# Tax Plan 2025 – Global Mobility & Payroll Taxes

**Introduction**

Last Tuesday, September 17, 2024, the 2025 Tax Plan was presented to the House of Representatives. This Tax Alert includes the legislative proposals and previously announced changes that are relevant in the field of Global Mobility and Payroll Taxes.

## General

### Adjustment of tariffs and brackets (box 1)

As of 2025, the tax brackets and rates in box 1 (income from work and home) will be adjusted as follows:

| Bracket | Taxable income | Rate |
|---|---|---|
| 1 | to € 38,441 | 35.82% |
| 2 | from € 38,441 to € 76,817 | 37.48% |
| 3 | from € 76,817 | 49.50% |

An extra bracket - with a reduced rate - has been introduced by splitting the (former) first bracket. In 2024, the rate for the first bracket (up to € 75,518) was 36.97%. The highest rate of 49.50% has remained unchanged.

### Reduction of general tax credit

The maximum general tax credit will be reduced by € 294 to €3,068 (2024: € 3,362).

### Changes to the accrual of the labour tax credit

The maximum labour tax credit will be increased to € 5,599 (2024: € 5,532).

## Work-related costs scheme (WKR)

### Specific exemption for public transport subscriptions

In last year's tax plan (2024), a targeted exemption under the work-related costs scheme (WKR) was introduced for reimbursing or providing public transport subscriptions that employees can also use for private purposes without being taxed on this private benefit. In practice, there was some uncertainty regarding the scope of this exemption, as it was unclear, for instance, when a public transport or discount pass was involved. As of 2025, the regulation for public transport travel will be clarified, and the scope of the scheme will be expanded by using more general definitions of 'public transport'.

### Final tax on company van

When two or more employees continuously and alternately use a company van for private purposes, it may be difficult to attribute the benefit of private use to one specific employee. In such cases, the choice can be made to designate this addition as a final levy. This offers a practical solution to reduce the administrative burden. The fixed amount for this final levy will be increased to € 438 (2024: € 300) per van per year and will also be indexed annually from 2026.

*Change in the definition of 'company van'*

The definition of a company van will also be simplified by aligning it with the vehicle categories, such as passenger cars or vans, that the RDW uses in the vehicle registration system. By removing the additional tax requirements for motor vehicles, the administrative and compliance burdens will be reduced.

### Reversal of austerity 30% ruling

The previous year's modification of the (old) 30% ruling – also known as the 30/20/10% ruling – will be reversed in the 2025 tax plan and the old 30% ruling will apply again. However, the old 30% ruling will not (fully) return.

*Introduction of the 27% ruling*

As of 1 January 2027, the scheme will have a maximum percentage of 27% (instead of 30%) of the employee's taxable salary; this will be referred to as the '27% ruling.' For the years 2025 and 2026, the percentage of 30% will still be applicable as the maximum.

*Adjustment of salary standards*

In addition to an adjustment in the maximum percentage, the salary standards of the scheme will also change – instead of just indexed annually. These salary standards will be increased from 2025 to:

1. € 50,436 (2024: € 46,107); or
2. € 38,338 (2024: € 35,048) (specifically if the employee holds a master's degree and is under 30 years of age).

*Transitional arrangements*

For employees for whom the 30% ruling was already applied in the payroll administration before 1 January 2024, the current percentage of 30% will continue to apply for the entire term (including after 2027), as well as the old (indexed) salary standards will continue to apply.

## Previously announced changes

**Partial foreign tax liability**

Unlike the 30% ruling, the choice for partial foreign tax liability, which is related to having the 30% ruling, will not be revised in the tax plan. In short, this scheme means that employees with a 30% ruling for box 2 and box 3 can opt to be treated as a non-resident taxpayer. As a result, income realized abroad from box 2 and box 3 will not be taxed in the Netherlands, with a few exceptions. This option for partial foreign tax liability will disappear as of 1 January 2025.

*Transitional arrangements*

For employees who have made use of the 'partial foreign tax liability' option scheme in 2023 and have applied it without interruption, can continue to make use of this tax scheme until 31 December 2026, based on a transitional arrangement.

**False self-employment**

In the period leading up to Budget Day, a lot of attention was paid to the problem of false self-employment and the withdrawal of the enforcement moratorium. After all, from 1 January 2025, the Tax Authorities will resume enforcement against false self-employment. This means that additional assessments and fines can be imposed if it is determined that there is false self-employment. Until 2025, this was also the case in situations of 'malicious intent' or if indications from the Tax Authorities were not properly followed up.

During a transition period of one year, no infringement penalties will be imposed if one is "*demonstrably active with the correct qualification of the employment relationship*". Whether and when this will be met is (still) unclear.

Furthermore, from 6 September 2024, the Tax Authorities will no longer assess model agreements, and approvals for existing model agreements will no longer be extended. The agreements currently approved will remain in force until the date of approval.

**Finally**

The legislative proposals from the tax plan offer new possibilities and insights for the 2025 year and are currently being discussed in the House(s). The legislative proposals are expected to be finalised around November/December.

If you have any questions or would like to discuss this Tax Alert further, please feel free to contact us.

Roeland van Esveld
Partner - Global Mobility
Crowe Foederer Amsterdam
r.esveld@crowefoederer.nl
+31 (0)6 - 13 96 89 83

Sander van de Schoot
Senior Consultant Global Mobility
Crowe Foederer Eindhoven
s.schoot@crowefoederer.nl
+31 (0)6 - 31 59 25 05