KPMG Meijburg & Co Tax & Legal

2025 Spring Memorandum - tax measures

On Friday, April 18, 2025 the Minister of Finance, Mr. Heinen, sent the 2025 Spring Memorandum to the Lower House of Parliament. The Spring Memorandum provides an update on the government's budget for 2025 and subsequent years. The final draft budget for 2026 will be presented on Budget Day (2026 Tax Plan). The parliamentary debate in the Lower House and the decisions made in this respect will take place in the fall.

The Spring Memorandum shows, among other things, that the government will reverse the previously introduced increase in the VAT rate for culture, media and sports. Energy tax for households will be reduced and a tax scheme will be introduced to stimulate employee participation plans for start-ups and scale-ups. The Spring Memorandum also contains several gift and inheritance tax measures. The government also wants to increase defense spending and the funds municipalities receive from central government. The cutbacks in childcare for working parents, which were set to take effect in 2026, will be canceled and there will be a one-off increase in the rent allowance in 2026.

To finance these plans and other expenditure, several tax measures will be introduced. The most important of these are addressed below.

VAT

The increase in the VAT rate for goods and services in the culture, media and sports sector from 9% to 21% that was set to take effect as of 2026 will be reversed. In doing so, the government is fulfilling a commitment made in the Lower House after the parliamentary debate on the 2025 Tax Plan (see our previous memorandum on this, under the heading 'Adopted motions').

Personal income tax and payroll tax

Limited adjustment for inflation
Partly to cover the reversal of the VAT rate increase, as of January 1, 2026 payroll tax and personal income tax will be consistently adjusted for inflation at 46.2% instead of the normal 100%. This means that the tax brackets and tax credits in personal income tax will only be inflation-adjusted to a limited extent.

Changes to Box 3
As a result of Dutch Supreme Court case law from June 2024 and the one-year postponement of the introduction of the Actual Return on Investment in Box 3 Act (see our previous memorandum (in Dutch) on this) there will be a loss in tax revenue. This shortfall will be covered by a higher flat-rate return for other assets (an increase of 1.78 percentage points as of 2026 and 2027) and a reduction in the tax-free amount (to EUR 51,396). The flat-rate return on other assets will increase due to the fact that rental income and benefits resulting from the own use of a second home will be included in this category as of 2026.

Employee participation plans for start-ups and scale-ups to be stimulated
With effect from 2027 a new tax scheme will be introduced to reduce the tax on share options for employees of start-ups and scale-ups. International research has shown that the Netherlands lags behind in this area. The scheme means that the tax rate for share options will be reduced from 49.5% to, at most, 32.17%, as a result of which the effective tax rate will be about the same as that in Box 2. This tax reduction will be realized by reducing the tax base for income from share options to 65%. Moreover, employees will only start paying tax when they sell their shares, instead of when the shares become tradable.

Business discontinuation relief and working partner's abatement to end
As of 2027 both the business discontinuation relief and the working partner's abatement will be scaled back by 75%, with both ending completely in 2030. Business discontinuation relief is a personal income tax scheme for entrepreneurs who cease operating (for example, because the business is sold), whereby no tax has to be paid on part of the cessation profit. The working partner's abatement is a scheme whereby entrepreneurs whose partners are unpaid co-workers in the business have to pay less tax on their profit. These measures will serve to cover the new scheme for start-ups and scale-ups.

RVU exemption: three-year extension and increase in amount
In October 2024 agreement was reached on the Early Retirement Scheme (*Regeling voor vervroegd uittreden*, RVU). This new agreement means that the RVU threshold exemption will be increased as of 2026 and extended for three years. In addition, money has been set aside for a potential subsequent extension of the threshold exemption. This will partly be covered by increasing the RVU tax rate in steps, ending up at 65% in 2028.

Change to aggregation provision labor tax credit on social security benefits
In March 2025 the Dutch Parliament was informed that, as a result of a judgment by the Dutch Supreme Court, the government was going to narrow the scope of the labor tax credit via the aggregation provision (*samenvoegbepaling*). This means that as of 2027 the labor tax credit will no longer apply to social security benefits that are paid via the employer.

Gift and inheritance tax

Unequal division of matrimonial community of property to be tackled
Married couples who are facing the approaching death of one of the spouses can change their prenuptial agreement in such a way that the levying of inheritance tax is (partly) avoided or deferred. To prevent this from happening, it has been now been announced that if there is community of property or a set-off clause in the prenuptial agreement, gift and inheritance tax will be levied as of January 1, 2026 insofar as a taxpayer acquires more than 50% of the matrimonial property upon dissolution of the community of property or as a result of the application of the set-off clause. This change is a response to a judgment by the Dutch Supreme Court (see our previous

memorandum (in Dutch) on this). A consultation document on this has now been released, which states that existing cases through to April 18, 2025 will, in principle, be respected.

Policy of moderation for interest on tax due inheritance tax
In response to a judgment by the Dutch Supreme Court, the Dutch tax authorities now apply a policy of moderation for interest on tax due charged in respect of inheritance tax. What this boils down to is that if a wrong or incomplete tax return is filed, interest will no longer be charged on the tax payable, but on the difference between the wrong and the final tax return. This policy will be laid down in law (with retroactive effect).

Changes to gift and inheritance tax for biological child
In September 2024 the Dutch Supreme Court ruled that for gift and inheritance tax purposes no distinction must be made between legal children and biological children. Therefore, it has now been proposed to equate biological children with legal children for gift and inheritance tax purposes, so that biological children are also entitled to the child exemption and the lower tax rate.

Extension of tax return deadline
Currently, a deadline of eight months after death applies for filing the inheritance tax return. Because this deadline is often too short to be able to file a correct and complete inheritance tax return, it has been announced that the filing deadline will be extended. The Spring Memorandum does not mention by how many months the deadline will be extended.

Miscellaneous

Reduction in energy tax for households
The energy tax for households will be reduced. The energy tax reduction is a fixed amount per electricity connection and regardless of the amount of energy used will be deducted from the energy bill. The tax reduction will increase in 2026, 2027 and 2028; each time by in total EUR 200 million. In 2026 the tax reduction will be EUR 529,10.

Simplification of definition of partnership for allowance purposes
The definition of partnership will be simplified by canceling the blended family criterion as of 2027. The rule that people become a partner for the purposes of allowances (*toeslagen*) if they live together with one other adult and a minor child of one of the partners is also registered at the same address will be canceled. This will be covered by reducing the assets threshold in the child-related budget and the care allowance to EUR 113,000 (single persons) and EUR 150,000 (partners).

One-off increase in rent allowance
The rent allowance will be subject to a one-off (in 2026 only) increase of EUR 1 billion.

'Hint of dairy'
A measure to tackle the undesired 'hint of dairy' arrangement in non-alcoholic drinks will be introduced. Non-alcoholic drinks such as soft drinks and fruit juices are subject to consumption tax. Milk-based drinks and soja drinks are exempt from this tax. By adding a small amount of milk-based product to soft drinks or fruit juices it is possible to bring the drinks under the exclusion and thus circumvent the tax. This will be tackled as of 2027.

Notable tax arrangements to be tackled

In its response to the Interdepartmental Policy Survey on Wealth Distribution that was sent to the Lower House of Parliament on Budget Day 2022, the government gave an undertaking to prepare an annual list of notable tax arrangements and send this to the Lower House as an appendix to the Spring Memorandum (for the first time in 2023; see our previous memorandum on this). Appendix 9 to the 2025 Spring Memorandum contains the third edition of this list. The list includes nine arrangements from the 2024 list and adds five new arrangements. Of the nine known arrangements, an update on the progress of tackling them has been prepared. Of these, only the 'cut up' behavior common to real estate BVs is still being tackled. This is where real estate BVs 'cut up' debt-financed investments and spread them over different companies so that they can take maximum advantage of the interest deduction in the context of the earnings stripping measure for corporate income tax purposes. A list of the anti-abuse measures other EU Member States have implemented to combat tax arrangements whereby generic interest deduction limitations are abused is currently being drawn up. The Lower House will be informed about this before July 1, 2025. Additionally, measures to further strengthen the approach used to tackle dividend stripping are being looked into and this should be completed before the summer.

For four of the five new arrangements, a description of how the arrangement works has been given, what the benefit is for the taxpayer and how likely it is that the government will be able to successfully tackle the arrangement.

The five new arrangements are:
1. fruit juices with 'a hint of dairy' (as described above);
2. estate planning: with the approaching death of one of the spouses, changing the entitlement to the assets in the community of property (see the unequal division of matrimonial community of property as described above);
3. untaxed access to annuity capital: this arrangement is not explained further, but will be tackled with a bill in the Taxation Miscellaneous Provisions Act 2026;
4. partnerships between the entrepreneur subject to personal income tax and their own BV. This arrangement makes it possible to use entrepreneur tax relief. How this should be tackled is still being looked into;
5. lucrative interest regime: in 2024 a motion was submitted requesting the government to amend the regime in such a way that managers who are active in the private equity sector are taxed on their carried interest at the progressive tax rate of Box 1 for personal income tax purposes. The Minister of Finance

sees two alternative measures for taxing a lucrative interest more along the lines of income from employment: (1) via payroll tax if there an employment contract or as result from other activities, or (2) by means of an increase in the (effective) tax rate in Box 2 specially for taxpayers with a lucrative interest, whereby that tax rate will come to lie somewhere between the top rate in Box 1 (49.5%) and the top rate in Box 2 (31%). The intention is to – partly as a response to the previous consultation held about this – send a bill to the Lower House of Parliament before the summer.

KPMG Meijburg & Co comments

The 2025 Spring Memorandum provides insight into the policy themes that the government is grappling with at this time. It also provides a first look at the measures the government plans to take to finance its spending. What stands out is that the coverage for reversing the VAT rate increase for culture, media and sports was not sought within VAT but by limiting the inflation adjustment in personal income tax. Also worth noting is that the tax burden on other assets in Box 3 will increase even further, which is not entirely without risk given Dutch Supreme Court case law. A positive step is the announced reduction in the tax on share options for employees of start-ups and scale-ups. With regard to tackling the unequal division of matrimonial community of property for gift and inheritance tax purposes, we'd like to point out that an internet consultation on this has now been launched that runs through to May 14, 2025.

If you would like to know more about the 2025 Spring Memorandum, please contact your Meijburg advisor.

KPMG Meijburg & Co
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