

## Changes to indirect lucrative interest regime as of 2026

On July 3, 2025 the Lower House of the Dutch Parliament adopted a motion requesting the government to include a measure in the 2026 Tax Plan that would impose heavier taxes on natural persons, such as private equity managers, in Box 2 with regard to their indirectly held lucrative interest (*carried interest*). In such a situation, the natural persons hold their lucrative interest via a (private) holding company in which they have a substantial interest. In that case, the tax is limited to the substantial interest rate (24.5%/31%), provided at least 95% of the lucrative interest benefits are received as substantial interest income in the year they are realized. The motion proposes to effectively increase the tax burden on the lucrative interest income in such situations to, reportedly, 36% as of January 1, 2026.

### Background

Management participation plans can constitute a lucrative interest for the holder. Such a lucrative interest is present – so the idea goes – if the managers acquire an interest in connection with the activities to be performed by them and they can thus realize a potentially high return for a relatively modest investment. A lucrative interest is (also) considered to be remuneration for work. The income from lucrative interest is therefore in principle taxed in Box 1, the top rate being 49.5%, just as other income from labor. Unlike salary, the lucrative interest is not deductible for the payer. The effective tax burden on lucrative interest is therefore much higher than on normal salary. The Personal Income Tax Act 2001 therefore (also) provides for the option to have income from lucrative interest taxed in Box 2 at 24.5%/31%. Together with the corporate income tax, this results in a tax burden (of up to 48.80%), which is in line with the tax burden on salary and wages (a top rate of 49.5%). The substantial interest tax rate only applies if there is an indirectly held lucrative interest. In that situation, the manager holds the lucrative interest via a (private) holding company in which they have a substantial interest. Tax is levied in Box 2 if at least 95% of the income from the lucrative interest received by the holding company is distributed to the shareholder in a private capacity in that same calendar year. This is known as the ‘redistribution rule’. If it is complied with, tax will not (also) be levied in Box 1. In practice, this Box 2 option with redistribution obligation is often used.

However, the Members of Parliament who submitted the motion had compared tax rates without taking the underlying corporate income tax burden into account. Based on that assumption, the income from lucrative interest in Box 2 (under the redistribution obligation) is subject to a lower tax rate (24.5%/31%) than in Box 1 (49.5%) and Box 3 (36%). For that reason, they would like a heavier tax burden for lucrative interest income in Box 2.

### Adopted motions

*Motion adopted on April 9, 2024*

More than a year ago, on April 9, 2024, the Lower House of Parliament adopted a motion ([25087, no. 335](#); only available in Dutch) intended to amend the lucrative interest regime in such a way that managers working in the private equity sector are taxed more heavily on their lucrative interest (*carried interest*) than is now the case. The motion ultimately did not result in the law being amended, but in [an investigation](#) and

an [internet consultation](#) (both documents only available in Dutch). The conclusion following from this was that the current lucrative interest regime works well. Changes were not needed.

*Motion adopted on July 3, 2025*

On Thursday, July 3, 2025 the Lower House of Parliament again adopted a motion ([36725, no. 29](#); only available in Dutch) requesting the government to submit a measure as part of the 2026 Tax Plan that would tax benefits realized by private equity managers more heavily in Box 2 and thus meet the need of the motion adopted on April 9, 2024.

The previously undertaken investigation – and a [letter sent to the Lower House on July 1, 2025](#) (only available in Dutch) – show that it is legally and technically possible to use a multiplier in Box 2 for an indirectly held lucrative interest. The general features of the measure mean that as of January 1, 2026 the effective tax burden in Box 2 for indirectly held lucrative interests will be subject to a (modest) increase by means of a multiplier, with as result that 36% tax will ultimately be levied in Box 2 (incidentally, this is the rate that is given as example).

**KPMG Meijburg & Co comments**

The adopted motion can be considered a political one; a political choice. After all, the investigation that was carried out showed that the current lucrative interest regime provides clarity and legal certainty, both for taxpayers with a lucrative interest and the Dutch tax authorities. The regime works well. The investigation concluded that changes were not needed. From a legal methodology perspective, it also results in a reasonable tax burden on this ‘income from labor’, but apparently politicians see this differently. Politicians simply want a heavier tax burden on indirectly held lucrative interest income in Box 2. In doing so, they seem to be looking at the 36% tax rate in Box 3.

With a view to the current political playing field, the question is what the caretaker government is going to do. The motion was adopted with 110 votes in favor. However, the coalition parties VVD and BBB voted against the motion. During the parliamentary debate, the Deputy Minister of Finance indicated that if the motion was adopted “the government should act accordingly”. If we weigh these words by the Deputy Minister of Finance correctly, then there is a good chance that the measure will be included in the 2026 Tax Plan. However, the government is not constitutionally obliged to implement the motion. An additional complicating factor is that even if the measure is included in the 2026 Tax Plan, it will be the new Lower House of Parliament that will ultimately vote on the proposal. What the composition of the Lower House will look like and what the political relationships between the parties will be at the time, is uncertain. In view of the parties that voted in favor of the motion last Thursday, it is certainly possible that there will be a majority in favor (the parties VVD, BBB, CDA, JA21 and FvD voted against the motion). All in all, we should take account of the fact that the measure will be implemented as of January 1, 2026. Whether transitional rules will apply is still unclear.

If you would like to know more about this matter, feel free to contact us or your usual Meijburg tax advisor.

KPMG Meijburg & Co

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