2026 Dutch Tax Budget

Summary for multinationals

The Dutch government published its Budget Day proposals for 2026 on 16 September 2025. This newsletter highlights the key tax changes affecting international operating corporate taxpayers. Previously announced tax measures that are scheduled to take effect on 1 January 2026, are not addressed in this article but will be communicated through other channels, such as the BDO Netherlands website.

The main proposals affecting corporate taxpayers are:

- **Corporate income tax:**
  - Temporary measures relating to mutual funds
  - Adjustment to the minimum capital rule for banks and insurance companies
  - Changes to the lucrative interest regime

- **Minimum tax (Pillar Two):**
  - Second Bill amending the Minimum Tax Act 2024
  - Implementation of DAC9, i.e. the exchange of top-up tax information returns

Unless specified otherwise, the proposed measures would take effect 1 January 2026.

As BDO, we aim to keep you updated on these developments. Affected taxpayers should consider reviewing their tax positions with their tax advisor. If negatively impacted, taxpayers may want to take steps to mitigate the impact by using, for instance, transitional rules. BDO is here to help assess the impact on your business, and to identify risks and opportunities.

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Corporate income tax

Corporate income tax rates and brackets
The corporate income tax (CIT) rates in het Netherlands will remain unchanged in 2026:

Taxable amount or taxable Dutch amount exceeding	But not exceeding	CIT rate
-	EUR 200,000	19%
EUR 200,000	-	25.8%

The innovation box reduces the effective CIT rate on certain qualifying benefits from 25.8% to 9%.

Temporary transitional law on mutual funds
Using a fund, a (legal) person is able to invest collectively alongside other investors. Such a fund is independently liable for Dutch CIT if it falls under the legal definition of a mutual fund ('fonds voor gemene rekening' or FGR). If a fund does not qualify as a mutual fund, it generally is not independently liable for Dutch CIT (meaning the fund is fiscally transparent) and taxation takes place at the level of the underlying participants.

The definition of FGR would be amended with effect from 1 January 2025. As a result, some funds would become independently liable for Dutch CIT with effect from 2025. Such tax liability could be avoided if the fund conditions were revised before 1 January 2025 in such a way that the fund would not fall within the scope of the new FGR definition as from 2025 by becoming a "purchase fund." Under a transitional arrangement, funds would remain fiscally transparent if they implemented this change before 1 January 2026, subject to certain conditions.

Despite this transitional arrangement, the government noted that the proposed FGR definition presents some practical challenges so it is developing a revised definition that would apply as from 1 January 2027 at the earliest. Under the updated definition, fewer funds would meet the criteria for FGR status and, thus would continue to be regarded as fiscally transparent and not subject to Dutch CIT. However, with the new definition not taking effect until 2027, funds would be liable for CIT in 2025 and 2026. The government is therefore proposing an additional transitional measure to ensure that, under certain conditions, funds would be able to elect to remain fiscally transparent during 2025 and 2026. Participants in the fund would be required to agree to this election by 28 February 2026. The transitional arrangement would end on 1 January 2028, including an added one-year delay.

Adjustment to the minimum capital rule
The minimum capital rule is a specific interest deduction limitation rule in the Dutch Corporate Income Tax Act that applies to banks and insurance companies as from 1 January 2020. It is intended to achieve more equal treatment of equity and debt capital, in line with the general interest deduction limitation rule (the earnings stripping measure that stems from ATAD1).

As from 1 January 2024, interest expenses on debts to group entities – common in banks and insurance companies – are generally exempt from the minimum capital rule and deductions are limited, provided certain conditions are fulfilled. However, this internal liquidity management exception unintentionally covers loans linked directly to individual deposits, so the tax budget proposes that these situations would no longer qualify for the exception starting with financial years beginning on or after 1 January 2026.

Minimum Tax (Pillar Two)

Second Bill amending the Dutch Minimum Tax Act 2024
The budget contains measures that would make changes to align the Dutch Minimum Tax Act 2024 with the OECD guidelines published since January 2025, ensuring its continued qualification. Certain retroactive measures would apply, while others would not, raising questions about the rules prior to their effective date when Dutch law was not fully aligned. Some amendments are technical updates or corrections.

Measures with Retroactive Effect
A number of measures proposed in the budget would apply retroactively to fiscal years beginning on or after 31 December 2023, including the following:

- The definitions of transparent, hybrid and reverse hybrid entities would be revised. This would also affect the allocation of taxes and income of such entities.
- Joint ventures and related entities would be explicitly designated as group entities, confirming that these entities could be subject to the Dutch Minimum Tax.
- Deferred tax assets that are not reversed within five years must be recaptured for Pillar Two calculations. A government

decree would establish rules for situations where such deferred taxes are recorded on an aggregated basis in the financial statements rather than per individual asset. The rules would be consistent with OECD guidance in this area.

- A decree would also establish rules for tax systems that allow cross-crediting of taxes from different sources, such as tax on a permanent establishment, that could be credited against tax on the head office's income. These rules would align with OECD guidance.
- For the temporary CBCR safe harbour rule, clarification is provided on what constitutes qualifying financial statements. Multiple reporting standards within a single jurisdiction would not qualify although there would be an exception for immaterial group entities that are not consolidated, as well as permanent establishments.
- Several clarifications would address the determination of the revenue threshold in merger and demerger situations.

Measures Without Retroactive Effect
The following measures would apply only to fiscal years beginning on or after 31 December 2025:

- For non-consolidated group entities or joint venture entities with a differing financial year, financial reporting would be able to be based on the period ending during the financial year of the ultimate parent entity. This would apply to both income and related taxes.
- In some cases, taxes are recorded in financial reporting as expenses in determining profit before tax. In line with the EU Pillar Two Directive, it is proposed to clarify that such taxes are part of the net tax expense for Pillar Two calculations.
- An impairment in the financial statements may result in a book value lower than the value used for Pillar Two purposes. The budget clarifies that this lower book value would have to also be used for Pillar Two calculations.
- In some cases, the book value used for Pillar Two calculations differs from that in the financial statements. The proposed measure clarifies that the calculation of (changes in) deferred taxes for Pillar Two purposes would have to be based on Pillar Two book values.
- The Dutch Minimum Tax Act 2024 includes specific rules for recognising deferred tax assets and liabilities from periods before the first reporting year ("transition year") in which the tax applies. Proposed changes include:
  a) Deferred taxes related to assets or liabilities valued at historical book values for Pillar Two purposes upon entry or exit of a group entity after 30 November 2021 would have to be based on those book values;
  b) Deferred tax assets arising from government schemes resulting in special entitlements to tax credits or benefits, such as an upward revaluation of tax book values would be excluded;
  c) Deferred tax assets resulting from elections made after 30 November 2021 that retroactively change taxable income after the tax return has been filed or an assessment issued would be excluded;
  d) Deferred tax assets and liabilities arising from differences between tax and commercial book values established upon the introduction of a corporate income tax would be excluded. The introduction must have occurred between 30 November 2021 and the transition year;
  e) Deferred tax assets related to losses incurred in a reporting year more than five years before the introduction of a corporate income tax would be excluded.

  For items b) to d), a transitional measure would apply for a limited period that would allow up to 20% of the deferred tax asset to be recognised in certain circumstances. The transitional measure would not apply to deferred tax assets under b) to d) resulting from actions taken after 18 November 2024.
- The limitations and transitional measures mentioned under b) to e) would also apply to calculations under the temporary CBCR-safe harbour rule.
- When applying the temporary CBCR-safe harbour rule, corrections must be made to the CBCR-report if an intragroup provision of funds is treated as equity for tax purposes by the issuer. The correction would ensure that interest is recognised by both the payer and the recipient, provided this is consistent with the financial statements.

DAC 9 – EU Directive on Exchange of Information for Top-up Tax Reporting
Along with the budget proposal, a bill is introduced to implement the DAC9 EU Directive, which standardizes the automatic exchange of top-up tax information between EU Member States related to the minimum tax. The bill, which is set to take effect in Dutch law on 1 January 2026 would streamline Pillar Two reporting by allowing companies to submit their top-up tax information returns centrally and uniformly within the EU.

VAT

Abolition of the Reduced VAT Rate on Accommodation; Retention of the Reduced VAT Rate for Culture, Sports, and Media
The reduced VAT rate on short-term accommodations would be abolished. As a result, starting on 1 January 2026, the standard VAT rate of 21% would apply, for example, to the rental of hotel rooms and furnished holiday homes. The 21% rate already applies to advance payments made in 2025 for accommodation taking place on or after 1 January 2026.

The abolition of the reduced rate would not apply to the provision of camping facilities, such as the short-term rental of plots on campsites and caravan parks where tenants place their own accommodation (e.g., tents, caravans or campers).

As expected, the government has decided to retain the reduced VAT rate of 9% for culture, media and sports. This means that the VAT rate on services such as access to museums, performing arts, sports events, and the supply of art and books would not be increased to the standard rate of 21%, as was proposed in the 2025 Tax Plan. This decision follows broad societal and political criticism of the proposal. To finance the retention of the reduced rate, the annual inflation adjustment for certain amounts in income tax and wage tax would be applied in a limited manner, increasing the financial burden on citizens. However, the increased burden would be offset by the fact that prices for items such as sports subscriptions, books and concerts would not rise due to a higher VAT rate.

Payroll tax

Early Retirement Scheme (RVU)
To discourage early retirement schemes (RVUs), a “pseudo final levy” of 52% applies to employers. This means that if an employer offers an employee a RVU, the employer owes a 52% pseudo final levy on the RVU payments. The pseudo-final levy is in addition to the regular taxation of the employee.

Under a temporary RVU threshold exemption that was introduced in 2021, if an employee retires within three years of reaching the Dutch pension age, the employer does not have to pay the pseudo-final tax on the benefit paid to the employee up to an amount equal to the state pension benefit.

The budget would retain the threshold exemption but it would also increase the threshold amount of the AOW benefit by EUR 300 gross per month with effect from 2026. It is also proposed to gradually increase the rate of the pseudo-final levy for a RVU exceeding the RVU threshold exemption to 57.7% in 2026, 64% in 2027 and 65% in 2028.

Austerity measures affecting the extraterritorial costs scheme
Tax withholding agents have the option of reimbursing employees for the additional costs of temporary stays outside their country of origin in the context of their employment (extraterritorial costs) on a targeted basis. There are two schemes for the tax-free reimbursement of these extraterritorial costs (ETK): a flat-rate scheme (the expatriate scheme) and a scheme based on the actual extraterritorial costs (ETK scheme). It is proposed to limit the application of the ETK scheme with regard to the additional living expenses and the reimbursement of additional telephone costs with the country of origin.

Measures on the lucrative interest regime
Particularly within private equity structures and in the context of management participation schemes, it is possible for (fund) managers to receive assets (shares, receivables or other property rights) as part of their remuneration structure, which they can use to achieve high returns. In such cases, this is often referred to as a lucrative interest for Dutch tax purposes. In principle, benefits from a lucrative interest are taxed with Dutch personal income tax in box 1 at a maximum rate of 49.5%. It is possible for a taxpayer/individual to hold the interest through a company; in that case, it is considered an indirect lucrative interest.

Measure 1
Under the current lucrative interest scheme, if the taxpayer (individual) so chooses, the benefits derived from an indirectly held lucrative interest in a calendar year are not taxed in box 1 (at 49.5%), but in box 2 (with a maximum rate of currently 31%). This requires the taxpayer to hold at least 5% of the shares or other rights in the company that holds the lucrative interest. In addition, the benefits must be held through a company and, in that calendar year, at least 95% of the benefits must be enjoyed as income from a substantial interest that reflects those benefits. This is known as the substantial interest variant.

The Dutch legislator has responded to the political desire to tax the substantial interest variant more heavily in box 2. The tax plan 2026 includes a measure that would increase the tax burden on the relevant benefits from an indirectly held lucrative interest to a maximum of 36% in box 2 via a base-broadening multiplier. The 36% rate is in line with the rate in box 3.

Measure 2
A second measure concerns a measure to combat undesirable structures. The proposed scheme ensures that the benefit arising from the transfer from box 3 to box 2 in the Dutch personal income tax system would still be taxed in box 1 as income from a lucrative interest to which the 95% distribution obligation does not apply at the time the benefits are realized. This would prevent uncertainty about the taxation of benefits from lucrative interests in such situations.

Other

Percentages of late payment interest (‘invorderingsrente) and interest on tax due (‘belastingrente’)
As from 1 January 2026, the late payment interest applicable to all Dutch national taxes would be increased from 4% to 4.25%. This is a fixed rate, and unlike interest on tax due, it is not linked to the ECB interest rate. For the interest on tax due, which applies to corporate income tax, withholding tax, minimum tax, solidarity contribution and profit share, it is proposed not to reduce the surcharge added to the ECB rate. However, this does not necessarily mean that the rate of interest on tax due for 2026 will remain unchanged, as it depends on the ECB rate determined before 1 November 2025. Currently, legal proceedings are ongoing regarding the compatibility of the Dutch tax interest rates with EU law.

Implementation of CBAM
The Dutch government has submitted a legislative proposal for the implementation of the Carbon Border Adjustment Mechanism (CBAM) in the Netherlands, an EU measure aimed at preventing carbon leakage. Carbon leakage occurs when companies relocate production outside the EU, resulting in no reduction in global emissions, but rather a shift or even an increase. CBAM is based on a 2023 EU regulation and its implementation requires amendments to national legislation, specifically the Dutch Environmental Management Act. The proposal would make the Minister of Finance responsible for the sale and repurchase of CBAM certificates and introduce prohibitions against violations of certain provisions of the EU regulation, including associated penalties. The Dutch Emissions Authority (NeA) would be granted supervisory powers and be able to enforce compliance through penalty orders or administrative fines. The proposal also would regulate information exchange between relevant authorities, including the Dutch Ministry of Finance, NeA, and Customs. The District Court of The Hague would serve as the appeals body for any penalty decisions.

Tax File Access Streamlining Act
Effective 31 December 2025, the right to access tax files of the Dutch tax authorities would be revised. Under current law, taxpayers (or withholding agents) may only access relevant documents in the authorities’ files as from the objection phase. The amendment would grant taxpayers the right to digital access their tax file via an online portal upon the issuance of a tax assessment or appealable decision. This includes documents that played a role in the inspector’s decision-making process or may be relevant to resolving (future) disputes. Although the measure would enter into force on 31 December 2025, due to ICT infrastructure limitations at the tax authorities, a phased implementation per specific tax type would be adopted, starting with Dutch personal income tax. During the transition period, an optional scheme would apply, allowing inspectors to grant limited access to relevant documents.

Adjustment of SBI Codes in Energy Tax Legislation
Certain sector-specific exemptions apply under the Dutch energy tax regime, which are linked to SBI codes (Standard Industrial Classification). As of 6 September 2025, all SBI codes have been revised and replaced and this would be incorporated into Dutch energy tax legislation. Affected taxpayres should verify their new SBI code(s) to ensure continued eligibility for applicable exemptions.

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