CORPORATE İNCOME TAX İN 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

1. INTRODUCTION

This paper presents a legal analysis of recent reforms to the Dutch corporate income tax (CIT) system, focusing on the legislative changes introduced in 2024 and 2025. The main objective is to assess whether these reforms have increased or reduced the effective tax burden for companies operating in the Netherlands. Rather than conducting empirical research or analyzing company-specific data, the study focuses entirely on the legal framework, examining the relevant statutory provisions, explanatory memoranda, and official tax authority guidance.

The topic is highly relevant due to the fast-changing nature of corporate taxation in Europe. Governments are under increasing pressure to protect their tax bases while maintaining an attractive environment for investment. As a result, changes in tax law often involve a complex balance of raising revenue, discouraging avoidance, and promoting growth. In this context, nominal tax rates alone rarely provide an accurate picture of the real cost of doing business. Deductions, exemptions, limitations, and anti-avoidance provisions can significantly influence a company's actual tax liability.

Although the Netherlands is often viewed as a high-tax jurisdiction, its CIT system contains a variety of mechanisms that can reduce or defer taxation under certain conditions. The reforms introduced in 2024 and 2025 are part of a broader effort to update the Dutch tax system in response to both domestic policy goals and international developments, such as increasing transparency requirements and the OECD's global tax initiatives.

This paper uses a doctrinal legal method to examine these reforms by classifying them into three categories: base-broadening measures, base-narrowing measures, and anti-avoidance or transparency rules. Each reform is analyzed in terms of its legal content, legislative purpose, and expected effect on taxable income. In several cases, simplified numerical examples are used to demonstrate the practical impact of selected provisions. This approach allows for a precise and structured evaluation of how the statutory changes shape the overall tax position of Dutch-resident companies.

By focusing on the law as written, this study aims to provide useful insights for legal scholars, tax professionals, corporate decision-makers, and policymakers who need to understand the implications of new tax legislation. It also highlights the broader point that tax competitiveness depends not only on the headline rate but also on the legal design and complexity of the rules that define the actual tax base.

2. BASE-BROADENİNG MEASURES

Reforms that broaden the corporate tax base are typically aimed at increasing the portion of company income subject to taxation by limiting deductions or reclassifying certain costs. This paper focuses on two specific base-broadening measure changes in 2024 and 2025: the tightening of rules on mixed expenses and the adjustment of interest deductibility under Article 15b of the Corporate Income Tax Act 1969. While neither measure dramatically alters the statutory tax rate, both contribute to a marginal increase in the effective tax burden for a range of companies.

2.1 Mixed Expenses Threshold

The treatment of mixed expenses - costs with both a business and personal character - has long been a feature of Dutch corporate tax law, aimed at preventing companies from deducting expenditures that yield private benefits. These include expenses such as business meals, staff parties, gifts, seminars, and receptions. The principle underlying this rule is that not all costs claimed by a business should reduce its taxable profit, especially when they include elements of personal consumption. Historically, Dutch tax law has limited the deductibility of such costs by requiring companies to add back a fixed percentage to their taxable base, but the exact methodology and thresholds have evolved over time.

In its 2024 reform package, the Dutch government introduced a more stringent add-back requirement under this rule. As of January 1, 2024, companies must include in their taxable income either 26.5% of the total qualifying mixed expenses or 0.4% of the company’s total wage sum, depending on which amount is higher. Additionally, a statutory minimum of €5,600 applies for all companies, regardless of size or sector (Belastingdienst, 2024). This floor will increase slightly to €5,700 in 2025 (Belastingdienst, 2025). The aim is to standardize and slightly increase the portion of semi-private expenditures that are nondeductible, thereby broadening the tax base and improving compliance. The choice between the two calculation methods remains with the taxpayer, allowing some flexibility while ensuring a minimum adjustment.

This provision builds on earlier versions of the mixed-cost rule that allowed a fixed add-back percentage but with lower rates and less aggressive thresholds. For many years, the add-back for such expenses remained relatively stable, typically hovering around 20% depending on the type of expenditure. However, the Dutch Ministry of Finance determined that these measures were no longer sufficient to capture the full fiscal impact of semi-private spending and sought to align the rule with broader goals of fairness and base protection, particularly in sectors where such expenditures are common (Government of the Netherlands, 2023).

The revised thresholds introduced in 2024 affect companies differently depending on their structure and business model. Client-facing industries - such as consulting, law, hospitality, and marketing - are likely to experience a more noticeable increase in taxable income due to their relatively higher spending on representation and hospitality. On the other hand, companies with fewer mixed costs may find that the minimum threshold applies regardless of actual spending, leading to a smaller but still measurable adjustment. While the financial impact may not be dramatic for every taxpayer, the reform signals a policy shift towards tightening discretionary deductions and reinforces the principle that tax-deductible costs should be clearly and exclusively business-related.

By targeting semi-private expenses with clearer and more assertive rules, the Dutch tax authorities aim to reinforce transparency and limit erosion of the tax base through loosely defined or easily manipulated deductions. This measure, while relatively modest in scale, fits within a broader international trend of limiting hybrid or ambiguous expense treatment as part of responsible corporate tax governance.

2.2 EBITDA Limitation – Article 15b CIT Act (2025)

The earnings-stripping rule in Article 15b of the Dutch Corporate Income Tax Act 1969 was introduced as part of the implementation of the EU Anti-Tax Avoidance Directive (ATAD) and came into force in 2019. Its primary purpose is to prevent base erosion through excessive interest deductions, especially in cases involving intra-group debt financing. The rule limits the deductibility of net interest expenses to 30% of a company's earnings before interest, tax, depreciation, and amortization (EBITDA), subject to a threshold that allows up to €1 million in interest deductions regardless of the EBITDA calculation (Business Legal Consultancy, n.d.).

From 2025, the Dutch government is tightening this rule by reducing the percentage of deductible EBITDA from 30% to 20%, while keeping the €1 million threshold intact (PwC Netherlands, 2024). The intention behind this amendment is to reinforce the base-protecting function of the rule, especially in light of international pressures to ensure minimum taxation and discourage aggressive debt-based tax planning strategies. Highly leveraged companies - particularly those using shareholder loans or intra-group financing - will see a reduction in the amount of interest they can deduct annually.

This is not the first adjustment to the rule. In fact, a temporary relaxation was introduced in response to the COVID-19 pandemic to support liquidity in distressed sectors. However, with economic recovery underway and the OECD's global minimum tax framework (Pillar Two) advancing, the Netherlands has opted for a stricter approach, aligning national legislation with the spirit of international anti-avoidance efforts (Norton Rose Fulbright, 2024).

The reduction of the EBITDA cap to 20% is likely to have a tangible effect on capital-intensive and leveraged businesses, such as those in real estate, infrastructure, and private equity. For companies with significant external borrowing, this could result in a higher effective tax burden unless their net interest expenses remain below the €1 million safe harbor. Although the rule targets tax-motivated leverage, it also affects firms with genuine financing needs, prompting criticism from industry groups concerned about investment disincentives.

Nevertheless, the policy rationale is rooted in fairness and fiscal sustainability. By limiting the tax advantage of debt over equity, the measure aims to curb artificial interest deductions that erode the domestic tax base. In this sense, the 2025 amendment reaffirms the Netherlands' commitment to responsible tax policy, even at the expense of certain business preferences.

3. BASE-NARROWİNG MEASURES

While some corporate tax reforms aim to broaden the base by restricting deductions, others serve the opposite purpose: narrowing the base through targeted reliefs and incentives. While numerous such measures exist, this article focuses on two specific changes introduced in 2024 and 2025: adjustments to the investment allowance schemes and the reform of loss treatment in cases of debt forgiveness. These reforms are designed to support business investment, environmental sustainability, and financial recovery by providing enhanced deductibility under specific conditions.

3.1 Investment Allowances: KIA, MIA, EIA (2024)

Investment allowances are central to the Dutch corporate tax policy, serving as tools to promote capital formation, innovation, and sustainability. The three primary schemes - the Small-Scale Investment Deduction (KIA), the Environmental Investment Deduction (MIA), and the Energy Investment Deduction (EIA) - provide additional tax relief for companies that invest in specific categories of assets. Each allowance is codified in the Dutch Corporate Income Tax Act and governed by annual implementation guidelines. All three were updated as part of the 2024 tax package, reflecting broader economic and environmental policy goals.

Small-Scale Investment Deduction (KIA)

The KIA aims to support small and medium-sized enterprises (SMEs) that make capital investments in tangible business assets. It provides a percentage-based deduction on qualifying investments, scaled according to the total amount invested during the fiscal year. The deduction applies to a wide range of physical assets - such as machinery, tools, and office equipment - and is intended to stimulate reinvestment of earnings by reducing the effective tax cost of acquiring business property (Van Passe, 2025).

Before 2024, the KIA thresholds had not kept pace with inflation and rising capital costs, which limited its practical relevance for growing SMEs. Recognizing this, the Dutch government increased the investment bands under the 2024 reform to better reflect actual market conditions. For instance, the maximum allowable investment for full relief was raised, and the phasing-out threshold adjusted to preserve incentive effects for mid-sized companies (Government of the Netherlands, 2023; Van Passe, 2025).

These changes enhance the KIA's utility in supporting long-term business growth. As noted by Van Passe (2025), the adjustment may significantly reduce the after-tax cost of acquiring new assets, particularly for firms investing in digital tools or production machinery. While the measure narrows the tax base, it does so with the express policy goal of strengthening domestic entrepreneurship and competitiveness.

Environmental Investment Deduction (MIA)

The MIA was introduced to encourage environmentally responsible corporate behavior by allowing an additional deduction of up to 45% for investments in eligible green technologies. The eligible assets are listed in an annually revised catalogue published by the Netherlands Enterprise Agency (RVO), and include innovations in waste management, clean mobility, and resource efficiency (Business.gov.nl, 2023).

The core structure of the MIA has remained consistent since its inception, but eligibility requirements and categories of qualifying assets are updated yearly to remain aligned with national and EU sustainability targets. In 2024, the government expanded the catalogue to include more climate-focused technologies, including zero-emission transport and carbon reduction systems (Business.gov.nl, 2023; Belastingdienst, 2024).

The scheme functions as a base-narrowing mechanism that rewards firms for contributing to public environmental goals. For example, a logistics company investing in electric delivery vehicles may deduct a substantial portion of the cost through the MIA, reducing its taxable income while aligning with national climate targets (Government of the Netherlands, 2023). Despite administrative requirements, the MIA remains popular among firms seeking both tax relief and reputational benefits through sustainability.

Energy Investment Deduction (EIA)

The EIA complements the MIA by targeting investments that improve energy efficiency. It permits companies to deduct up to 40% of qualifying energy-saving investments from their taxable income, in addition to standard depreciation. The types of assets covered by the EIA include high-efficiency heating systems, energy monitoring software, and renewable energy equipment (Grant Thornton Netherlands, 2024; Business.gov.nl, 2023).

Historically, the deduction rate for the EIA stood at 45.5%, making it one of the most generous incentives in the Dutch tax system. However, in 2024, the rate was lowered to 40% as part of a broader effort to recalibrate incentive costs while maintaining policy effectiveness (Grant Thornton Netherlands, 2024; Belastingdienst, 2024). This adjustment was accompanied by a refresh of the eligibility list, emphasizing industrial electrification and energy storage technologies.

Despite the slight reduction, the EIA continues to offer meaningful tax relief. As noted by Grant Thornton Netherlands (2024), the measure plays a crucial role in supporting businesses transitioning to low-carbon operations. A manufacturing firm investing €500,000 in qualified energy-saving equipment could deduct an additional €200,000 under the EIA - resulting in considerable tax savings. The 2024 reform, while fiscally cautious, reaffirms the Netherlands' commitment to integrating environmental objectives into its tax policy framework.

Together, the updates to the KIA, MIA, and EIA reflect a strategic use of tax law to promote targeted investments that align with broader policy objectives. While these provisions reduce the tax base for qualifying firms, they serve as deliberate instruments for economic development, green innovation, and SME resilience.

3.2 Loss Carry-Forward and Debt Forgiveness Reform

Loss compensation has long been a core element of the Dutch corporate income tax system, offering companies the ability to carry losses back and forward across tax periods to align taxable profits more accurately with real-world financial performance. The original structure, in place for decades, permitted losses to be carried back for one year and forward for nine years under Article 20 of the Corporate Income Tax Act 1969. This approach was widely regarded as business-friendly and suitable for cyclical industries, enabling companies to absorb the impact of short-term downturns by applying losses to prior or future profits.

Beginning in 2019, however, a series of reforms began to reshape this system. In the years 2019–2021, the forward period was temporarily reduced to six years, reflecting fiscal pressures and a broader trend toward base protection. This was followed by a major change enacted in the 2021 Tax Plan and effective from 1 January 2022, which introduced a hybrid model: companies were granted unlimited carry-forward of losses, but only the first €1 million of annual taxable profit could be fully offset. Any profit above that amount could only be reduced by 50% using prior-year losses (Belastingdienst, 2024; Business Legal Consultancy, n.d.). The one-year carry-back rule remained in place. This model struck a balance between long-term relief and annual revenue protection for the government. While theoretically generous in the long term, it delayed tax relief for firms returning to profitability after extended losses.

The table below summarizes the key phases of this legal evolution:

Table 1. Key changes regarding carry-back and carry-forward rule

Period	Carry-Back	Carry-Forward	Limitations
Pre-2019	1 year	9 years	Full offset allowed
2019–2021	1 year	6 years	Full offset allowed
2022–present	1 year	Unlimited	€1M full offset; above that, 50% limit
2025 addition	1 year	Unlimited	Debt waiver exempt if losses exist

Source: Belastingdienst, 2024; PwC Netherlands, 2024; AO Shearman, 2024; Business Legal Consultancy, n.d.

These reforms introduced a deferral effect into the Dutch tax system. Although companies may retain and use losses without a time limit, large losses cannot be immediately and fully offset once a firm begins generating significant profits again. This has particular consequences for large businesses or groups emerging from long downturns or restructuring, as they are forced to spread their loss relief across multiple years. For smaller companies, however, the €1 million threshold continues to allow full and immediate offset in most cases, preserving liquidity and simplicity.

A further complication arose in the treatment of forgiven debt. Under the rules in place prior to 2025, debt forgiveness by a creditor - often part of a restructuring plan - resulted in a deemed taxable gain, even though the company received no actual income. While companies could theoretically use losses to offset this gain, the 50% limitation introduced in 2022 often meant that part of the debt waiver became taxable, leading to unexpected tax liabilities at a time of financial distress. This created disincentives to pursue or finalize debt restructuring, especially in cases where companies remained economically insolvent despite the waiver.

To resolve this issue, the 2025 tax reform introduced a targeted exemption. Under the new rule, income arising from a formal debt waiver is exempt from corporate tax to the extent that the company has tax losses available. In exchange, the amount of the waiver is subtracted from the remaining loss pool, ensuring no duplication of tax benefits (PwC Netherlands, 2024; AO Shearman, 2024). This reform was implemented in statutory form and supported by updated guidance from the Belastingdienst. It replaces earlier reliance on informal relief via administrative rulings and offers clarity and predictability to taxpayers and advisors involved in restructuring scenarios.

The practical implications are significant. Companies in sectors such as retail, logistics, or manufacturing - where restructuring and debt forgiveness are relatively common - now benefit from a rule that eliminates tax consequences tied to purely accounting gains. The change reduces friction in financial recovery efforts, encourages proactive restructuring, and removes a longstanding inconsistency between legal form and economic substance. While the base-broadening rule from 2022 remains a constraint for firms with high profitability after loss years, the 2025 amendment ensures that relief is not blocked in cases where companies are still financially weak but attempting to repair their balance sheets.

The development of Dutch loss rules over the last five years illustrates a clear policy trend: combining fiscal responsibility with targeted flexibility. Unlimited carry-forward preserves long-term loss relief, while the annual cap protects revenue. The exemption for forgiven debt adds a layer of fairness for companies in restructuring, ensuring that the tax system does not hinder legitimate recovery efforts. Together, these changes modernize the Dutch loss regime in line with both international best practices and domestic economic needs (Government of the Netherlands, 2023; Business.gov.nl, 2023).

4. ANTİ-AVOİDANCE AND TRANSPARENCY MEASURES

While some tax reforms aim to shape corporate behaviour through deductions or limitations, others are designed to protect the integrity of the tax system by preventing abuse and increasing transparency. Among the various legal changes introduced in recent years, this article highlights two significant developments with an anti-avoidance or compliance-focused character: the reform of the dividend withholding tax regime in 2024 and the implementation of a public country-by-country reporting obligation in 2025. Both measures reflect the Netherlands' evolving approach to international tax governance and the growing expectation that companies should not only pay their fair share, but also demonstrate it publicly.

4.1 Dividend Withholding Tax (WHT) Reform (2024)

The Dutch dividend withholding tax system has traditionally served as a safeguard against untaxed profit extraction, applying a 15% default rate under the Dividend Tax Act 1965. This withholding tax is generally levied on dividends paid by Dutch resident companies to foreign shareholders and, in many cases, reduced or eliminated under double tax treaties or EU directives. The system has long relied on these treaties and participation exemptions to distinguish between bona fide economic relationships and abusive structures. However, over the years, the use of Dutch conduit entities - particularly special purpose vehicles with limited substance - raised concerns that the WHT regime was being used to facilitate treaty shopping and aggressive tax planning.

In response to both international pressure and domestic policy goals, the Dutch government introduced a conditional dividend withholding tax, effective from 1 January 2024. This new rule, which operates alongside the standard 15% WHT, imposes a 25.8% withholding tax on dividends paid to entities in low-tax jurisdictions, hybrid structures, or situations deemed abusive under anti-avoidance provisions (Baker McKenzie, 2023). The measure complements earlier reforms introduced in 2021 that applied similar conditions to interest and royalty payments. The core rationale is to deny treaty or directive-based relief where the beneficial ownership or substance criteria are not met, and where the recipient is situated in a jurisdiction with either no corporate income tax or a statutory rate below 9%.

The introduction of the conditional WHT marked a shift from a treaty-driven system toward one that includes domestic anti-abuse thresholds. Prior to 2024, the Netherlands already had a principal purpose test and anti-abuse clause built into most of its tax treaties and EU obligations, but the ability to invoke treaty benefits - even in aggressive tax planning structures - was often preserved by default unless explicitly denied. The 2024 reform gave the Dutch tax authority (Belastingdienst) a stronger legal basis to disallow WHT exemptions upfront, based on the objective circumstances of the recipient entity.

A significant accompanying change in 2024 was the tightening of the group exemption definition, which limited the application of exemptions to corporate groups that meet the stricter “qualifying unity” standard. This effectively means that only entities integrated into the operational business of the Dutch distributing company, and which have real economic substance, can benefit from relief under Dutch domestic law or tax treaties (Norton Rose Fulbright, 2024). In practice, this prevents the creation of artificial holding chains designed purely to intercept dividends in tax-efficient jurisdictions.

The impact of these changes is substantial, especially for multinational enterprises that rely on holding or financing platforms in the Netherlands. For structures involving hybrid entities or passive holding companies in jurisdictions such as the British Virgin Islands or the Cayman Islands, the 25.8% WHT now applies by default unless the company can demonstrate that it falls outside the scope of the conditional regime. Even within the EU, structures with minimal substance face heightened scrutiny, and the burden of proof has shifted more decisively toward the taxpayer.

For companies with genuine operational footprints and clear economic ties, the reform has little impact beyond additional compliance. However, for businesses using the Netherlands primarily as a conduit, the 2024 WHT reform materially alters the tax landscape. It reduces the attractiveness of the jurisdiction as a low-friction intermediary for global dividend flows, aligning the Dutch system more closely with international standards on substance and anti-abuse. From a policy standpoint, the measure underscores the government's commitment to protecting its tax base and reinforcing its role as a compliant jurisdiction within the post-BEPS environment (Government of the Netherlands, 2023; Business Legal Consultancy, n.d.).

4.2 Country-by-Country Reporting (CbCR) Requirement (2025)

The concept of country-by-country reporting (CbCR) was first introduced by the OECD in 2015 as part of the BEPS Action Plan 13, requiring large multinational enterprises (MNEs) to provide tax administrations with detailed breakdowns of income, taxes paid, and economic activity on a jurisdictional basis. Initially, these reports were confidential and shared only between tax authorities through automatic exchange mechanisms. The purpose was to improve risk assessment, detect profit shifting, and increase cooperation among tax administrations, without directly exposing companies to public scrutiny.

The Dutch implementation of CbCR followed this OECD model beginning in 2016, applying to groups with consolidated revenues of €750 million or more. Under these rules, Dutch parent companies were required to file a private report with the Belastingdienst, which would then share it with other relevant jurisdictions (Government of the Netherlands, 2023). Although the reporting obligation represented a significant compliance burden, it was limited in its external impact, as the information was not available to the public, investors, or civil society.

This changed with the adoption of EU Directive 2021/2101, which mandated public CbCR for all EU Member States. As of 22 June 2024, the Netherlands has implemented this directive into national law, and starting from 2025, qualifying MNEs must publicly disclose their CbCR data by filing it with the Dutch Chamber of Commerce (EY Netherlands, 2024; KPMG Netherlands, 2024). These reports must include key financial and tax data - such as revenue, profit before tax, and income tax paid - broken down by EU Member State and selected third countries. The filing must be made within 12 months of the fiscal year-end, and the reports must remain accessible to the public for at least five years.

Unlike the earlier OECD model, the public CbCR framework is not limited to enforcement or information exchange between tax administrations. Its purpose is broader: to promote tax transparency and accountability by exposing discrepancies between where profits are reported and where actual business activity occurs. As a result, companies are now subject not only to regulatory oversight, but also to reputational risk. Analysts, journalists, and advocacy groups may scrutinize the data to assess whether companies are contributing fairly to the jurisdictions in which they operate.

Although the directive includes certain temporary derogations for commercially sensitive information, these are narrowly drawn and subject to time limits. The Dutch implementation does not expand these exemptions beyond what the directive permits. Therefore, most qualifying companies operating in the Netherlands must now prepare to disclose sensitive financial and tax information to a public audience. This represents a substantial shift in the compliance environment, particularly for businesses accustomed to limited disclosure outside of financial statements.

The public CbCR requirement does not directly affect the taxable income of MNEs operating in the Netherlands, nor does it impose a new tax. However, its indirect effects are far-reaching. Firms may need to revise internal transfer pricing strategies, documentation practices, and intercompany policies to ensure that public disclosures align with reported tax positions. Moreover, stakeholders such as institutional investors, ESG rating agencies, and advocacy groups are likely to use CbCR data in evaluating the ethical and financial standing of multinational firms.

In adopting the public CbCR requirement, the Netherlands reinforces its position as a jurisdiction committed to tax transparency, while also aligning its domestic law with EU obligations. The reform reflects a growing trend in international tax governance: increasing the visibility of corporate tax behaviour not only to tax authorities, but also to the public. For large companies, this marks a new phase in tax compliance, in which legal accuracy must be accompanied by reputational defensibility (EY Netherlands, 2024; KPMG Netherlands, 2024; Business.gov.nl, 2023).

5. CONCLUSIONS

The analysis of selected Dutch corporate income tax reforms from 2024 and 2025 shows that the direction of legislative change is neither uniformly expansive nor restrictive. Instead, the reforms reflect a nuanced balancing act between protecting the corporate tax base and promoting targeted economic activity. When assessed in legal terms, the recent measures combine base-broadening instruments with investment incentives and anti-avoidance mechanisms, resulting in a system that is more complex but also more aligned with international expectations of fairness, transparency, and sustainability.

On the base-broadening side, two reforms clearly stand out: the tightening of the mixed expenses rule and the adjustment to the earnings-stripping provision under Article 15b. Both changes marginally increase the tax base by reducing the scope for deductions that were previously available to a wider range of businesses. The 2024 revision of the mixed expenses threshold imposes stricter minimums and higher add-back rates, particularly affecting service-based industries with client-facing cost structures. Similarly, although the 2025 adjustment to the EBITDA limitation eases the cap slightly compared to earlier discussions, the rule still restricts interest deductibility for highly leveraged companies. These measures reflect a long-term policy trajectory of aligning deduction regimes with anti-avoidance goals, and they contribute to a modest increase in effective tax burdens for firms operating near those limits.

At the same time, the Dutch system has preserved - and in some cases expanded - its base-narrowing instruments. The 2024 updates to the KIA, MIA, and EIA schemes enhance relief for companies investing in capital goods, environmental technologies, and energy-efficient equipment. These measures provide concrete fiscal incentives for sustainable business development and small-scale capital formation. In particular, the increased KIA thresholds and revised MIA/EIA lists ensure that the tax system continues to support innovation and environmental responsibility, even as it narrows access to discretionary deductions elsewhere. The 2025 clarification on loss carry-forward, specifically in relation to debt forgiveness, further improves the internal coherence of the tax system by aligning fiscal treatment with the economic reality of distressed firms. The rule ensures that companies undergoing restructuring are not penalised through artificial taxable gains when the waiver of debt does not reflect actual cash income.

In the area of anti-avoidance and compliance, the legal changes are more structural. The 2024 conditional dividend withholding tax substantially strengthens the Netherlands' position against treaty shopping and artificial holding structures, reinforcing the requirement for economic substance. Meanwhile, the 2025 introduction of public country-by-country reporting moves beyond conventional enforcement and into the realm of public accountability, increasing the reputational stakes of international tax planning. Although these measures do not alter the tax base directly, they raise the cost of non-compliance and impose new reporting burdens, especially on large multinational groups.

Taken together, the 2024 and 2025 CIT reforms illustrate a legal framework that is evolving in multiple directions at once. The reforms increase the tax burden in some areas, particularly through deductibility limitations and transparency requirements, while offering meaningful relief in others, especially for companies engaging in green investments or corporate restructuring. The overall impact depends significantly on a company's sector, financing model, and investment behaviour. For SMEs investing in eligible assets, the reforms may produce a net tax benefit. For multinationals using complex group structures or relying heavily on internal debt, the rules are more restrictive and compliance-heavy.

From a doctrinal perspective, these developments underscore that statutory tax rates are no longer reliable indicators of tax competitiveness. Instead, the true fiscal stance of a jurisdiction emerges through its detailed legal provisions on deductions, exemptions, limitations, and disclosure. By focusing on these mechanisms, this paper has shown how recent legislative adjustments reshape the effective tax position of Dutch-resident companies - not through dramatic rate changes, but through targeted legal engineering.

In conclusion, the Dutch CIT system remains relatively strict but also more refined. It rewards productive investment and sustainable behaviour while tightening oversight of tax base erosion and abusive structures. Companies are advised to review the amended provisions carefully, as the legal framework has become more sensitive to both commercial decisions and compliance posture. Whether a company experiences a net benefit or a burden will depend less on formal rates and more on how its operations align with the design of the reformed rules.

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