

In our newsletter of 21 April we informed you that the Dutch government is considering tax increases.

In the Spring note of 20 May 2022, the Dutch cabinet has set out which measures will be taken.

In this newsletter we summarize the points that are relevant for you.



Substantial shareholders

- From 2024, a two-tier rate for income from a substantial interest will apply. Currently, this income is taxed at a flat rate of 26.9%. From 2024, a (lower) rate of 26% will apply to income up to EUR 67,000. For income above EUR 67,000, the rate will be increased to 29.5%.
- Substantial shareholders who work for their own company need to be paid an ordinary wage. To determine this ordinary wage, the so-called efficiency margin may be applied, which results in the wages of these shareholders being 25% lower than is common for the level and duration of their work. This efficiency margin will be reduced to 15% as from 2023. The wage and the tax on this in box 1 will increase as a result.

Corporate income tax

- For corporations, 15% corporate income tax is currently due on the first EUR 395,000 of profit and 25.8% on the excess. With effect from 2023, the 15% tax bracket will be lowered to EUR 200,000, so that companies will pay more tax at the higher rate of 25.8%.

Real estate transfer tax

- The ordinary real estate transfer tax rate will be increased from 8% to 10.1% as of 2023. An increase in the rate to 9% had already been announced earlier, now

this rate will increase even further. For the acquisition of a home that will serve as a primary residence, the favourable 2% rate will remain unchanged.

Other measures

- The tax-free allowance in box 3 remains EUR 50,650. A previous plan to increase this tax-free allowance to EUR 80,000 in three steps is being reversed.
- As previously announced, the amount of the tax free gift to cover expenses for a primary residence will be reduced from EUR 106,671 to EUR 27,231 with effect from 2023. This exemption will be on par with the regular one-off increased exemption for gifts by parents to children.
- The amount of the wage over which expats can apply the 30% facility will be capped at the 'Balkenende standard' of EUR 216,000. This measure will be phased in over a three-year period.

Budget day 2022

- In the run-up to Budget Day 2022 (3rd Tuesday in September or Prinsjesdag), the cabinet will evaluate how the relationship between taxes on labour and taxes on capital can be brought into greater balance. In doing so, the cabinet will also look at the results of (i) the current interdepartmental asset allocation policy study and (ii) the evaluation of the tax facilities for business successions.

Next steps

- As soon as concrete law proposals are released, we will inform you about this in our newsletter. Shortly after Budget Day, we will organize meetings in Amsterdam and Rotterdam to provide you with further information.

About Arcagna

Arcagna is an Amsterdam and Rotterdam based tax boutique and notary office that is specialised in local and international tax advice to high net worth individuals and family businesses. Arcagna uses its thorough and broad tax knowledge as a starting point for creative but always practical solutions. These solutions are implemented from A to Z, both from a tax and a corporate law perspective. In international cases Arcagna employs its network of leading independent firms throughout the world.

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