KPMG Meijburg & Co Tax & Legal

2027 Tax Plan package and amending Act on expansion of capital gains tax in box 3 adopted by the Lower House with some changes

On 12 November 2026, the Lower House of the Dutch Parliament adopted the 2027 Tax Plan package with a narrow majority of 76 to 74 votes. The 2027 Tax Plan package includes the following tax bills:

- 2027 Tax Plan
- Other tax measures 2027
- Tax Incentives for Start-ups and Scale-ups Act
- Safe Harbour Rules under the Minimum Tax Act 2024

In our memorandum on Budget Day, we discussed these bills earlier. In recent weeks, the bills have been amended in a number of parts by means of Memoranda of Amendment. In addition, the Lower House has adopted several amendments, in particular with regard to the 2027 Tax Plan that amend the previous proposals. Furthermore, various motions were adopted. In this news item we give the latest state of affairs.

In addition, the Lower House has adopted the amending Act (*novelle*) on expansion of capital gains tax in box 3. We also briefly explain the consequences of this for box 3 and box 2.

Memoranda of Amendment

Below we have included an overview of the measures that have been introduced or adapted as a result of the various Memoranda of Amendment compared to the original proposals.

Housing corporations exempted from the earnings stripping measure (2028)

Housing corporations are currently subject to the earnings stripping measure in corporate income tax. This measure limits the amount of interest that a taxpayer can deduct in a year to the extent that the balance of interest exceeds a threshold of € 1 million or 24.5% of the taxable EBITDA. To the extent that interest is not deductible on the basis of the earnings stripping measure, this interest can be carried forward to later years.

At the time of the introduction of the earnings stripping measure in 2019, it was recognised that the measure would entail an increase in the burden on housing associations. However, the government has argued in the past that the EU directive on which the scheme is based did not offer the scope to spare housing associations in this regard. It follows from the cover letter of the 2027 Tax Plan package that the government currently sees this leeway. The government wants to exempt housing associations from the earnings stripping measure. As a result of this exception, the balance of interest is no longer limited by the earnings stripping measure, as a result of which the entire balance of interest must be deductible for housing associations. The proposed measure will enter into force on 1 January 2028. A transitional regime has been provided with regard to the balance of interest already to be carried forward.

Box 1 rates (including changes due to amendments)

For income from work and home in box 1, the rates for 2027 are as follows:

2027	Tax rate	National insurance contributions	Combined rate
1st bracket (up to € 39,337)	8,19%*	27.65% (from state pension age: 9.75%)	35.84%* (from state pension age: 17.94%)*
2nd bracket (up to € 80,819)	38,02%	-	38,02%
3rd bracket above € 80,819	49,50%	-	49,50%

* Two amendments have been adopted, both of which relate to a reduction of the rate in the first bracket (0.14% and 0.25%) compared to the previously determined percentage. We have assumed that both percentages cumulate and therefore have an effect on the rate for 0.39%.

For comparison 2026:

2026	Tax rate	National insurance contributions	Combined rate
1st bracket (up to € 38,883)	8,10%	27.65% (from state pension age: 9.75%)	35.75% (from state pension age: 17.85%)
2nd bracket (up to € 78,426)	37,56%	-	37,56%
3rd bracket above € 78,426	49,50%	-	49,50%

Increase in general tax credit

The maximum general tax credit will increase from € 3,115 to € 3,163 as of 2027. Above a collective income of € 30,910 (provisional amount), the general tax credit decreases by 6.338%.

Increase in labor tax credit (including changes due to amendment)

The maximum labor tax credit will increase from € 5,685 to € 5,790 with effect from 2027. The amount of the labor tax credit depends on the income from current employment. Up to an employment income of € 47,834 (provisional amount), the labor tax credit increases as the income increases. Above that, the labor tax credit will be reduced by 6.51%.

More targeted deduction of specific healthcare costs (2028)

Taxpayers can deduct specific healthcare costs in personal income tax under certain conditions. As of 1 January 2028, this deduction will be designed in a more targeted way instead of being completely abolished compared to the previous proposal. The government wants to exclude cost types for which other reimbursements or additional

insurance are available. The deduction for certain mostly incidental costs, such as orthotics, (travel) vaccinations, dental costs and expenses for fertility-related care, will also be abolished. Costs of alternative medicine, including treatments by an osteopath or chiropractor and homeopathic medicines, are also excluded. Deductions remain possible for non-reimbursed regular prescribed medicines, transport and dietary costs, extra clothing and bedding, certain aids, family help and travel costs for visiting the sick. Furthermore, the high threshold percentage, which applies to the part of the threshold income above € 51,411 (2026 amount), will be increased from 5.75% to 6.5%.

Tax incentive for stock option regime of qualifying start-ups and scale-ups

For a description of this measure, please refer to our memorandum on the measures presented on Budget Day. It has been arranged by Memorandum of Amendment that a protective assessment may be imposed in fewer cases in the event of emigration.

In the case of emigration, a notional disposal at the market value is only taken into account if the taxpayer has exercised the share option rights prior to emigration. Insofar as the employee holds share option rights upon emigration, no notional disposal is taken into account with regard to option rights and no protective tax assessment is imposed on the benefit. In these cases, no protective assessment is required to be able to effect the Dutch claim in respect of the benefit under tax treaties or other double taxation arrangements. In principle, a protective assessment is subject to a deferral of payment until a disposal or other relevant taxation moment takes place.

Decision to abolish reduced VAT rate on flowers and plants postponed as of 2028

The originally proposed abolition of the reduced VAT rate of 9% for the supply of floriculture products as of the year 2028 has been scrapped; the decision-making process on this will shift to the 2028 Tax Plan. Floriculture products include flower bulbs, flowers, plants and tree nursery products such as Christmas trees.

Amendments adopted

Below we list the main changes resulting from the amendments adopted.

- **Package of measures to reduce taxes on labor**:

  Lower rates in box 1
  The rates in both first brackets of box 1 will be reduced by 0.25% (in addition to 0.14% from another amendment) compared to the original bill.

  Progressive rate in box 3
  Box 3 will have a progressive rate structure from 1 January 2029. The current rate of 36% will be reduced to 35.5% on the first € 60,000 of taxable income from savings and investments, and 38.5% will be levied on the excess.

  Tightening of gift and inheritance tax
  The tax benefits of so-called donating on paper will be curtailed. Repayments on acknowledgements of debt out of generosity are in principle taxed as gifts. Repayments within 180 days before death and amounts that are or become due upon death will be considered fictitious inheritances. Previously paid gift tax will

be credited. Transitional law applies to existing acknowledgements of debt. Notarized acknowledgements of debt that are executed before 1 January 2027 will remain subject to the current rules. In addition, so-called 'repeatable acknowledgements of debt', i.e. that it has been established for a number of years that an amount due will be acknowledged each year, that have been notarized before 11 November 2026, 5.15 p.m., will remain outside the new regulation.

No indexation of bracket thresholds
The bracket thresholds in box 2 and gift and inheritance tax will not be indexed from 2027 to 2031.

Modernization of valuation rules
In addition, from 2028 onwards, the deemed valuation rules for usufruct and periodic payments will be modernized. The fixed actuarial interest rate of 6% will make way for an annually updated interest rate based on data from De Nederlandsche Bank (DNB) and current survival probabilities.

- **Pseudo-final levy for company fossil cars:** under certain conditions, the pseudo-final levy will not apply if the withholding agent in question is mainly engaged in offering or presenting to the public new passenger cars for sale or for leasing ('demonstration cars'). To this end, the car made available to the employee must be registered in the name of the relevant withholding agent, be of a make and type offered by the withholding agent for purchase or lease, be used to show to customers and be available for test drives. Furthermore, the exception for the replacement car for repair and maintenance and the temporary exception for temporary provision (regardless of the reason) will be replaced by one exception in which the pseudo-final levy on a car does not apply for a period of no more than 14 calendar days per calendar month. Part of a calendar day counts as a calendar day.

- **Indexation of the WBSO bracket threshold**: this amendment provides for a one-time indexing of the bracket threshold within the Wage Tax and National Insurance Contributions (Reduction) Act from € 391,020 now to € 396,082.

- **Bill on the Tax Incentive for Start-ups and Scale-ups**: it will be possible to designate valuation methods recognized by ministerial regulation for determining the value of unlisted shares, which are accepted by the Tax Administration. Furthermore, there will be a rectification period of four weeks after the Netherlands Enterprise Agency (RVO) finds that the conditions for the incentive scheme are no longer met, if this has not yet been reported.

- **More gradual increase in the age limit for youngtimer scheme:**
For company cars with a minimum age of 16 years ('youngtimers'), an addition of 35% of the market value currently applies instead of 22% of the list price. Instead of an abrupt increase in this age, a more gradual transition path for the youngtimer scheme was proposed on Budget Day: an increase to 17 years as of 1 January 2027 and to 20 years as of 1 January 2028. However, as a result, a group of users who are now covered by the youngtimer scheme will temporarily

fall out of the scheme (in 2028 and 2029), only to fall under it again from 2030. Because this effect is considered undesirable, this amendment provides for a more gradual transition path, so that cars that are already in the youngtimer scheme do not temporarily drop out. In 2027, the proposal will continue to be based on the age limit of 17 years, then 18 years in 2028 and 19 years in 2029. From 2030, the already proposed limit of 20 years will continue to apply.

In addition, it is arranged that the youngtimer scheme as it stood on 31 December 2026 (with the age limit applicable at that time) will continue to apply until 2030 if the car was already available to the entrepreneur or employee by 31 December 2025 at the latest. Under the bill, this scheme would only continue to apply in the years 2026 and 2027.

Amendments not adopted

The main amendments that were not adopted included the following:

- Adjustment of the proposed currency measure in the participation exemption by designating not the entire difference but a lump sum part thereof as priced in and by tightening the liquidation loss rule to cover this. The original measure remains unchanged. The full priced-in currency result on hedging instruments is no longer covered by the participation exemption.
- Introduction of an exemption for housing corporations from corporate income tax.
- The retention of the specific exemption for discounts on industry-specific products.

Adopted motions

In addition, several motions were adopted. With these motions, the MPs give an opinion on the policy pursued, ask the government to do or not do something or make a statement more generally about certain matters or current developments. Relevant motions include:

- Motion on a scheme that allows director-major shareholders to convert their existing self-administered pension into a bank savings or annuity product in a tax-neutral manner.
- Motion on research into determining the innovation box benefit on the basis of the number of Wbso hours in relation to the total number of employees
- Motion on submitting a bill for a full capital gains tax to the Lower House by Budget Day 2027 at the latest and introduce that law by 1 January 2030 at the latest.
- Motion on looking for practical solutions to obstacles that the conditions for the business succession scheme in gift tax and inheritance tax (*bedrijfsopvolgingsregeling*; BOR) and the personal income tax transfer facility for a substantial interest (abbreviated in Dutch as: DSR) may create for crop rotation.

- Motion on making proposals for moderating the sky-high prices of certain foodstuffs in relation to our neighboring countries.
- Motion on research into a repair fund for devices such as telephones and laptops.
- Motion on after voting on the Tax Plan to explain the remaining possibilities and impossibilities for adjusting parameters at the Tax Administration.
- Motion on including certain assessment criteria in fundamental revisions of the tax and benefits system.

Developments in box 3 and box 2 due to amending Act on expansion of capital gains tax in box 3

Capital gains tax in box 3 from 2029

On 29 September 2026, the government announced in a letter to the Lower House an amending Act (*novelle*) on the bill on the Actual Return on Investment in Box 3 Act, which is currently being discussed in the Upper House. This novelle was adopted by the Lower House on 12 November 2026 in a slightly modified form. The novelle expands the proposed capital gains tax in the new box 3 system from only real estate and shares of and profit participation certificates in start-ups to all financial instruments (including shares and negotiable debt instruments such as bonds and options). In order to give sufficient time for implementation, the government proposes to introduce the new box 3 system with effect from 1 January 2029. The current flat-rate box 3 system with rebuttal provision will therefore also apply in 2028, one year longer than originally intended. As a result of the expansion of the capital gains tax, 90% of the assets in box 3 with value development, namely real estate and all financial instruments, will be subject to capital gains tax immediately at the start of the new box 3 system. For the remaining assets in the capital growth tax, such as crypto investments, insurance products, bank balances and receivables and debts, the government will work out proposals to bring them under the capital gains tax as soon as possible after 2028 (expected by 2030).

A separate amendment to the 2027 Tax Plan has also been adopted for the introduction of a progressive rate structure, see above. In addition, an amendment to the novelle was adopted to allow the deduction of costs for immovable property under the current rebuttal provision for the scheme in box 3. This amendment is based on entry into force by Royal Decree. In the explanatory memorandum, the petitioners indicate that they are aware that this measure cannot take effect earlier than 2028, but that they want to give the government discretion to determine the effective date.

Reduction of rates in box 2, reduction of threshold amount for excessive borrowing

To cover the proposal to convert the tax in box 3 into a capital gains tax, the rates in box 2 will be reduced for four years: the step-up rate from 24.5% in 2026 to 23.5% from 2027 and the top rate from 31% in 2026 to 29% from 2027. The idea here is that this will lead to more profit distributions in those years and therefore extra tax revenues. It is also proposed to reduce the amount that can be borrowed from one's own company without a box 2 levy. That is now € 500,000 for the taxpayer and his partner. According to the proposal, this amount will be reduced from € 500,000 to

€ 100,000 in five annual steps of € 80,000 from 2027. Debts for the owner-occupied home are exempted from this.

To the Upper House

The 2027 Tax Plan package has now been adopted in an amended form by the Lower House. The package will be further discussed in the Upper House in the coming weeks. The introduction is therefore still subject to approval by the Upper House. The same applies to the novelle on expansion of the capital gains tax in box 3 in combination with the bill on the Actual Return on Investment in Box 3 Act. A date for the vote in the Upper House has already been scheduled for the 2027 Tax Plan package, namely Tuesday, 15 December 2026.

Comments by KPMG Meijburg & Co

This Tax Plan has undergone a particularly difficult and complicated parliamentary process, partly due to the minority position of the government. Because it was not possible to get opposition parties on board at an earlier stage, a majority in the Lower House had to be sought until the last minute. The question now is whether the Tax Plan will pass the Upper House.

With regard to the novelle, there were also the necessary hurdles, including a critical advice from the Council of State and an implementation test from the Tax Administration in which it was concluded that introduction as of 1 January 2028 would not be feasible. As a result, the intended implementation date of the new box 3 system had to be postponed to 1 January 2029.

If you have any questions regarding this newsletter, please contact your Meijburg advisor.

KPMG Meijburg & Co
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