

Taxes and Incentives 2025

The Netherlands

INVEST IN
Holland



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Welcome to the Netherlands

The Netherlands is an attractive destination for international companies to establish themselves. Taxes are among the many factors that impact the Dutch investment climate.

The Dutch fiscal system, which is also influenced by international and EU developments, is based on the central principle of a level playing field between domestic and cross-border companies. Several features contribute to this, such as the participation exemption, the absence of withholding tax on interest and royalties, and the extensive network of tax treaties.

As a member of the EU, the Netherlands benefits from the harmonization measures established at the EU level. Moreover, in accordance with its obligations as an EU Member State, the Netherlands has implemented the EU Directives combatting international tax avoidance. Examples include the Anti-Tax Avoidance Directives (ATAD 1 and 2), as well as Pillar 2, the EU Directive aimed at ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups.

This brochure provides a non-exhaustive overview of the key tax features that, combined with other location factors, make the Netherlands a reliable choice as a base for international operations.

About the information

The information contained in this brochure is intended for general information purposes only. Despite our best efforts to ensure the accuracy and timeliness of the information, it is possible that due to changes in laws and regulations, or modifications in tax policy, the information presented may no longer be entirely up-to-date.

Stimulating Foreign Investment and Entrepreneurship





Corporate income tax rate of 19% / 25.8%

Corporate income tax in the Netherlands is levied at the following rates (2025):

- Taxable amount up to € 200,000: 19%
- Taxable amount exceeding € 200,000: 25.8%

A special optional tax rate may be elected for profits resulting from self-developed intangible assets (Innovation box).

Innovation box: effective tax rate of 9%

Companies can apply for the innovation box at the Netherlands Tax Administration. The innovation box allows eligible companies to benefit from an effective tax rate of 9% for profits derived from self-developed intangible assets.

The innovation box has the following relevant features:

- To qualify, companies must have obtained an R&D declaration. This declaration is exclusively available to companies that have submitted an application for the R&D tax credit scheme (WBSO). In addition to the R&D declaration, larger companies also need a legal ticket such as a patent (or a pending application), a plant breeders' right (or a pending application), or a license to market new medications to qualify.
- The effective tax rate of 9% applies to the part of the profit that can be allocated to intangible assets, insofar as the profit exceeds development costs and losses incurred. Development costs of intangible assets and losses on the exploitation of intangible assets can be deducted against the regular tax rate.
- Companies that outsource a significant portion of their R&D activities to affiliated companies may incur possible restrictions on the amount of income that can be allocated to the innovation box.
- The application of the innovation box is optional.

Participation exemption: drive for European headquarters

- The participation exemption, a key feature of the Dutch tax regime, explains the high number of European headquarters in the Netherlands.
- The participation exemption exempts a parent company from paying corporate income tax on benefits from a qualifying shareholding. It prevents benefits from being taxed twice within the same group of companies. Benefits include cash dividends, dividends in kind, bonus shares, hidden profit distributions, and capital gains realized upon disposal of the shareholding.
- The participation exemption applies to shareholdings of 5% or more, provided that the shareholding is not held as a non-qualifying portfolio investment.

Fiscal unity regime: tax consolidation within a group

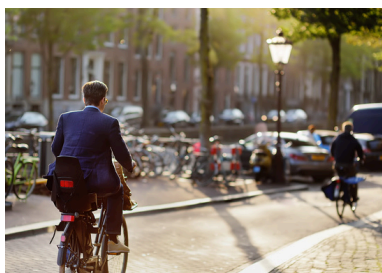
A group of Dutch companies (or permanent establishments of foreign companies located within the Netherlands) may upon joint request apply to be treated as a fiscal unity. This results in tax consolidation of the Dutch activities within a group and the filing of just one consolidated tax return.

The main advantages of this regime are:

- The offset of losses of one company against profits of another company within the fiscal unity.
- A tax-free transfer of assets.
- The elimination of most intercompany transactions.

Losses: carry-back for one year and carry-forward indefinitely

From 1 January 2022, tax losses can be carried back one year and carried forward indefinitely. However, loss compensation in a year is capped at €1 million plus 50% of the taxable profit in excess of €1 million. The rules apply to all losses that occur after 1 January 2022, and all losses still available at that date.





Ruling practice: certainty in advance

- The possibility of obtaining an Advance Tax Ruling (ATR) or an Advance Pricing Agreement (APA) is an attractive feature of Dutch tax law and one of the pillars of the Dutch investment climate. The aim of the Dutch tax ruling policy is to offer nationally and internationally operating companies the opportunity to obtain certainty in advance about their future tax position.
- An ATR is an agreement on the tax characterization of transactions in international corporate structures. It offers taxpayers certainty in advance on the tax implications of a planned transaction or combination of transactions in an international context. It concerns the application of Dutch tax laws and regulations in a specific situation for a specific organization or company. For example: the applicability of the participation exemption.
- An APA offers a taxpayer certainty in advance on the determination of an arm's length remuneration or a method for the determination of an arm's length remuneration for cross-border transactions (goods and services) between affiliated organizations and companies, or between units of the same organization or company.
- The Dutch Tax Administration has a dedicated International Tax Certainty Team that handles requests for APAs and ATRs.

R&D tax credit (WBSO): incentive to invest in R&D

- The R&D tax credit (WBSO) offers compensation for part of a company's research and development (R&D) wage costs, other costs, and expenditures. In practice, the WBSO reduces a company's wage tax burden.
- The wage tax reduction amounts to 36% of the first € 380,000 of the total underlying R&D cost, and 16% of the costs above € 380,000.
- For start-ups the tax reduction for the first € 380,000 spent on R&D is even higher (50%).
- There is no maximum allowance per calendar year.

Tax relief regime for environmentally friendly investments (MIA and Vamil)

- The Environmental Investment Deduction (MIA) allows companies to deduct up to 45% of the investment costs for an environmentally friendly investment on top of the regular depreciation of the investment. The investment amount must be at least € 2,500 per asset. Each taxpayer can claim tax benefits on a maximum of €25 million worth of investment costs per year.
- The Arbitrary depreciation of environmental investments (Vamil) allows companies to amortize 75% of the investment costs of a qualifying environmentally friendly investment at once. This leads to an advantage in terms of liquidity and interest. For the other 25% of the investment costs companies follow the regular investment amortization rules.
- An important condition for MIA and Vamil is that the environmental investment meets the code description on the applicable Environmental List. The Environmental List is updated annually by the Netherlands Enterprise Agency (RVO).

Tax relief program for sustainable energy (EIA)

- The Energy Investment Allowance (EIA) program supports investments in energy-efficient technologies and sustainable energy listed on the Energy List published by RVO. Companies that use the EIA gain a double benefit: their energy bill is lower, and they pay less tax.
- Companies can deduct 40% of the investment costs from the taxable profit on top of the usual depreciation.
- The total amount of energy investments that can be eligible for EIA per company is at least €2,500 and at most €151 million per calendar year.

Special tax regime for expats (30% facility)

Under the 30% facility an employer is permitted under certain conditions to give an employee from abroad a tax-free allowance of up to 30% of his gross salary. The facility is available for a maximum period of 5 years. The duration of any previous stay or previous period of employment in the Netherlands reduces the maximum grant period.

As of 1 January 2024, the amount of the tax-free allowance has been capped. In 2025, a maximum of €73,800 can be compensated tax-free under the 30% facility. Employees who were already benefiting from the 30% facility in 2022, will continue to be exempt from the income cap until 1 January 2026.

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

- The employee possesses specific expertise that is not available or is scarce in the Dutch labor market. Specific expertise is deemed present if the employee's salary exceeds a certain threshold. For 2025, the salary requirements are:
 - Minimum annual gross salary of € 46,660 (not including the tax-free allowance).
 - Minimum annual gross salary of € 35,468 (not including the tax-free allowance) for employees under 30 with a master's degree.
 - No minimum salary is required for scientific researchers, employees working in scientific education, or doctors in training.
- The employee must be recruited (or assigned) from abroad: the employee must have lived outside a 150 km radius from the Dutch borders in at least 16 of the 24 months prior to the start of the Dutch employment.
- The employer must be a Dutch wage tax-withholding agent and must have a positive decision from the Dutch Tax Administration.

Wide tax treaty network: avoidance of double taxation and reduction of withholding taxes

- The Netherlands has one of the most extensive tax treaty networks in the EU, having concluded bilateral tax treaties with over 100 countries to avoid double taxation and to provide reduced withholding tax on dividends, interest, and royalties (for interest and royalties often to 0%).
- Most double taxation agreements negotiated by the Netherlands have followed the draft models published by the Organization for Economic Cooperation and Development (OECD).
- In case no treaty applies, the Netherlands often unilaterally provides for double tax relief.

EU Membership: access to the benefits of EU Directives

The Netherlands' EU membership secures access to the benefits of implemented EU Directives, such as:

- The Parent-Subsidiary Directive, designed to eliminate tax obstacles for profit distributions between parent companies and subsidiaries based in different Member States.
- The Interest and Royalty Directive, designed to eliminate withholding taxes on cross-border payments of interest and royalties between affiliated companies based in different Member States.

Dutch dividend tax: withholding exemption in tax treaty situations

- Dividend distributed by Dutch resident companies is subject to 15% Dutch dividend tax. However, a withholding exemption applies if dividend is distributed to a qualifying corporate shareholder in a country with which the Netherlands has concluded a tax treaty that contains a dividend article.
- Effective 1 January 2024, Dutch withholding tax on dividend is due in case of distributions to affiliated beneficiaries in countries with very low taxes, countries on the EU list of non-cooperative jurisdictions and in certain tax abuse situations.

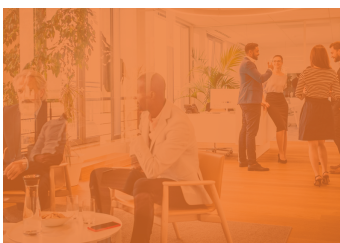


In general, no Dutch withholding tax on interest and royalties

- In general, the Netherlands does not levy withholding tax on interest and royalty payments by Dutch resident companies. In addition, tax treaties usually reduce or eliminate foreign withholding tax on interest and royalties paid to companies based in the Netherlands.
- Dutch withholding tax on interest and royalties is only due in case of distributions to affiliated beneficiaries in countries with very low taxes, countries on the EU list of non-cooperative jurisdictions and in certain tax abuse situations.

VAT reverse charge mechanism on import: cash-flow advantages

- Based on its special position as a distribution country in the EU, the Netherlands has implemented the reverse-charge mechanism on import, which gives a complete deferment of import VAT to the periodical VAT filing.
- Pursuant to the application of this reverse-charge mechanism, import VAT is declared on the periodic return and reclaimed in the same form. As a result, the VAT at import does not become due at all.
- Resident companies and foreign companies with a permanent establishment in the Netherlands can apply for the reverse-charge mechanism on import. Foreign companies without a permanent establishment can appoint a fiscal representative for this purpose (for instance a third-party logistics provider).



Dutch Tax Administration: open and accessible

- The Dutch Tax Administration recognizes the crucial need for foreign investors to know how tax law will be applied in their specific cases. To foster transparency and accessibility for foreign investors, the Dutch Tax Administration has established a "Liaison for Potential Foreign Investors." This Liaison, who works together with the International Tax Certainty Team, provides foreign investors certainty in advance on the tax consequences of proposed major investments in the Netherlands. As a result, fewer checks are required following the investment and the administrative burden is reduced. The tax inspector for the area where the company is located is bound by the agreements made by the Liaison.
- Due to the broad network of treaties, the possibility to get certainty in advance, and the cooperative approach of the Dutch Tax Administration, the Netherlands is well positioned to prevent double taxation and international tax disputes for companies doing business in the Netherlands. Should an international tax dispute nevertheless arise, the Dutch Tax Administration is positioned to resolve this as quickly as possible.
- The Dutch Tax Administration is known for its cooperative attitude towards taxpayers and aims for an enhanced relationship based on trust, transparency, and mutual understanding.

Dutch Customs Administration: practical and pro-active approach

- Goods that are brought into the European Union (EU) are, from the time of their entry, subject to customs supervision, meeting the requirements laid down in the EU customs legislation. The customs inspector understands the importance of a reliable government partner for enterprises. Where the import and export of goods are concerned, he is open to consultation in order to find the most suitable customs arrangements.
- The Dutch Customs Administration is well known for its practical and pro-active approach towards facilitating international trade and optimizing customs procedures. This fact underlies the Netherlands' preferred status as a country in which to base importing activities.

