502. Additionally, green investments qualify for an extra tax credit of 0.7% of the exempted holdings in such funds on January 1. Minor children also have their own exemption for green investments.

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

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

### [5.10. Liabilities in box 3: debts](https://www.notion.so/5-10-Liabilities-in-box-3-debts-188bdb137e038067b02fea332370fd69?pvs=21)

Debts are what you owe and have a fair market value. In case it is impossible or impractical to determine the fair market value you can use the nominal value of the debt. There's a minimum threshold of €3,700 for individuals, and for married couples or partners, this threshold is doubled to €7,400. Debts below these amounts are not counted for the calculation of the notional income for box 3.

* Certain debts cannot be deducted, like tax debts and interest, except for inheritance tax. Also, debts already accounted for in another tax category are not considered in box 3.
* Due to changes in the law (the box 3 Bridging Act), debts are now deducted differently in box 3 compared to previous years. For more details on this, check the section out below (“calculate your notional income”).
* Here are the types of debts that are considered in box 3:
  + Debts related to your primary residence but don't meet the requirements to be classified as home mortgage debts.
  + Remaining debts from your primary residence incurred before October 29, 2012, or after December 31, 2017.
  + Consumer debts, like loans for cars or vacations.
  + Debts from gifts or acknowledgments of debt out of generosity.
  + Overdrawn bank accounts or credit cards.
  + Debts used to finance investments.
  + Debts related to properties taxed in box 3.
  + Student loan debts unless they are eligible for conversion into a gift.
  + Surrender debts that aren't tax-exempt.
  + Refundable surcharges and personal budgets.
  + Long-term debts like rent, lease payments, or interest lasting over a year.
  + Debts from a will or inheritance agreement.
  + Overdrawn current account with your own private limited company exceeding €17,500 at any time during the year.
  + Lifelong learning loans that require repayment.
* Debts that are not considered in box 3 include:
  + Debts with deductible interest in box 1 or box 2.
  + Personal deductions that need to be paid.
  + Future child support obligations (except for the ex-spouse or ex-partner).
  + Short-term debts with instalments lasting up to one year, like rent, interest, or lease payments.
  + Debts resulting from estate division that aren't yet due because the debtor is the surviving spouse.
  + Tax debts and tax interest
    - Unpaid taxes should ideally be settled before the end of the year. Tax debts, except for inheritance tax, aren't deductible, meaning they don't decrease your assets as of January 1st of the following year. However, paying them before the year-end will reduce your assets.
    - You can still deduct income tax debts in box 3 under certain conditions. This applies if you've requested a provisional assessment or filed a tax return within specific deadlines before the end of the previous tax year. But, you must pay the entire assessed amount within the given timeframe, and you can't deduct the tax debt from your other assets.
    - Similar rules apply to gift tax. If you're liable for gift tax, you typically report it after the end of the year, resulting in a gift tax obligation on January 1st. However, you can deduct this tax as a debt in box 3 if you file a tax return before November 5th of the year of the donation. This isn't applicable for 2023 but is for 2024.
    - Inheritance tax due on an inheritance can be considered a debt, regardless of whether the assessment has been issued. You can also include related tax or collection interest as a debt in box 3.
    - If you pay tax without an assessment, you can't deduct it from your assets. This can also cause complications because the tax authorities may have trouble identifying the payment without a reference.
    - If you need to repay part of an allowance due to over-payment, you can include that amount as a debt, provided it doesn't exceed the debt threshold of €3,700 per person.

### [5.11. Calculation of your notional income](https://www.notion.so/5-11-Calculation-of-your-notional-income-188bdb137e0380e68671f83eef996eb9?pvs=21)

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

1. Your notional income is calculated on the height of three asset classes:
   1. Checking and savings accounts; and
   2. Other assets.
2. Your notional income is lowered by your notional rent expenses on your liabilities.

* Your wealth in box 3 is divided into three categories, each with its own percentage. You add up all your assets, subtract any debts, and consider the debt threshold, but not yet the tax-free allowance.
* Then, you determine the proportion of each category in the total and calculate the combined percentages of these shares. This gives you the fixed return applicable to your total assets (minus the tax-free capital). You can find an explanation of the new calculation on [belastingdienst.nl/box3](http://belastingdienst.nl/box3).
* Tax partners can divide their shared savings and investments (assets after deducting tax-free assets) between themselves.
  + In the 'old' system, this division could potentially save tax by placing both partners in the lowest tax bracket.
  + However, under the new system of the box 3 Bridging Act, effective for the 2024 tax return, this tax-saving strategy no longer applies.
  + The division of assets no longer impacts the tax in box 3. However, it may still affect other aspects, especially if there's a partial-year partnership and you opt for a full year.
  + In such cases, the asset division may influence allowances, contributions to care homes, and tax credits. While dividing assets no longer provides a tax advantage in box 3 for tax partners, it remains relevant for other schemes.

### Chapter 6 - Deductions

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

### [6.1. Deduction for no or low owner-occupied home mortgage interest expenses](https://www.notion.so/6-1-Deduction-for-no-or-low-owner-occupied-home-mortgage-interest-expenses-183bdb137e038068a13ec1660c186fba?pvs=21)

The Hillen Act deduction applies if the taxable deemed rental value of your home (eigenwoningforfait) exceeds the deductible costs for your owner-occupied home, such as mortgage interest and ground rent payments. If the balance is positive, you receive a partial deduction that reduces the taxable amount.

**Gradual phase-out of the Hillen deduction**

* Until 2019, this deduction fully neutralized the taxable benefit from the deemed rental value.
* From 2019 onwards, the deduction is gradually being phased out over 30 years.
* In 2024, you can deduct 80% of the positive balance.
* Each year, this percentage decreases by 3.33%, meaning that in 2025, the deduction will be 76.67%, and by 2048, it will be eliminated.

**How the deduction works**

If your deemed rental value (*eigenwoningforfait*) is higher than your deductible costs, a portion of this excess amount is deducted from your taxable income. In 2024, you must declare 20% of the positive balance after deduction. The tax return software automatically calculates the impact based on your tax rate.

Example calculation for 2024:

* Deemed rental value: €3,000
* Deductible mortgage interest: €2,000
* Positive balance: €1,000 (€3,000 - €2,000)
* Hillen deduction (80% of €1,000): €800
* Taxable amount after deduction: €200 (€1,000 - €800)

**Impact of mortgage repayments**

If you pay off your mortgage, your deductible costs decrease, which increases the taxable deemed rental value:

* Since the Hillen deduction is phasing out, repaying your mortgage can lead to higher taxable income in the future.
* However, this tax increase is usually outweighed by the financial benefits of reducing mortgage interest payments and potential savings on capital gains tax.

**Rules for tax partners**

If you file jointly with a tax partner, the Hillen deduction is calculated based on your combined taxable homeownership income and deductible expenses. You can freely allocate this deduction between you and your tax partner to optimize tax savings.

**Interaction with other tax rules**

1. Mortgage interest deduction limitations: If your taxable income exceeds €73,031, the maximum deductible interest on your mortgage is capped at a lower rate. In 2024, this means you can deduct interest in the highest tax bracket at only 36.97%, instead of the full tax rate.
2. Ground rent (*erfpacht*) and the Hillen Deduction: Periodic ground rent payments are deductible, reducing your taxable balance. Buying out ground rent (*afkoop erfpacht*) is not deductible, but the interest on a loan taken to finance this buyout is deductible under mortgage interest rules—unless limited by the additional loan scheme.
3. Multiple properties and the Hillen deduction: The Hillen deduction applies to the combined balance of all owner-occupied homes. If you own one home without a mortgage and another with deductible mortgage interest, part of the Hillen benefit may be lost.

**Special cases**

1. Removing a small mortgage debt: If you fully repay a small remaining mortgage, you qualify for the Hillen deduction. The original connection between your debt and home purchase determines whether the debt qualifies under Box 1 (homeownership taxation) or shifts to Box 3 (investment taxation).
2. Advance or late interest payments: Paying interest early or late does not affect your eligibility for the Hillen deduction. However, advance payments may be subject to special allocation rules to prevent tax optimization.
3. Shifting debt to box 3: If you convert a mortgage loan so that it no longer meets the requirements of a homeownership debt (e.g., by removing the repayment obligation), the loan may be reclassified into Box 3 (investment debt). This requires the bank’s cooperation and may impact tax liability on savings and investments.

### [6.2. Deduction for public transport travel from and to work that is not reimbursed by employer](https://www.notion.so/6-2-Deduction-for-public-transport-travel-from-and-to-work-that-is-not-reimbursed-by-employer-188bdb137e038048a522fae5261df338?pvs=21)

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

* If you meet certain conditions, you can claim a fixed deduction for travel expenses to work. Here's what you need to qualify:
  + You have income from employment.
  + Your commute is over 10 kilometres for a single trip. If you go to the office first and then make other trips, you can only deduct travel expenses for the trip to the office. However, your employer may give you a tax-free allowance for other trips.
  + Generally, you make the round trip at least once a week on the same day. This requirement is met if you've travelled to the same workplace at least 40 days in a calendar year.
  + The deduction applies if you complete the round trip within 24 hours, even if it's on two different days.
* To determine the travel distance, use the number of kilometres you travel by public transport, as indicated on your OV statement. If you don't have this statement, you'll need to calculate the distance yourself.
* If your employer does provide you with an allowance, it's tax-free, regardless of whether you use public or private transport. The standard rate for this allowance is €0.21 per kilometre for 2024.
* If you already receive a reimbursement from your employer for your commuting expenses, you can't claim a deduction for these costs on your tax return.
* If you only travel part of the year, you can claim a proportionate deduction. However, if you travel for only one, two, or three days a week, you'll need to reduce the deduction equally.
* There's an exception to this proportional reduction if your one-way travel distance exceeds 90 km. In that case, you can claim a travel allowance of €0.26 per kilometre for the total number of travel days in 2024, up to a maximum of €2.578.
* To qualify for these deductions, you must travel by public transport and have an “OV” or travel statement, which can be obtained from public transport companies. This statement is usually required if you travel with a season ticket.
  + However, if you have an NS annual card, NS annual route card, or OV annual card, you don't need to apply for the statement yourself as the transport company will pass this information to the tax authorities.
  + Working students with an OV student card can also use this fixed deduction for commuting. In this case, the OV statement comes from DUO.
  + Additionally, if you travel with a Belgian OV statement, you're entitled to the deduction.
* If you don't have a season ticket and travel with individual tickets, you'll need to rely on a travel statement and provide evidence of all journeys, such as a summary or payment details from a personal OV-chip card.
* The travel declaration is a document provided by your employer and includes details such as the employer's and employee's names and addresses, as well as the number of days per week the employee usually travels to work by public transport.
* Normally, if your travel distance remains the same throughout the year, you can simply use the lump sum. However, in certain situations:
  + Temporary interruptions due to illness or holidays: If you're temporarily unable to work due to illness or vacation (less than six weeks), the fixed travel allowance remains the same.
  + Starting or ending employment during the year: The travel cost deduction should be prorated based on the time you've worked.
  + Family visits: Deductions only apply to trips between your weekday residence and your workplace, not trips to see your family during the week or on weekends.
  + Multiple work locations: For each work location, you need to determine separately if the fixed deduction applies. Subtract the number of days per week you travel to each location from the corresponding amount.
  + If the number of travel days changes, use the average number of days per week per workplace. The maximum deduction is always €2.578 in total.
  + If you don't have a fixed workplace but work in a fixed area, the deduction applies to the trip between your home and the border of that area.

### [6.3. Deduction for retirement provisions made privately and not through employer](https://www.notion.so/6-3-Deduction-for-retirement-provisions-made-privately-and-not-through-employer-188bdb137e0380bab157d8b6c61b1a82?pvs=21)

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

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

**For annuity insurance policies:**

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

**For bank annuities (annuity/investment accounts):**

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

**Retirement annuities:**

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

**Calculation of deduction**

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

**Annual margin explained:**

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

**Calculating pension shortfall:**

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

**Reserve margin explained:**

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

**Non-deductible premiums**

* When you file your taxes, you might find out that you can't deduct all of the money you put into your annuity in 2024. If your annuity meets the right conditions, though, it will be handled in box 1 for tax purposes.
* This means that when you start getting money from the annuity, it will be taxed. However, there's a method called the balance method for dealing with contributions you couldn't deduct.
* This method ensures that payments from your annuity are only taxed after accounting for any contributions that weren't deducted. If you couldn't deduct part of your contribution, the part that wasn't deducted won't be taxed when you receive payments, up to €2269 per year.
* You can ask the tax office for a 'balance statement' if you have contributions that weren't deducted. This statement helps the institution paying your annuity know not to tax these contributions.
* Without this statement, you'd have to adjust your tax return to avoid overpaying tax, and you might still have deductions for healthcare contributions that you won't get back.
* If you couldn't deduct more than €2269 over the past five years, you can get this money back from the insurer without being charged interest. But, you must claim back the whole amount, including the €2269 covered by the balance method, and then actually deduct it.
* This will increase your assets in box 3 for those years, and you might get an extra tax bill for this repayment. You'll need a statement from the tax office to do this, and you can find out how to get one on the tax office's website.

**When you can deduct**

* For premiums paid in 2024, you can only deduct them in the 2024 tax year. If you find out you missed deductions from 2023 while doing your taxes, you can add them if the 2023 tax assessment isn't final yet. If it is final, you might still be able to claim a deduction by asking for a special reduction.

**Moving capital to different companies**

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

### [6.4. Deduction for specific health related costs](https://www.notion.so/6-4-Deduction-for-specific-health-related-costs-188bdb137e0380429b30f05e8e87c402?pvs=21)

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

**Threshold income explained:**

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

**Determining the correct threshold:**

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

**Special Rules for Tax Partners:**

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

**Who you can claim this deduction for:**

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

**Non-deductible healthcare expenses**

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

**Deductible expenses include:**

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

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

### [6.5. Deductions for qualifying gifts](https://www.notion.so/6-5-Deductions-for-qualifying-gifts-188bdb137e03803397c3f8eb9f18ea06?pvs=21)

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

1. Individual Donations: These need to be above a certain amount before you can deduct them from your taxes. In 2024, the donation must exceed a specific threshold to qualify for a deduction.
2. Periodic Donations: These don't have a lower limit but must follow stricter rules. There's also a cap of €250,000 on how much you can deduct in 2023 and beyond.

**Individual donations**

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

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

**Donations to cultural ANBIs**

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

**Volunteer expenses**

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

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

**Periodic donations**

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

**Periodic donation:**

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

**Cash donations**

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

**Donations and partnerships**

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

### [6.6. Deduction for qualifying alimony payments](https://www.notion.so/6-6-Deduction-for-qualifying-alimony-payments-188bdb137e038051bec7e3cd89df00ec?pvs=21)

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

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

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

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

### [6.7. Negative personal deductions](https://www.notion.so/6-7-Negative-personal-deductions-19fbdb137e0380cfb415f1fb7919e357?pvs=21)

Negative personal deductions (*negatieve persoonsgebonden aftrek*) occur when a taxpayer receives a refund or reimbursement for expenses that were previously deducted as personal allowances in an earlier tax year. These refunds must be reported as taxable income under Box 1 (income from work and home). Unlike regular personal deductions, which may be shared between tax partners, negative deductions must be declared by the individual who originally claimed the deduction, unless the deduction was previously allocated to a tax partner.

When does a negative personal deduction apply? Certain personal deductions (*persoonsgebonden aftrek*) may result in negative deductions if the taxpayer later receives a refund or reimbursement. Common examples include:

* Refunded spousal alimony (*partneralimentatie*) and social welfare repayments. If a taxpayer previously deducted alimony payments and later receives a refund or reimbursement, this amount is considered taxable income.
* Reimbursed medical expenses (*specifieke zorgkosten*): If a taxpayer deducted specific healthcare costs and later receives a reimbursement from insurance or another source, the refunded amount must be reported.
* Refunded charitable donations: If a taxpayer deducted donations to cultural institutions or other charities and later receives a refund, the reimbursed amount is taxable.
* Refunds for historical property expenses: If a taxpayer previously deducted maintenance costs for a monument-listed property (*rijksmonumentenpand*) before 2019 and later receives a refund, the refunded amount must be reported as taxable income.
* Refunds for education expenses: Since 2022, education and training costs are no longer tax-deductible. However, if a taxpayer deducted education expenses before 2022 and later receives a refund or reimbursement, the refunded amount must be included as taxable income.

What If a refund exceeds the original deduction? A taxpayer never has to declare more than what was originally deducted. If only part of a deduction was refunded, only the refunded portion needs to be reported.

Exemptions: when a refund does not cunt as taxable income

* If expenses for temporary home care for a severely disabled person *(tijdelijk verblijf thuis van ernstig gehandicapten*) were deducted, there is an assumption that these will not be reimbursed later. If a refund is unexpectedly received, it does not have to be reported as negative personal deductions.
* If the taxpayer expected a reimbursement at the time of deduction, the deduction should not have been claimed in the first place.

Considerations for expats Expats in the Netherlands should be aware that refunds of previously deducted expenses may trigger taxable income. Those who move abroad after claiming deductions may still be subject to taxation on refunds if they remain Dutch tax residents or have an ongoing Dutch tax obligation.

### Chapter 7 - Special situations

This chapter covers various tax situations that may arise due to significant life events, such as death, emigration, and returning to the Netherlands.

### [7.1. Handling tax matters after someone’s passing](https://www.notion.so/7-1-Handling-tax-matters-after-someone-s-passing-19fbdb137e0380f78d2cefb55b45c475?pvs=21)

Losing a loved one is a difficult experience, and dealing with tax obligations in such a time can feel overwhelming. This section provides guidance on tax matters following a death, including the process for filing a final income tax return, potential tax reliefs, and the role of the surviving spouse or heirs in managing financial obligations.

**Filing the final tax return**

A final income tax return (F-form) must be filed for the deceased. This is typically done by the executor or an authorized representative of the heirs. If there are outstanding tax filings from previous years, separate returns (such as a P-form or F-form for business owners) may be required. The Dutch Tax Authority does not permit digital filing using the deceased’s DigiD; however, a special authorization for surviving relatives (*nabestaandenmachtiging*) is available to facilitate online tax administration.

If the deceased had a fiscal partner in 2024, and they choose to be treated as full-year fiscal partners, this will be reflected in both the deceased’s final tax return and the partner’s personal tax filing. In such cases, the surviving partner must also file a paper tax return. Digital filing is possible only if the full-year partnership election is not made.

**Authorization for surviving relatives**

The Dutch Tax Authority provides an option for heirs or designated representatives to manage the deceased’s tax matters online through a *nabestaandenmachtiging*. This authorization allows access to the deceased’s tax records and facilitates online filing.

A representative (such as a spouse, child, or executor) can request this authorization online using the deceased’s BSN, a certificate of inheritance (*verklaring van erfrecht*), or a notarized statement confirming the executor’s authority. If no testament or certificate is available, the closest eligible relative (spouse or child) may request authorization. The process can also be completed in person at a tax office with prior appointment.

**Important tax considerations**

* Final tax calculation: The deceased’s income is not annualized for tax purposes. This may lead to lower taxation due to applicable credits and progressive tax rates.
* Business and investment income: If the deceased was a business owner or held significant investments, final settlements, including deferred tax liabilities, may be required. Special provisions exist for the transfer of business assets and significant shareholdings.
* Employer and insurance payouts: Certain employer death benefits and insurance payouts may be exempt from taxation, subject to limits.
* Inheritance tax and outstanding tax liabilities: Taxes owed by the deceased can affect the inheritance. Some tax debts, such as personal income tax liabilities, may be deductible in the inheritance tax calculation.

For further details, heirs can contact the Dutch Tax Authority’s special helpline for bereavement tax matters at 0800–235 83 54 or visit the official government website for more information.

### [7.2. Leaving the Netherlands](https://www.notion.so/7-2-Leaving-the-Netherlands-19fbdb137e0380b79dd2e3152559b659?pvs=21)

Moving abroad involves various tax implications, and it is important to understand your obligations before departure. Dutch tax laws determine residency based on factual circumstances, such as maintaining a home in the Netherlands, having family members residing in the country, and the location of your primary employment. If you leave the Netherlands for less than a year, you may still be considered a Dutch tax resident.

**Notifying the tax authorities before departure**

Before moving, it is sometimes advisable to contact the Dutch Tax Authorities to clarify your tax residency status. This is particularly relevant if you plan to keep a residence in the Netherlands. The Tax Authority will also verify if all outstanding tax liabilities have been settled. Expats should consider appointing a representative in the Netherlands to handle tax matters and receive correspondence.

**Filing an “M-form” for the year of departure**

After leaving, you will be required to file an M-form (Migration tax return) to declare your income as a Dutch resident for part of the year and as a non-resident for the remaining period. The M-form can be submitted digitally, and in some cases, a refund may be available. If you expect a refund, you can request a preliminary assessment from the Dutch Tax Authority.

If you had a fiscal partner before emigration, your status as fiscal partners will end after leaving the Netherlands, meaning you can no longer allocate income between partners freely. The right to tax credits for low-income partners also ceases unless the individual qualifies as a resident taxpayer under special rules.

**Tax and allowances after leaving the Netherlands**

* Income tax and tax credits: After emigration, you may no longer qualify for Dutch tax credits unless you meet the conditions for qualifying non-resident taxation.
* Social benefits: Depending on your new country of residence, eligibility for benefits such as rent allowance and child-related benefits may change.
* *Conserverende aanslag* (Protective Tax Assessment): If you have built up certain tax-deferred assets in the Netherlands (such as pension entitlements), the Tax Authority may issue a protective tax assessment to secure potential future tax claims.

**Special considerations for business owners**

If you own a business in the Netherlands and are relocating abroad, tax settlement rules may apply. Even if the business continues operations, a final tax assessment might be required. Entrepreneurs may qualify for deferred tax payments on unrealized gains, which become due when profits are realized.

**Taxation as a non-resident**

After leaving the Netherlands, you may still be liable for Dutch taxes on certain types of income, including:

* Income from Dutch employment or business activities
* Substantial shareholdings in Dutch companies
* Income from Dutch real estate, such as rental properties

Non-residents file a C-tax return for these types of income. Tax treaties between the Netherlands and your new country of residence determine where taxes are payable.

### [7.3. Returning to the Netherlands](https://www.notion.so/7-3-Returning-to-the-Netherlands-19fbdb137e038035bb26f0112a7adb6d?pvs=21)

Expats who return to the Netherlands after living abroad should be aware of the tax implications of their move. Dutch tax residency is determined by factors such as maintaining a home, family ties, and employment in the Netherlands. Upon re-establishing a ‘durable connection’ with the country, returning residents become liable for Dutch income tax, social security contributions, and the healthcare insurance premium contribution.

**Establishing residency and tax obligations**

Upon returning, expats should register with their local municipality (BRP) within five days of moving in. This registration triggers notification to the Dutch Tax Authority (Belastingdienst) that the individual is now a Dutch tax resident. If you do not yet have a BSN (citizen service number), it will be issued upon registration.

For the year of return, expats must file an M-form (Migration tax return) to declare income earned during the period of non-residency and residency in the Netherlands. The tax authority uses this information to issue a single tax assessment for the year.

**Setting up digital services**

Once registered, expats are advised to apply for a DigiD, which allows access to government services, including online tax filing. DigiD can be obtained via [www.digid.nl](http://www.digid.nl/) and is necessary for managing official correspondence through MijnOverheid.

**Moving household belongings and vehicles**

* From the EU: No customs declaration is required for personal belongings. However, excise goods like alcohol and tobacco may be subject to restrictions.
* From Outside the EU: Personal belongings can typically be imported tax-free, but a customs declaration is required. Special exemptions apply for vehicle registration, allowing BPM tax relief if conditions are met.
* Vehicle Registration: Vehicles must be registered with the RDW to receive a Dutch license plate. Foreign driving licenses from the EU, Norway, Iceland, Switzerland, or Liechtenstein are valid for up to 15 years. Others must be exchanged within 185 days of moving.

**Taxation upon return**

* Income tax: Returning expats regain Dutch tax residency status, making them liable for Dutch income tax. Income during the foreign period is taxed as a non-resident, while income earned after return is taxed as a resident.
* Wealth tax (Box 3): Assets are taxed proportionally based on residency status. The tax base on January 1 is used for the foreign period, while standard rules apply after residency is re-established.
* Tax credits: Partial tax credits may be available for the residency period. Spouses can allocate joint income freely only during the period of shared residency.

**Additional considerations**

* Preliminary tax assessments: Expats expecting tax liability upon return can request a preliminary tax assessment via the Belastingdienst.
* Payroll withholding adjustments: Employers should be informed of the tax residency change to correctly withhold payroll taxes.
* Protective Tax Assessments (*conserverende aanslag*): If previously issued upon departure, it may be nullified upon return, or a new one may be imposed based on foreign assets.
* Property taxation: If purchasing a home upon return, Dutch property tax rules apply. Mortgage interest deductions are available under certain conditions.
* Inheritance and gift tax: Gifts made during non-residency may be exempt, depending on duration and foreign tax rules.
* Healthcare and social security contributions: Expats returning from treaty countries must notify the relevant authorities to transition from international to Dutch health insurance.

*Returning expats can consult the Dutch Tax Authority or a tax advisor (like me) for personalized guidance to ensure a smooth transition.*