



## INDIRECT TAX

### **Budget Day: Tax measures and real estate**

**On Budget Day 2020 (Prinsjesdag) several tax measures were announced which may impact real estate investments in the Netherlands. The real estate transfer tax rate will be increased to 8% (also for residential buy-to-let properties) and the landlord levy will decrease. In addition, there will be a real estate transfer tax exemption for first-time homebuyers. For other owner-occupied residential real estate that will be used as a main residence the real estate transfer tax rate remains 2%.**

#### Change in RETT rates and exemption for first-time homebuyers

The RETT rates and system will change as per 1 January 2021. Firstly, the default RETT rate will increase from 6% to 8%. Secondly, the lower 2% rate for residential real estate will only apply to natural persons who use the house or apartment as a main residence to live there themselves. This means that investors acquiring residential real estate will fall in the higher 8% RETT bracket instead of the 2% under current rules.

These changes are intended to provide people with more opportunities to buy a house, especially because there has been a lot of speculation on the Dutch housing market (both by individuals, as well as institutional parties). This resulted in owner-occupied housing becoming leased-out housing, thereby reducing opportunities to buy a house.

#### *Exemption first-time homebuyers*

As a further measure, people between ages 18-35 will qualify for a RETT exemption when buying a house to live there themselves. This exemption can only be applied once per person with an age between 18-35. The exemption will in principle apply until 1 January 2026. The acquisition of beneficial ownership of real estate is excluded from the exemption. The exemption will not affect investors directly but it may affect pricing of housing in that part of the housing market.

The amendment in RETT rates and the exemption still must be approved by the Dutch parliament. The amendment is not part of the Tax Plan 2021 but is arranged in a separate bill.

## Decrease in landlord levy rate

The landlord levy rate will decrease as per 1 January 2021. The landlord levy rate will be decreased from 0.562% to 0.526%. The decrease in the tax rate will result in an annual decrease of landlord levy proceeds of EUR 134 million. The changes are intended to compensate landlords for the proposed statutory rent decrease for low-income tenants of social housing.

The amendment in the landlord levy rate still must be approved by the Dutch parliament. The amendment is not part of the Tax Plan 2021 but is arranged in a separate bill.

## Changes in corporate income tax

In addition to the abovementioned proposals which specifically concern real estate, several general corporate income tax measures were announced that may be relevant for real estate investments in the Netherlands. We refer to our [Budget Day webpage](#) for an overview of these proposals.

Read [here](#) the Dutch version.

---

## Disclaimer

Although this publication has been compiled with great care, Loyens & Loeff N.V. and all other entities, partnerships, persons and practices trading under the name 'Loyens & Loeff', cannot accept any liability for the consequences of making use of this issue without their cooperation. The information provided is intended as general information and cannot be regarded as advice.