



Year-end pointers for everyone

With the end of the calendar year approaching, we provide insight into which matters require your attention in 2024, with our Year-End Tips. What new obligations will apply next year? What points do you need to consider before the end of this year? As some of the proposed legislative changes in the Dutch [Tax Plan 2025](#) take effect as soon as 1 January 2025, it is important to consider the tax implications of this Tax Plan now. And of course, we also discuss a number of tips and points of attention that are important every year.

In these Year-End Pointers you can read more about key points of attention regarding matters such as tax rates, gifting, Box 3 and the own-home, as applicable to your personal situation. [Your advisor](#) would be happy to discuss which tips are particularly important for you.

Please note: *the House of Representatives and the Senate still need to approve a number of proposals. It is possible that certain measures will be implemented in a revised form, or not at all.*

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General pointers

Request tax averaging before the scheme is abolished

If your income fluctuates significantly over three consecutive years, it may be beneficial to request tax averaging. Tax averaging means that your income in Box 1 (work and own-home) over a period of three consecutive years is added up and then divided by three. The personal income tax is then recalculated for each of the three years. The difference between the old and the new tax amounts can be paid out to you, taking into account a threshold of EUR 545. You can submit a request for tax averaging until 36 months after the last tax assessment for those three years has become final.

Please note: *the tax averaging scheme was abolished as of 1 January 2023. The final period for which tax averaging can be applied will be 2022-2023-2024. A particular tax year can only be included in tax averaging once.*

Request a preliminary tax assessment for personal income tax

Do you expect to have to pay (additional) tax in the tax year 2024? If so, you should consider requesting a preliminary tax assessment. Have you already paid a preliminary tax assessment? In that case, check whether the amount paid is in line with the expected tax assessment and, if necessary, request a revised preliminary tax assessment. In this way, you can limit the amount of legal interest due.



Pointer: In principle, tax debts do not lower your Box 3-taxation. If you pay any outstanding (provisional) assessments before 1 January 2025, your Box 3-taxation may be lower, as your taxable bank balance is lower. Bear in mind that the Dutch Tax Authorities usually have a processing time of 6 – 8 weeks for a (revised) provisional assessment.

No tax return filed, but entitled to a 2019 rebate? Submit your tax return as soon as possible!

Have you not yet claimed a rebate of personal income tax to which you were entitled for the tax year 2018? If so, make sure that you request the refund before 1 January 2025.

Take note of any alimony obligations

Do you pay partner alimony? An alimony payment to an ex-partner is part of the personal deduction for the purpose of the personal income tax in the year of the payment. Pay attention to the year in which you pay the alimony: deduction of a payment in 2024 is capped at a maximum of 36.97%, but the maximum is 37.48% in 2025 as it is tied to the tax rates in Box 1. Make sure that you transfer the money for the payment after 31 December 2024, if you wish to make use of the new percentage.



Pointer: Do you intend to buy off the alimony obligation? If so, consider doing this in 2025. Please note: an alimony debt does not lower your taxable base in Box 3, but the actual payment does.

Pay your annuity premium in 2024

If you have a pension shortfall, purchasing some kind of annuity product may be an attractive option. Under certain conditions, the premiums you pay may be tax deductible. Within the boundaries of the so-called annual margin (and any remaining reserve margin) you can deduct annuity premiums in Box 1, in the year of payment. Do you own a qualifying annuity product in 2024, and do you have sufficient annual margin? If so, make sure that you pay the premium no later than 31 December 2024.

Please note: for certain actions, such as the conversion of a cessation profit or a fiscal retirement reserve into an annuity, other time limits may apply.

Effectuate the prenuptial annual settlement clause in 2024

Have you concluded a prenuptial agreement, which includes an annual settlement clause? If so, do not forget to actually effectuate the settlement of that clause. Failure to do so can expose you to the risk that, in the event of a divorce or death, you will for Dutch tax purposes be treated as if you were married in community of goods.



Pointer: Have you forgotten to effectuate the annual settlement clause in previous years? If so, there are ways of addressing this. Your advisor can explain the consequences of not effectuating the settlement clause and how you can rectify this.

Box 3

Taxation in Box 3

A lot has changed recently with regard to taxation in Box 3 (income from savings and investment). In 2021, the Dutch Supreme Court ruled that the 'old' taxation system was in violation of European law. The legal restoration and bridging legislation that followed also proved to be inadequate. At the moment, it looks like the expected new taxation method will not be introduced until 2028.



Are you entitled to a refund?

Your advisor can tell you more

Depending on the circumstances, you may be able to get a tax refund for certain years if your actual Box 3 yield was lower than the notional yield. In that case, you will need to calculate and demonstrate yourself that the actual yield is lower than the notional yield. The actual yield includes not only actual income, but also certain unrealised changes in value (such as the increase in value of a second home). You must do so for each separate year for which you want to claim a tax refund.

Note: if you want to prove that your actual yield in a year is lower than the notional yield, you will need to keep more information and documentation than before. Consult with your advisor whether this is necessary in your specific situation.

Pointer 1: Discuss with your advisor whether it is worth calculating the actual return. This may for example depend on the actual Box 3 tax paid in a year, the substantiating records available, and the ratio between the amount of tax to be reclaimed and the costs of the advice and the objection.

Pointer 2: Would you like to apply for an ex officio refund for overpaid Box 3 tax for the year 2019? This is possible if your 2019 personal income tax assessment was not yet irrevocably determined on 21 December 2021, or if you received the assessment after that date. Bear in mind that the request must be submitted before the end of 2024.

Pointer 3: The Dutch Tax Authorities are working on a standard form for declaring the actual yield. This form is expected to be available by mid-2025. A number of court cases on the exact method of calculation are still pending. Your advisor can tell you more about the current state of affairs.



If possible, reduce your taxable base in Box 3 before 1 January

The personal income taxation in Box 3 is based on the sum total of your taxable assets on the reference date (which is 1 January of the tax year). A number of simple tips to mitigate the Box 3 taxation:

- **Repay small debts.** If the total amount of your debts is under the debt threshold (2024: EUR 3,700), these debts will not reduce your taxable base in Box 3. If you repay the debts before 1 January 2025, your bank balance on that date will however be reduced.
- **Ensure that large expenditures are still made in 2024.** For example, are you planning to buy a new car or put in a new kitchen? By paying for this in 2024, you will reduce your taxable bank balance.
- **Pay tax assessments before 1 January.** In principle, tax debts are not included in Box 3 and therefore do not reduce the taxable base. Therefore, pay any outstanding tax assessments before 1 January, where possible.

Selling investments in order to reduce Box 3 taxation? Beware of anti-abuse provisions!

It may be tempting to temporarily convert Box 3 investments into bank assets before the reference date, and then revert back to investments shortly after the reference date. This is because, under the existing Box 3 rules, a distinction is made between bank and savings assets on the one hand, and other assets and investments on the other. These other assets in Box 3 are deemed to have a higher (notional) yield, and consequently lead to a higher taxation in Box 3.

It is however important to note that in certain cases, anti-abuse provisions may be applicable. The Dutch Tax Authorities may for example ignore a sale followed by a buyback, if the transactions take place within a timeframe

of three months, which starts before the reference date and ends after the reference date. The only exception is in cases where you can demonstrate that the transaction had valid business reasons. Restrictions also apply for certain dealings between a director-substantial shareholder and his limited liability company. Discuss this with your advisor beforehand.

Take into account the interest over a gift on paper

Have you gifted an amount to your child, but not actually paid it out? In this case, there may be a so-called 'gift on paper'. Essentially, you have gifted an amount and then immediately borrowed it back from your child. Interest should be paid over this loan, at a rate of 6%. Make sure that this payment is actually made (on time), as the gift might otherwise be regarded as part of the taxable inheritance upon death.

Please note: due to changes in the Box 3 rules, it has sometimes become less attractive to make (or maintain) a gift on paper. Discuss with your advisor whether it may be more advantageous for you to actually repay the debt.

Quickly look for a new (protected) tenant

Do you rent out housing to individuals who have rent protection? You may be able to apply the vacant value ratio (leegwaarderatio or 'LWR'), which means that you can claim a value reduction when determining the taxable value of the property for Box 3 (as well as gift and inheritance tax).

Since 2023, the LWR is set at 100% if there is a temporary tenant or rental to an associated party on the reference date. Effectively, this means that there is no value reduction. Do you rent out property temporarily, or to an associated party? Consider looking for a permanent tenant (with rent protection).

Please note: the rented state is assessed on 1 January of each year. Find a permanent tenant before 1 January 2025 if you wish to apply the LWR in 2025.

Mortgage and owner-occupied home

Pay your 2025 mortgage interest ahead of time

If you pay the mortgage interest for your owner-occupied home ('eigen woning' or 'own-home') for the period up to 1 July 2025 ahead of time in 2024, you can under certain conditions deduct this amount in 2024. If you expect to fall in a lower tax bracket in 2025 (e.g. because you reach the retirement age), it may be worth paying the mortgage interest ahead of time. However, deduction of the interest may take place at a rate of 37.48% in 2025 (36.97% in 2024). Discuss with your advisor what would be prudent in your case.

Please note: a payment ahead of time is only deductible to the extent that it pertains to the period up to 1 July 2025. Therefore, from a tax perspective, there is no point in making a payment for a longer period of time.



Pointer: Payment ahead of time also helps reduce your taxable assets in Box 3 on the reference date. This can lead to a lower amount of Box 3 tax in 2025.

Consider whether it is worth repaying your mortgage in 2024

Do you have a mortgage with a high interest rate? If so, it may, from a tax perspective, be worth repaying this mortgage (this is especially true in the case of a mortgage without an annuity repayment schedule). If the yield on your savings is lower than your (net) mortgage costs, it is

worth checking whether repayment might be advantageous. Please note that mortgage providers often impose a penalty for repayments of over 10% to 20% of the amount borrowed.

Please note 1: *in the past, an own-home without a mortgage was effectively not taxed in Box 1, due to a deduction under the so-called 'Hillen Act'. Some years ago, it was decided that this deduction should be phased out. This means that owing an own-home without a mortgage can lead to taxation.*

Please note 2: *the bridging legislation in Box 3 is quite complicated. Be sure to weigh the benefit in Box 3 (lower bank balance) against the possible Box 1-disadvantage (less mortgage interest deduction) in advance.*

Check whether it is more advantageous to sell your home in 2024 or rather in 2025

Do you have an own-home with excess value and do you want to sell it without immediately buying a new home? In this case it may be prudent to postpone the sale until after 1 January 2025 (which is the reference date for Box 3). As long as your own-home falls within Box 1, you only pay a limited amount of tax on it. However, if you sell the own-home, your bank balance will be higher. This may result in a higher amount of Box 3 tax. Consider whether it would be prudent to sell in 2025 rather than in 2024.

Acquire a renovation debt in 2024

Do you want to renovate your own home in 2025, and do you intend to finance this by other means than a deductible mortgage loan? By entering into the relevant agreements and obligations in 2024, you may reduce your taxable base for Box 3.

Gifting

Make use of the (increased) gift tax exemptions in 2024

In 2023, the increased exemption for gift tax regarding the own-home (also referred to in Dutch as the 'jubelton'), was abolished in 2024. In certain situations, other gift exemptions may be available. Your advisor can tell you more about the possibilities.

Please note 1: *did your child receive a gift in 2022 for the maintenance or improvement of the own-home, and did you make use of the gift tax exemption in this regard? In that case, make sure that the maintenance or improvement is paid for before the end of 2024. Otherwise, the exemption may not be applicable. This could result in gift tax being due.*

Please note 2: *Dutch gift tax takes into account the place of residency of the person giving the gift rather than the recipient. Therefore, a gift made by a Dutch tax resident to a beneficiary abroad may be subject to Dutch gift tax.*



Pointer: The gift tax return for gifts in 2024 must be submitted before 1 March 2025.



Due to changes in the Box 3 rules, it may be useful to check whether any gifts on paper should be repaid. Read more here.

Assess periodic donations

In some cases, donations made to a Public Benefit Organisation ('ANBI') are deductible for personal income tax purposes. One of the terms for this is that the deduction is, shortly put, capped at a maximum of 10% of your total income.

Are you approaching this cap on deduction? Consider converting your annual donation into a periodic donation. Previously, no cap applied for periodic donations. However, the deduction is capped at EUR 250,000 from 2023 onwards. Exceptions may apply for previously agreed upon obligations.

Please note 1: *the EUR 250,000 cap applies both to the donor and their partner, combined.*

Please note 2: *the tax treatment of gifts by companies is likely to change as of 1 January 2025. Read more about the adjustment of the treatments of donations for corporate income tax purposes in our Year-End Tips for entrepreneurs & director-substantial shareholders.*

Read more about our Year-end pointers for employers, entrepreneurs and director-substantial shareholders here



This overview was written with due care and attention, based on the legislative proceedings until 20 October 2024. This overview is intended to be general in nature and should not be construed as specific advice or a comprehensive overview of all changes. A number of topics, pointers, measures and legislative proposals were not included in this overview. Please note: several measures have not yet been finalised. It is possible that they may be changed during the legislative process. Discuss what the consequences of the proposed changes are for your situation with your advisor.