CORPORATE İNCOME TAX IN THE NETHERLANDS – SELECTED ASPECTS OF RECENT CHANGES AND THEİR İMPACT ON COMPANİES

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Abstract: This paper analyzes selected changes to the Dutch Corporate Income Tax system introduced in 2024 and 2025, focusing on their impact on companies. Through doctrinal legal analysis, the study examines reforms related to mixed expenses, interest deductibility, investment allowances, loss relief, dividend withholding tax, and public tax reporting. Findings show a balance between base-broadening measures and targeted incentives, with modest increases in tax burden for some firms and relief for others, particularly those investing in sustainability. The research highlights that tax competitiveness depends on more than statutory rates alone. While not based on empirical data, the study provides a practical framework for understanding recent CIT changes relevant to companies, advisors, and policymakers.

***Keywords*:** the netherlands, corporate income tax

INTRODUCTION

THİS STUDY RESTS ON A LEGAL ANALYSİS OF DUTCH CORPORATE İNCOME TAX RULES, CONCENTRATİNG ON THE REFORMS ENACTED FOR 2024 AND 2025. ITS AİM İS TO ASSESS HOW THESE CHANGES MAY ALTER COMPANİES' TAX BURDENS BY EXAMİNİNG THE LEGİSLATİON İTSELF, WİTHOUT GATHERİNG DATA FROM İNDİVİDUAL BUSİNESSES OR CONDUCTİNG EMPIRICAL RESEARCH.

SELECTİON OF THİS TOPİC İS MOTİVATED BY THE CONSTANTLY EVOLVİNG NATURE OF TAX LAW, WHERE HEADLİNE RATES ALONE RARELY REVEAL THE TRUE COST OF DOİNG BUSİNESS. ALTHOUGH THE NETHERLANDS İS OFTEN REGARDED AS A HİGH-TAX JURİSDİCTİON, THE RESEARCH ASKS WHETHER RECENT TWEAKS—THROUGH EXEMPTİONS, DEDUCTİONS, OR OTHER ADJUSTMENTS—MİGHT İN FACT ENHANCE İTS ATTRACTİVENESS. A SOUND COMPREHENSION OF THESE LEGAL MECHANISMS IS ESSENTIAL FOR ASSESSING THE TRUE BUSINESS CLIMATE SHAPED BY A COUNTRY'S TAX FRAMEWORK.

THE ANALYSIS IS BASED ON PRIMARY LEGAL MATERIALS, INCLUDING LEGISLATION, EXPLANATORY MEMORANDA, DECREES, AND OFFICIAL TAX AUTHORITY GUIDANCE, SUPPORTED BY SECONDARY SOURCES SUCH AS EXPERT COMMENTARY AND COMPARATIVE STUDIES.

THE FINDINGS SHOW A BALANCED OUTCOME: BASE-BROADENING MEASURES MODESTLY INCREASE THE TAX BURDEN, WHILE INVESTMENT-RELATED INCENTIVES AND IMPROVED LOSS TREATMENT OFFER MEANINGFUL RELIEF.

METHODOLOGY

The methodology must be clearly stated and described in sufficient detail or with appropriate references. The author shall explain the research question, describe the research framework, and outline the methods applied in detail. This section should highlight why the particular research question is relevant to theory and practice, and why the chosen method(s) is(are) suited to the problem.

This article employs a doctrinal legal-analytical method to address the question of whether the most recent amendments to Dutch corporate income tax (CIT) law—specifically the 2024 and 2025 packages—have made the Netherlands a more or a less favourable location for companies from a tax-burden perspective. The topic is theoretically significant because statutory rates alone often misrepresent a jurisdiction's true fiscal stance, while in practice managers, advisers, and policy analysts need a clear view of how detailed provisions such as deductions, limitations and anti-avoidance rules shape effective tax liabilities.

The investigation centres exclusively on Dutch legislation. For 2024, the analysis covers the new mixed-expenses threshold, updates to the investment allowances (KIA, MIA, EIA) and the revised withholding-tax rules on dividends. For 2025, it considers the tightened EBITDA limitation in Article 15b CIT Act, the forthcoming country-by-country reporting obligation, and the amended loss carry-back/-forward regime. International measures and case-law are noted only where they directly inform these domestic rules; broader EU or OECD reforms lie outside the study's scope.

Primary materials include the Corporate Income Tax Act 1969, the Dividend Tax Act 1965, the 2024 and 2025 Tax Plans, explanatory memoranda and official guidance from the Belastingdienst and the Ministry of Finance. Secondary insight is drawn from professional and academic commentaries and alert notes (e.g., Deloitte 2024; Norton Rose Fulbright 2024) as well as the government's business portals. All sources are publicly accessible, ensuring transparency and reproducibility.

The statutory texts were read line-by-line and coded according to three functional categories: base-broadening, base-narrowing, or anti-avoidance. Each provision was then interpreted in light of its legislative intent and positioned against its pre-amendment baseline. To illustrate practical effects, stylised numerical examples—presented in tabular form—contrast the tax outcomes for a representative Dutch-resident company before and after each change. These examples rely solely on statutory parameters; no proprietary company data are employed, preserving the study's general applicability.

Focusing on the black-letter law allows the enquiry to capture the full legal force of recent reforms immediately after enactment, well before behavioural data become available. By eschewing firm-specific evidence and instead dissecting the rules themselves, the analysis yields findings that any reader—whether academic researcher, tax professional, or corporate decision-maker—can transpose to their own context. The doctrinal method is therefore both appropriate to the research question and capable of producing insights that are useful in theory and indispensable in practice.

FINDINGS

The analysis of recent changes to the Dutch Corporate Income Tax (CIT) system in 2024 and 2025 reveals a series of legal adjustments that, while differing in scope and impact, share a common aim of refining the structure of business taxation in the Netherlands. These measures can be understood as either broadening or narrowing the tax base, or as part of wider anti-avoidance and transparency efforts.

One of the more direct base-broadening changes is the adjustment to the treatment of mixed expenses. Starting in 2024, companies employing staff are required to add back to their taxable income either 26.5% of certain semi-private costs (such as business meals, gifts, seminars, or receptions) or 0.4% of the wage sum, with a statutory minimum of €5,600 in 2024 and €5,700 in 2025 (Belastingdienst, 2024; Belastingdienst, 2025). This rule particularly impacts companies in service-heavy or client-facing sectors that frequently incur such costs. Although businesses retain the option to choose the more beneficial method, the increased fixed threshold and percentage rate marginally raise the overall tax burden.

Another base-broadening adjustment applies to the earnings-stripping rule under Article 15b of the Corporate Income Tax Act 1969. From 2025, the percentage of EBITDA (earnings before interest, taxes, depreciation, and amortisation) allowed for interest deduction increases from 20% to 24.5%, while the first €1 million of net interest remains fully deductible (PwC Netherlands, 2024; Deloitte, 2024). This change moderately eases the pressure on highly leveraged companies or capital-intensive businesses but retains a general restriction on full interest deductibility, preserving the base-protecting character of the provision.

In contrast, several measures implemented in 2024 and 2025 serve to narrow the tax base by encouraging business investment. The most prominent are the investment allowances: the Small-Scale Investment Deduction (KIA), Environmental Investment Deduction (MIA), and Energy Investment Deduction (EIA). The KIA thresholds and bands were adjusted upward, increasing its value to small and medium-sized enterprises investing in capital assets (Van Passe, 2025). The MIA remains available for environmentally responsible investments listed in the official government catalogue, with deduction rates of up to 45% (Business.gov.nl). Although the EIA rate was reduced from 45.5% to 40% in 2024, it continues to offer substantial tax relief for qualifying energy-efficient expenditures (Grant Thornton Netherlands, 2024). Collectively, these measures support reinvestment, innovation, and sustainable practices, effectively reducing the taxable base for qualifying firms.

A significant technical improvement was also introduced in 2025 concerning the treatment of loss carry-forward and debt waivers. Under the general rules, companies may carry losses forward indefinitely, but only €1 million of profit can be fully offset per year, with any excess limited to 50% (Business Legal Consultancy). Previously, this rule created a risk that income from forgiven debt could trigger a tax liability even if the company had losses available. The 2025 tax plan addressed this by exempting debt-waiver income from tax where losses exist, while simultaneously reducing the loss pool by the same amount to maintain consistency (PwC Netherlands, 2024; AO Shearman, 2024). This reform significantly benefits companies involved in restructuring or insolvency processes by preventing unintentional taxation of non-cash gains.

In terms of anti-avoidance and compliance enforcement, two key measures stand out. The first is the introduction of a conditional dividend withholding tax (WHT) of 25.8% on payments made to low-tax jurisdictions, hybrid entities, or abusive structures, in force since 2024 (Baker McKenzie, 2023). In 2025, the Netherlands refined the definition of qualifying group structures eligible for exemption, adopting a stricter “qualifying unity” standard that limits misuse of treaty benefits (Norton Rose Fulbright, 2024).

These changes reinforce the goals of the Dividend Tax Act 1965 by ensuring that exemptions are granted only to bona fide corporate structures (Business Legal Consultancy).

The second transparency-focused reform is the implementation of the EU's Public Country-by-Country Reporting (CbCR) directive. Effective from June 22, 2024, this measure requires multinational enterprises with annual consolidated revenues of at least €750 million to publicly disclose country-level tax and financial data within 12 months of the end of each fiscal year (EY Netherlands, 2024; KPMG Netherlands, 2024). These reports must be filed with the Dutch Chamber of Commerce and remain accessible for at least five years. Although this requirement does not directly affect taxable income, it imposes administrative burdens and heightens reputational risk, particularly for large international groups (Government of the Netherlands, 2023).

In summary, the Dutch CIT changes introduced in 2024 and 2025 reflect a deliberate effort to maintain fiscal robustness while offering targeted relief to support investment and sustainability. Base-broadening rules continue to safeguard against tax base erosion, especially in the area of interest deductibility and semi-private costs, while incentives like the KIA, MIA, and EIA provide important offsets for qualifying taxpayers. At the same time, reforms in the area of loss utilisation and anti-avoidance measures point to a system increasingly committed to both effectiveness and fairness.

CONCLUSIONS

The analysis of selected Dutch CIT reforms from 2024 and 2025 shows that the Netherlands is refining its tax system through a mix of base-broadening and base-narrowing measures. While stricter rules on mixed expenses and interest deductibility increase the tax burden for some businesses, targeted incentives like the KIA, MIA, and EIA provide meaningful relief for companies investing in assets and sustainability. The correction regarding debt-waiver income further strengthens the practical value of the loss relief framework.

This research, based solely on legal analysis, does not include real-world data or specific company case studies. As such, it does not account for behavioural responses or sector-specific outcomes. However, by focusing on the legal structure, it offers a broadly applicable interpretation of how tax law changes may affect different types of companies.

Theoretically, the findings underline that tax competitiveness depends not just on rates, but also on deductions, limitations, and compliance burdens. Practically, the study can help companies, advisors, and policymakers better understand the implications of recent changes.

In summary, the Dutch CIT system remains relatively strict but balanced. Companies that engage in eligible investments can still benefit from substantial deductions. It is recommended that firms review the updated provisions carefully to assess their specific exposure and opportunities under the current legal framework.

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