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Mind the Gap 2026: Country fiche – The Netherlands

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Mind the Gap 2026: Boosting public finances through joint efforts to reduce tax gaps and improve compliance

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Country fiche: The Netherlands

Summary box: Areas of Strength and Areas for Improvement

Areas of Strength

- **The Netherlands has a well-established and comprehensive approach to monitoring tax compliance, combining tax gap estimation with random audits and broader compliance risk management.** Available estimates point to comparatively low compliance gaps, particularly for VAT and CIT, while audit evidence is also used to identify the underlying causes of non-compliance and design targeted interventions to strengthen voluntary compliance.

- **The Netherlands has a strong framework in place to regularly report on and evaluate tax expenditures.** The Netherlands publishes data on tax expenditures annually in an annex to the annual budget. Every tax expenditure must be reviewed roughly once every five years and must additionally be tested against an assessment framework on the reasoning, effectiveness and efficiency of the tax expenditure.

- **The Netherlands is performing well in key areas of tax administration** with an integrated, transparent compliance risk management (CRM) system, increasing use of AI and a robust tax arrears management system, with declining arrears levels and a consistently high collectability rate. It is also actively using the various administrative cooperation tools for VAT to its own and other Member States' benefit.

- **The VAT compliance gap in the Netherlands was lower than the EU average in 2023**, at 7% of the VAT Total Tax Liability (VTTL). Future transposition of the VAT in the Digital Age (ViDA) package can be expected to further improve VAT compliance.

Areas for Improvement

- **The Netherlands could actively monitor for unregistered taxpayers,** especially in high-risk sectors with known compliance gaps (even though it applies risk-based checks during the registration process to mitigate non-compliance).

- **The Netherlands could build on its comprehensive analytical work to reform or abolish tax expenditures which have been deemed ineffective.** The Dutch court of auditors (*Algemene Rekenkamer*) reports in 2025 that about 50% of revenues forgone result from tax expenditure provisions which are either considered ineffective or insufficiently justified.

1. Introduction and policy context

1.1. Snapshot of the tax system

Tax burden and tax structure in The Netherlands are to some extent in line with the EU averages. Tax revenue (including social contributions) reached 38.8% of GDP in 2024 (down from 39.2% in 2023), slightly below the EU average of 39.4% ([1]). Labour taxes represented 49.0% of total tax revenue, slightly below the EU average (51.5%). That follows a steady decline in the share over the last decade driven by shrinking revenues from social contributions in a context of expanding self-employment. Conversely, the revenues from consumption (28.7%) and capital (22.3%) taxes are slightly above the EU average (26.8% and 21.6%, respectively). In the area of capital taxation, The Netherlands shows a growing reliance on revenues from corporate income taxes (CIT), that amounted in 2024 to 4.3% of GDP (EU: 3.1%). In the area of consumption taxes, VAT revenues are broadly in line with the EU average. With regards to other tax types, revenues from environmental taxes are slightly above the EU average and those from property taxes slightly below. The Netherlands still has a mortgage interest tax relief scheme, despite its negative impact on the housing market and households' indebtedness.

The tax-benefit system has a large redistributive effect in The Netherlands, in a context of progressive labour taxation. The effect of the tax and benefit system on reducing the Gini coefficient was of 10.6 percentage points (pps) in 2024, 2.8 pps above the EU average ([2]). The tax wedge ([3]) is below the EU average for low- and middle-income workers, and above for high earners ([4]). The difference in the tax wedge between high-income (167% of average wage) and low-income earners (50% of average wage) is, at 20.7 pps, well above the EU average of 12.5 pps. The income quintile share ratio (S80/S20), as a measure of income inequality ([5]), also improves the EU average (3.76 vs 4.62 in the EU, income reference year 2024). The at-risk-of-poverty and social exclusion (AROPE) rate ([6]) is among the lowest in the EU (15.2%, compared to an EU average of 20.9%).

[1] Data on tax revenues are based on European Commission: Data on Taxation Trends, edition 2026 (reference year 2024), which are produced by DG Taxation and Customs from ESA table 9 and National Tax List data, as collected and validated by Eurostat. The 2027 edition (reference year 2025) will be published in the first quarter of 2027. Recent Eurostat release shows a tax-to-GDP ratio of 39.1% in 2025, compared to an EU average of 39.7% (data of 30/10/2026 on [GOV_10A_TAXAG]).

[2] European Commission, DG ECFIN calculations based on EU-SILC survey data. A Gini coefficient of 0 expresses perfect equality where everyone has the same income, while a coefficient of 100 expresses full inequality where only one person has all the income. The difference between the "gross" (excluding pensions from social transfers) and the "net" Gini coefficient, i.e. before and after application of the tax-benefit system, reflects the difference between market income and disposable income.

[3] The tax wedge is an indicator of the tax burden on labour that can be assessed at different earnings levels. It is calculated as the sum of personal income tax, employee social-security contributions, employer social-security contributions and other mandatory contributions, net of cash family benefits where relevant, expressed as a percentage of total labour costs (composed of the gross wage plus employer social-security contributions). Data are based on the EUROMOD model, calculated by the Joint Research Centre of the European Commission. Unless indicated differently, values indicated in this country fiche refer to single earners.

[4] The tax wedge for an earner of 50% of the average wage is of 26.2%, 5.4 pps below the EU average. Earners of 100% of the average wage have a tax wedge of 38.6% (1.4 pps above the EU average), and earners of 167% of the average have a tax wedge of 46.9% (2.8 pps above the EU average).

[5] The income quintile ratio (S80/S20) is a headline indicator in the EU Social Scoreboard used to monitor income inequality. It measures the ratio between the total equivalised disposable income received by the top 20% of the population and the bottom 20%.

[6] Share of people living in households experiencing at least one of the three poverty and social exclusion risks: risk of poverty, severe material and social deprivation, and/or living in a household with very low work intensity.

In 2026, the Netherlands received the following country-specific recommendations (CSRs) in the area of taxation ([7]):

- *Align the taxation of different types of income from wealth, including a gradual phase out of mortgage interest deductibility.*

1.2. Tax complexity and simplification measures

1.2.1. Measures of tax complexity

The Netherlands' tax system appears moderately complex overall, though citizen perceptions are comparatively favourable. Survey-based evidence from the Tax Complexity Index (TCI) places the Netherlands in the top half of the EU distribution, ranking 7th among Member States. The underlying components of the TCI suggest that complexity arises more from the tax code than from administrative procedures ([8]). Citizen perceptions are relatively positive: 68% of respondents report that completing their tax return is easy, substantially above the EU average of 49%, although reliance on professional assistance remains close to the EU average at 9% ([9]).

Legislative activity declined markedly in 2025, following several years of comparatively high activity. The Netherlands recorded 6 tax changes entering into force or announced in 2025, well below the EU average of around 14 ([10]). This represents a substantial decrease from 40 tax changes in 2024, 53 in 2023 and 50 in 2022, all well above the corresponding EU averages. The multi-year evidence therefore points to considerable legislative activity overall, despite the sharp moderation observed in 2025. The reforms adopted in 2025 are concentrated in a small number of areas, notably environmental taxation and selected measures to improve the fairness of the tax system. Examples include reforms to environmental taxes on aviation, tap water and waste, the introduction of a payroll levy on fossil-fuel company cars and amendments to the taxation of savings under the Box 3 regime to close identified avoidance opportunities.

Demand-side indicators point to moderate reliance on tax and accounting expertise. The accounting, bookkeeping and tax consultancy sector accounts for around 1.1% of gross operating surplus, slightly above the EU average of 0.9% ([11]). While this indicator is influenced by several factors, it is consistent with a somewhat more important professional services sector and a moderate demand for specialised tax and accounting expertise ([12]). Taken together, the evidence

[7] https://data.consilium.europa.eu/doc/document/ST-11131-2026-INIT/en/pdf.

[8] The Tax Complexity Index (TCI), developed under the Global MNC Tax Complexity Project, measures the complexity of countries' corporate income tax systems as faced by multinational firms. Based on survey data from tax professionals, it captures both the complexity of tax rules (tax code) and administrative procedures (tax framework), with values ranging from zero (not complex) to one (extremely complex).

[9] European Commission (2025), Flash Eurobarometer 562: Citizens' attitudes towards taxation, fieldwork conducted between 9 and 17 April 2025. Available at: https://europa.eu/eurobarometer/.

[10] The information is based on the tax measures reported by national administrations in the Joint OECD-European Commission Annual Tax Policy Reform Questionnaire, by aggregating and processing the responses received to the 2026 questionnaire. Responses to the 2026 questionnaire are relative to tax policy measures self-reported by the Member States that were implemented, legislated, or announced in each country between 1 January and 31 December 2025. While comprehensive, the list of tax measures is non-exhaustive.

[11] A higher share of gross operating surplus indicates that the accounting, bookkeeping and tax consultancy sector generates a relatively larger share of operating profits and value added in the economy. While not a direct measure of tax complexity, it may point to a comparatively important professional services sector and, indirectly, to greater demand for specialised tax and accounting expertise.

[12] While some cross-border provision of accounting, tax consultancy and related services may be captured through imports and exports of services, available evidence suggests that such flows are relatively limited. In particular, data from the Eurostat's EU inter-country supply table at basic prices (reference year 2023) indicate that cross-national transactions

suggests that the Netherlands combines a relatively sophisticated tax system with comparatively efficient and user-friendly administrative procedures, limiting perceived taxpayer burden.

1.2.2. National simplification efforts

The Netherlands has pursued a simplification agenda in recent years, combining legislative reforms, digitalisation of tax administration, and alignment with EU-level initiatives. The 2025 Tax Plan (*Belastingplan*) ([13]) and the '2024–2028 Coalition Outline Agreement' both explicitly commit to further simplifying the tax system and reducing unnecessary administrative burdens on taxpayers and businesses, identifying the phasing-out of poorly performing tax schemes and the reduction of unintended arrangements as specific levers to raise EUR 250 million in revenues while streamlining the system. As of July 2026, however, no dedicated simplification law has been adopted; simplification instead appears piecemeal within the annual *Belastingplan* packages. The new government has committed in its coalition agreement to a step-by-step simplification of the tax, social security and benefits systems, starting with the tax credits (*heffingskortingen*), and to a reform agenda with specified milestones by the end of 2026, alongside an annual "Simplification Act" (*Vereenvoudigingswet*).

In 2025, the Netherlands introduced a number of targeted simplification measures. Targeted measures include aligning vehicle tax classifications used for car and motor vehicle tax (bpm/mrb) with the definitions already used in the national vehicle registration register (RDW), removing a long-standing source of definitional mismatch. It also simplified the deduction for specific healthcare-related transport costs, streamlined the rules for the rent allowance (*huurtoeslag*) through the *Wet vereenvoudiging van de huurtoeslag*, and abolished the age-based (27-year) restriction on allowance partnership status (*toeslagpartnerschap*). A planned phase-out of a coal tax exemption for dual and non-energetic use (from 2027) was also reported by the authorities as contributing to simplifying the tax code.

1.3. Measures of the non-observed economy and the shadow economy

Estimates of economic activities outside the formal economy are relevant for gauging tax gaps. The non-observed economy (NOE) is an official figure provided by national statistical authorities estimating all economic activities that may not be captured in the basic data sources used for compiling national accounts. It includes underground, informal, illegal, and household self-use production, as well as activities missed due to imperfect data collection ([14]). The shadow economy is an analogous but narrower concept – used in the economic literature and measured via macroeconomic models – that usually encompasses only legal, market-based productive activities deliberately concealed from public authorities to evade taxes or regulations. Due to limitations and methodological differences between the two approaches, model-based estimates of the shadow economy paradoxically often turn out to be considerably higher than NOE-based estimates.

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in these services represent only a small share of overall activity, if any, suggesting that their impact on the interpretation of domestic sector size is likely to be limited.

[13] Belastingplan 2025 | Ministerie van Financiën - Rijksoverheid.

[14] Statistical deficiencies (N7) are related to incomplete, not collected or not directly collectable data. See Fernandes, A. (2025), The non-observed economy in the national accounts: New evidence for EU and EFTA Member States - available at https://www.sciencedirect.com/science/article/pii/S0313592625000712 - for the definitions of the other components of NOE: Producers deliberately not registering (N1); Illegal economy (N2); Producers not required to register (N3); Registered legal persons not surveyed (N4); Registered entrepreneurs not surveyed (N5); Producers deliberately misreporting (N6). Informal economy = N3+N4+N5. Underground economy= N1+N6. In other words, the informal economy specifically covers unregistered or small-scale unincorporated enterprises run by households.

Specifically, recent data from official sources ([15]) allow to estimate the size of the NOE in the Netherlands at 1.95% of GDP for 2022. The NOE comprises the statistical deficiencies (0.71%), underground economy (0.63%) and illegal economy (0.5%) and while informal economy represents 0.10% of GDP. The Netherlands thus records a NOE well below the EU average (7.4% of GDP) ([16]). The largest part of the NOE is concentrated in 'Wholesale and retail trade' (1.06% of total GVA) and 'Manufacturing' (0.32%). At industry level, the highest shares of NOE are presented by 'Other service activities' (14%) and 'Accommodation and food service activities' (13.6%).

Different models produce substantially different estimates for the shadow economy, reflecting the complexity of such estimation. As in most EU Member States, model-based estimates of the shadow economy for the Netherlands are higher than the NOE estimate discussed above. In 2022, the shadow economy in the Netherlands represented 8.2% of GDP, according to estimates by Schneider and Asllani for the European Parliament ([17]). This ratio is 9.4 pps below the EU-27 average and it has decreased compared to 2003 (12.7% of GDP). The report indicates that indirect taxes and self-employment are the main drivers of the shadow economy in the Netherlands. Several other studies provide estimates of similar magnitude for the size of the shadow economy ([18]). However, using a currency demand approach (CDA), a recent study by EY ([19]) reports lower estimates for the Dutch shadow economy at 6.3% of GDP in 2023 (EU average 7.9%), down from 7.9% in 2000 (EU average 13.2%).

2. Compliance tax gaps

2.1. Overview

The Netherlands has a comprehensive tax gap estimation programme which was built over the past few years encompassing both direct tax gap and indirect tax gap estimation. Since 2006, the Netherlands has operated a dedicated tax gap estimation programme, making it one of the longest-established programmes. The Dutch tax gap estimation published every two years, appears to be an example of a mature tax gap framework that prioritises detailed entity-level compliance analysis ([20]). While the tax gap estimation program in the Netherlands does not produce public individual tax gap figures for the different tax types, they occasionally publish the overall tax gap across tax types.

As of 2026, the Netherlands also participates in the TADEUS/Fiscalis project on estimating tax gaps. The Fiscalis Project Group on Tax Gap Estimation, a collaborative initiative launched with the support of the European Commission, aims to develop a harmonised approach to estimating tax gaps across EU Member States ([21]).

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[15] For data and documents used for calculations by TAXUD, see Section 1.3 "Measures of the non-observed economy and the shadow economy" in European Commission (2026), Methods and data for analysing tax gaps and compliance enforcement capacity in EU Member States, Directorate-General for Taxation and Customs Union.

[16] The (unweighted) EU average does not include Luxembourg, which have not yet sent data to EUROSTAT.

[17] This study uses a MIMIC approach (Multiple Indicator Multiple Cause). European Parliament (2022), Taxation of the informal economy in the EU. Study available at: https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf.

[18] See Fernandes op. cit. (2025) for an overview of various studies.

[19] The report is available at https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/tax/documents/ey-gl-shadow-economy-report-02-2025.pdf.

[20] Tax Administration 2024 (EN).

[21] For details, please refer to the TADEUS website, the FISCALIS programme website and the Final Report of the Project.

The Netherlands is taking action with regard to tax gap estimations, with a particular focus on VAT, excise duties, and CIT. On VAT, the Netherlands has achieved one of the lowest compliance gaps in the EU in 2024, following a volatile path since 2019. On excise duties, the Netherlands' approach differs by product category, where, in contrast to alcohol, tobacco is the most closely monitored area, with dedicated enforcement led by Dutch Customs and the Fiscal Information and Investigation Service (FIOD) through specialized units. On CIT, the Netherlands is a good performer with a gap among the lowest in the EU.

2.2. Compliance tax gaps in VAT

In 2023, the Netherlands had one of the lowest VAT compliance gaps in the EU. For 2024, the VAT compliance gap ([22]) in the Netherlands was estimated at around 7% of the VAT Total Tax Liability (VTTL) ([23]), or approximately EUR 6 billion. After falling from around 11% in 2019 to almost 6% in 2021, it increased sharply in 2022 to around 10%, before decreasing again in 2023. It remains around 4 pps below the 2019 level ([24]). The Netherlands' VAT compliance gap was lower than the EU average of 9.5% in 2023. This decline was linked to a reduction in the growth in consumption of hard-to-tax service categories (such as recreation, restaurants and accommodation) and a sharp decrease in the growth of tourism.

In March 2026, the Netherlands submitted its first ViDA implementing bill to Parliament. This bill covers "single VAT registration," one of ViDA's three pillars. Part of it would take effect from 1 January 2027 (mainly a minor OSS extension to certain B2C energy supplies), with most of the remaining changes following from 1 July 2028. The bill has been approved by the Senate on 6 October 2026.

Separately, the Ministry of Finance received an advisory report in January 2026, recommending that the Netherlands go further than the EU Directive. Rather than only mandating e-invoicing and digital reporting for cross-border business-to-business (B2B) sales (with the EU deadline fixed on 1 July 2030), the report recommends extending the same obligations to domestic B2B transactions too. This is based on a cost-benefit analysis as well as a broad stakeholder support, and the report recommended the Peppol network as the single mandatory infrastructure for both e-invoices and digital reporting — using a "five-corner" model that combines invoice exchange with near-real-time reporting to the tax authority in one process.

The Netherlands will introduce mandatory e-invoicing for domestic B2B transactions from 1 July 2030 and digital reporting of domestic transactions from 1 July 2031. From July 2030, businesses will also be required to digitally report intra-Community acquisitions and comply with EU e-invoicing requirements. The reform aims to combat VAT fraud, improve tax enforcement, reduce administrative burdens and strengthen interoperability with EU standards. The government plans safeguards for data protection, including restricted access, data minimisation and

[22] The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.
[23] The VAT Total Tax Liability (VTTL) is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.
[24] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., VAT gap in Europe – Report 2025, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

a proposed ten-year retention period. Further work remains on implementation costs, digital infrastructure and safeguards; parliamentary adoption is targeted before 1 July 2028 ([25]).

2.3. Compliance tax gaps in corporate and personal income tax

The Dutch Tax Administration estimates the overall tax gap at the level of taxpayers or entities, rather than producing separate bottom-up estimates for each individual tax. Its random audit programme covers the full tax position of selected firms, including taxes such as VAT and CIT, and therefore provides a broad picture of compliance behaviour at entity level. While the strategic focus is on estimating the total tax gap for each entity, the underlying audit data can in principle also be used to derive estimates for specific tax categories ([26]).

European Commission estimates suggest a very low CIT compliance gap in the Netherlands. Based on a top-down methodology and estimates of the non-observed economy produced by national statistical offices, the CIT gap of the Netherlands is estimated at around 2.2% of collected CIT revenues based on 2021 data ([27]). This places the Netherlands among the best-performing EU Member States on CIT compliance. The (unweighted) average CIT compliance gap is 9.2% of collected CIT revenues across all Member States. Compared with an earlier estimate of around 2.6% in 2015, this indicates a slight decline over time and a level well below the EU average.

For personal income tax (PIT), the Netherlands relies on three bottom-up estimation approaches, each based on random audit data ([28]). Random audits are embedded in a broader compliance risk management framework that not only identifies the extent and nature of non-compliance but also analyses its underlying causes (e.g. lack of tax knowledge, unintentional errors, personal circumstances, etc.). Drawing on audit evidence and structured surveys of tax auditors, the Dutch Tax Administration assesses factors such as taxpayers' knowledge and capabilities, opportunities to comply, motivation, the use of tax advisers and firm characteristics. These insights are used to prioritise compliance risks and design targeted interventions aimed at strengthening voluntary compliance. According to the information received from the Netherlands, non-compliance among private taxpayers has steadily decreased over time.

2.4. Other compliance tax gaps

The Commission continues its work on excise gap estimation, developing and scrutinising methodologies with experts from over 20 Member States, with the aim of delivering more robust estimates that better support policy and operational work. This work also illustrates Member States' growing engagement in the field.

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[25] Letter to Parliament on the contours of electronic invoicing and reporting, 11 September 2026 (Open overheid).
[26] OECD (2024), Tax Administration 2024: Comparative Information on OECD and other Advanced and Emerging Economies.
[27] European Commission estimates are based on a top-down methodology for approximating CIT compliance gaps using national accounts data. The approach relies on exhaustiveness adjustments made by national statistical offices to Gross Operating Surplus, Gross Value Added and Gross Domestic Product in order to account for non-observed economic activity in the compilation of GNI. The method provides a harmonised proxy for domestic underreporting of corporate income but does not capture all sources of CIT revenue losses, in particular those related to international profit shifting or other forms of legal tax optimisation. For further information on the data sources, underlying assumptions and methodological caveats, see Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).
[28] OECD (2024), Tax Administration 2024 (EN), see in particular Box 11.3.

The Netherlands does not estimate any type of excise gap. However, the administration takes steps to review related policy changes and to capture measures and aspects of the drivers of the excise gap in relation to tobacco. Further, the country demonstrates an interest in strengthening EU cooperation on excise matters through its participation in the FISCALIS project group on Excise gap and Risk.

There is currently no public information suggesting that the Netherlands estimate other compliance tax gaps. No official estimates or regular monitoring exercises appear to exist for compliance gaps related to other taxes.

3. Policy Tax Gaps

3.1. Tax expenditure reporting and evaluation

The Netherlands have established a comprehensive reporting on tax expenditures. The Netherlands publishes tax expenditure data annually as two chapters (Annex 10 and 11) within the 'Bijlagen bij Miljoenennota' ([29]), the supplementary annexes to the annual budget. Since a 2018 reform, the concept was deliberately broadened from 'belastinguitgaven' (tax expenditures in the strict sense) to 'fiscale regelingen' (fiscal arrangements), capturing a wider set of provisions including EU-mandated ones. With the focus on fiscal arrangements, the Netherlands have abolished the distinction between tax expenditures and structural provisions, reporting both.

The annual tax expenditure report sets out comprehensive information in a structured manner. In 2025, a total of 194 tax provisions (or rather, fiscal arrangements) was reported, resulting in revenues forgone of EUR 167.67 billion, or about 14.2% of GDP, up from EUR 130.7 billion in 2020 ([30]).

Compared to other Member States, tax expenditure reporting in Netherlands is considered exemplary by the Global Tax Expenditures Transparency Index (GTETI) (overall ranked 1st in the EU). According to the GTETI analysis, transparency in tax expenditures reporting in Netherlands is above the EU average overall but exhibits an imbalance across dimensions. Figure 1 depicts the GTETI results for the five dimensions analysed in comparison to EU averages ([31]). Maximum value for each dimension is 20. Netherlands performs above the EU average on 'Public Availability, Methodology and Scope', 'Descriptive Tax Expenditure Data', and 'Tax Expenditure Assessment'. However, 'Institutional Framework' is below the EU average (12.00 vs 14.19). The strong performance on 'Methodology and Scope' reflects broad coverage of tax types, treatment of structural provisions, detailed estimation methodology, data source disclosure. The strong performance on 'Descriptive Tax Expenditure Data' reflects comprehensive policy objective information, information on legal duration and sunset clauses, legal references for most tax

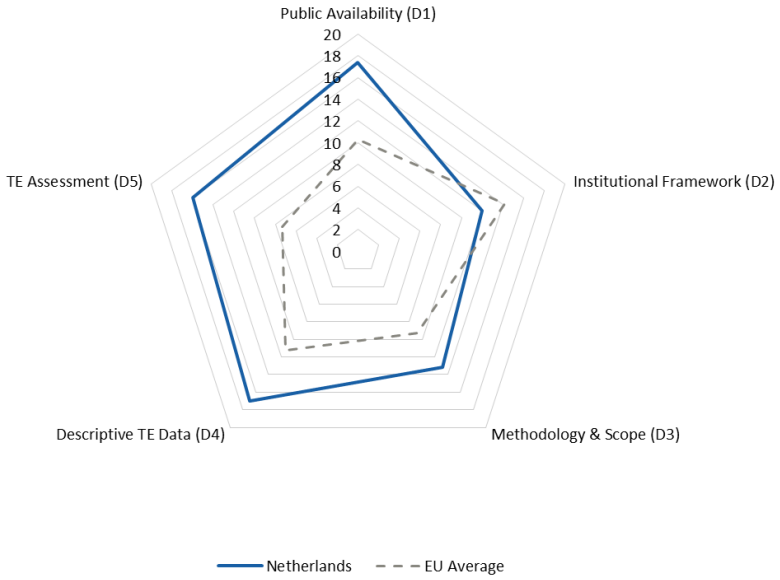
[29] Nota over de toestand van 's rijks financiën.

[30] The focus on fiscal arrangements with important revenue implications have almost doubled the overall revenue forgone estimate for the Netherlands when introduced in 2018. It is noteworthy that the increase can be mostly attributed to two provisions which many Member States would consider structural provisions with revenues forgone of more than 7% of GDP.

[31] See the Global Tax Expenditures Transparency Index (GTETI) companion paper (2026) and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches) for details. The GTETI summarises information in five dimensions. These are (1) Public availability — whether a TE report exists and is accessible; (2) Institutional framework — its legal mandate, periodicity, and integration into the budget process; (3) Methodology and scope — the benchmark definition, estimation method, and coverage of taxes; (4) Descriptive tax expenditure data — the granularity and classification of reported provisions; and (5) Tax expenditure assessment — the quality of revenue-forgone estimates and whether TEs are evaluated for effectiveness.

expenditures. The strong performance on 'Public Availability' reflects regular annual publication, timely data, good online accessibility with machine-readable data, reader-friendly presentation. The strong performance on 'Tax Expenditure Assessment' reflects granular provision-level revenue forgone data, backward estimates, an evaluation framework, ex-post evaluations.

Figure 1: Netherlands vs EU average — GTETI v2.1 dimension scores (max 20 per dimension)



Source: GTETI v2.1.

The Netherlands evaluate its tax expenditures through a mandatory, recurring process rather than on an *ad hoc* basis. Every tax expenditure falls under the 'Regeling Periodiek Evaluatieonderzoek' (RPE), the government-wide rule requiring policies to be reviewed roughly once every five years and must additionally be tested against the 'Toetsingskader Fiscale Regelingen' (TFR) ([32]) – an assessment framework of sequential questions covering why government intervention is justified, why a tax break was chosen over a direct subsidy, and whether the measure is effective and efficient. If a measure fails these tests, the framework points toward reform or abolition, and many '*Regelingen*' carry a sunset clause (*horizonbepaling*) that lets them lapse automatically unless a positive evaluation arrives in time to justify renewal.

In practice, this assessment framework produces two layers of output. Individual evaluation reports on specific measures are sent to Parliament with a cabinet response. For example, a 2026 evaluation of forest- and farmland-related tax exemptions recommended abolishing the forestry exemption as ineffective ([33]). A second layer of output is an annual summary in the Miljoenennota's "*fiscale regelingen*" appendix, which tracks which evaluations were completed and their conclusions.

Beyond the institutionalised evaluation cycle, the Netherlands also runs broader cross-cutting reviews. This was last done in 2023 in "*Aanpak fiscale regelingen*" exercise that scored

[32] https://rbv.rijksfinancien.nl/modellen/2021/overig/4.55.
[33] See to that effect, Evaluatie fiscale regelingen bos-, natuur-, en cultuurgrond: https://www.ey.com/nl_nl/technical/tax/tax-updates/evaluatie-fiscale-regelingen-bos-natuur-en-cultuurgrond.

116 measures against effectiveness and complexity criteria ([34]). The report identified that 17 provisions have no valid justification, 24 are judged (too) complex to administer and 11 place a significant demand on taxpayer capacity. The Netherlands'Court of Auditors (Algemene Rekenkamer) has repeatedly criticized the consistency and follow-up of these evaluations. In a 2025 report, the court found that approximately EUR 85 billion of a total of EUR 167 billion in revenues forgone from tax expenditures were classified as ineffective or insufficiently justified. These provisions have still been retained despite evaluation findings — highlighting the gap between evaluation quality and political follow-through ([35]).

3.2. Policy tax gaps in VAT

The Netherlands has introduced several notable adjustments to its VAT framework since 2023. The standard VAT rate is 21%, with reduced rates of 9% and 0% applying to specific goods and services ([36]). The Netherlands implemented a 0% VAT rate (zero-rating) for the supply and installation of solar panels on private dwellings, effective 1 January 2023. Further changes entered into force on 1 January 2025, which saw a rate increase from 9% to the standard rate (21%) for various agricultural goods, including non-food grains, legumes, seed potatoes, round wood, and animal feed. Most recently, on 1 January 2026, the Dutch government executed a major reclassification for short-stay accommodation services – such as hotels, holiday homes, and hostels – shifting their VAT rate from 9% to 21% (while keeping camping accommodations at the reduced 9% rate) ([37]).

The Netherlands has recently made changes to VAT exemptions under social and cultural services as well as for small enterprises. In response to a 2023 Supreme Court ruling of 14 April 2023 ([38]), the Dutch Government, as part of the 2026 Tax Plan, extended the VAT exemption for social and cultural services to institutions with a profit motive under the 2026 guidelines. Separately, from 1 January 2025, the Netherlands implemented the revised EU SME VAT scheme ([39]) (*kleineondernemersregeling* – KOR), allowing Dutch-established small enterprises, as well as eligible small enterprises established in other EU Member States, to benefit from the VAT exemption under the cross-border SME scheme ([40]). Eligibility is subject to a Union-wide annual turnover ceiling of EUR 100 000, as well as the applicable national turnover threshold in each Member State where the exemption is sought.

The Netherlands' national policy-driven VAT exemption gap and VAT rate gap were below the EU average in 2023. Revenues forgone due to the application of reduced rates and national policy-driven exemptions reached around EUR 30 billion in 2023 ([41]). The national policy-driven VAT

[34] The evaluation dimensions were effectiveness, efficiency, implementation complexity, manageability and justification for intervention. In addition, the budgetary significance was also considered.
[35] Court of Auditors report, Verantwoord belasten (2025)
[36] VAT rates and exemptions | Government.nl.
[37] VAT rates and exemptions in the Netherlands | Business.gov.nl.
[38] A Supreme Court ruling of 14 April 2023 held that debt-counselling and related services performed on a profit-seeking basis did not qualify for the social/cultural VAT exemption.
[39] Council Directive (EU) 2020/285 of 18 February 2020 amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises and Regulation (EU) No 904/2010 as regards the administrative cooperation and exchange of information for the purpose of monitoring the correct application of the special scheme for small enterprises (OJ L 062 2.3.2020, p. 13).
[40] Article 25a of the Wet op de omzetbelasting 1968 establishes the Dutch small-business VAT exemption.
[41] See European Commission, Syntesia, Poniatowski, G., Bonch-Osmolovsky, M., Śmietanka, A. et al., VAT gap in Europe – Report 2025, Publications Office of the European Union, Luxembourg, 2025, https://data.europa.eu/doi/10.2778/7868422.

exemption gap ([42]) was estimated at over EUR 10 billion in 2023, or 7% of the notional ideal revenue ([43]), while the EU average was 11%. The VAT rate gap ([44]) was estimated at over EUR 15 billion in 2023, or 10% of the notional ideal revenue, lower than the EU average of 12%.

Tax-simulations indicate that Netherlands's reduced VAT rates in 2025 are concentrated in a small number of categories, led by 'food and beverages' ([45]). 'Food and beverages' accounts for the largest share of forgone revenues at 41.2%, close to the EU mean share of 39.8%. 'Restaurants and accommodation' come second at 28.8%, well above the EU mean share of 20.4%. 'Recreation, sport and culture' ranks third at 14.3%, close to the EU mean share of 13.3%. These three categories account for 84.4% of Netherlands's total forgone revenue.

Netherlands's reduced VAT rates lower inequality as measured by the Gini coefficient by 0.40 pps, below the EU average reduction of 0.50 pps. 'Food and beverages' contribute 0.24 pps (61.2% of the total), below the EU mean contribution of 0.32 pps.

3.3. Policy tax gaps in corporate income tax

The Netherlands' corporate income tax-related ('vennootschapsbelasting') tax expenditures appear relatively limited and concentrated in specific business-tax provisions. The tax expenditures are indeed limited to two provisions that are explicitly labelled as CIT-specific in the 2026 Miljoenennota annex: the reduced first-bracket CIT rate ('*laag vpb-tarief*') and the innovation box ('*innovatiebox*').

For 2026, CIT-specific tax expenditures amount to EUR 5.97 billion. The lower tax rate – which applies to profits up to EUR 200 000 at 19% (instead of the standard 25.8% rate) – was estimated to cost EUR 3.02 billion in forgone revenue, while the innovation box, which taxes qualifying innovation-related profit at a preferential rate, was estimated at EUR 2.95 billion. This CIT-related amount excludes the broader set of profit-sphere ('*winstsfeer*') provisions – such as the reinvestment reserve, the small-scale investment deduction, the energy and environmental investment deductions, the agricultural exemption, and the tonnage regime for shipping – which are available to both incorporated (Vpb) and unincorporated (IB) businesses and cannot be attributed to CIT alone without a legal-form usage split that the annex does not provide. It also excludes gift- and inheritance-tax-related business succession facilities (e.g. the '*bedrijfsopvolgingsfaciliteit*') and

[42] The national policy-driven VAT exemption gap represents the part of the VAT policy gap that can in principle be influenced by national policies on VAT exemptions. In practice, it consists of revenue forgone from services falling under Article 137 (such as real estate and certain financial services), from the SME scheme, and from national exemptions applied under standstill clauses or derogations. The VAT policy gap refers to the revenue lost due to the application of VAT exemptions and reduced, super-reduced, and zero VAT rates on selected products.

[43] The notional ideal revenue is the benchmark VAT revenue that assumes perfect taxpayer compliance in a situation where the current standard VAT rate is applied to all final consumption and household, government, and NPISH investment.

[44] The VAT rate gap refers to the portion of the VAT policy gap resulting from revenues lost due to the application of reduced, super-reduced, and zero VAT rates on selected products.

[45] The VAT rate gap is analysed here using EUROMOD's household consumption tool. No behavioural adaptation is considered. Note that VAT rates are mostly not an efficient tool for redistributive policies, in part due to incomplete pass-through to consumer prices, in part due to limited targeting of reduced rates. For more details on assessing the impacts of reduced VAT rates with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Ricci et al. (2026), Fiscal Costs and Redistributive Effects of Reduced VAT Rates in the EU, European Commission, European Economy Discussion Paper 244; Trzcinski and Amores (2026), The VAT Policy Gap and Redistribution in the European Union 2025, European Commission, Seville, JRC14876; and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

the dividend withholding tax credit, which relate to the taxation of business transfers and profit distributions rather than to CIT itself.

Overall, CIT-specific reliefs are narrow in scope and modest in scale by comparison with PIT-related tax expenditure (22 times larger than CIT tax expenditures). In 2026, CIT accounted for about 3.6% of tax expenditure revenue but around 1.6% of tax expenditure provisions.

3.4. Policy tax gaps in personal income tax

Among the fourteen categories of provisions listed in the tax expenditure report, most concern PIT. PIT – including wage tax and, decisively, the tax credits – accounts for an important portion of reported revenue forgone due to tax expenditures.

The largest and potentially challenging tax expenditures in the Netherlands remain (i) pension tax relief and income provisions, as well as (ii) home ownership incentives. For 2026, pension/income provisions (*inkomensvoorzieningen*) account for EUR 25 billion (13.3% of total reported revenue forgone; 2.0% of GDP) across 11 provisions. Owner-occupied home relief ([46]) accounts for EUR 16.4 billion (8.7% of total revenue forgone; 1.3% of GDP) across 12 provisions. Together with tax credits (*heffingskortingen)*, EUR 74 billion, 39.4% of reported TE revenue, across just 6 provisions), these three categories account for roughly 62% of all reported forgone revenue in 2026. This illustrates the significant extent to which tax credits reduce the effective personal income tax burden relative to gross collections.

Mortgage interest deductibility (*hypotheekrenteaftrek*) remains one of the most longstanding structural distortions flagged in the Dutch housing market. Household debt is declining but remains among the highest in the EU, driven by tax incentives for debt-financed home ownership; mortgages account for roughly 90% of household debt, with a debt-to-income ratio of 144% in 2024. While the deduction rate has been phased down gradually since 2020 — capped at 37.6% in 2026 — the underlying incentive structure remains intact, and the Netherlands continues to rank as the EU's second most overvalued housing market as of 2024. The provision has been the subject of a longstanding Country-Specific Recommendation (CSR) in the European Semester cycle, including most recently in 2026, recommending a gradual phase out of mortgage interest deductibility - a recommendation that echoes, from the fiscal side, the vulnerability the European Systemic Risk Board (ESRB) has flagged from the financial-stability side for nearly a decade ([47]).

Tax-simulations suggest that PIT-related tax expenditures in the Netherlands in 2025 have a progressive effect ([48]). PIT-related tax expenditures imply revenue forgone equivalent to

[46] The point (Eigen) woning includes mortgage interest deductibility (*hypotheekrenteaftrek*) together with related reliefs such as the low/no owner-occupied-housing-debt deduction.
[47] ESRB (2024), Follow-up report on vulnerabilities in the residential real estate sectors of the EEA countries, as cited in the Commission's 2024 In-Depth Review of the Netherlands (SWD(2024) 82 final)
[48] Simulations are based on EUROMOD and do not account for behavioural changes. For more details on assessing the impacts of tax expenditures in the PIT with EUROMOD, see Turrini et al. (2024), Tax Expenditures in the EU: Recent Trends and New Policy Challenges, European Commission, European Economy Discussion Paper 212; Leventi et al. (2026), Personal Income Tax Expenditures in the EU, European Commission, Seville, 2026, JRC148748; and Annex A to this report (Methods, Data and Assessment Framework of the Country Fiches).

19.8% of actual PIT revenues, slightly above the EU average of 19.1% ([49]). The largest share of revenue forgone arises from work-related tax expenditures (10.3% of PIT revenue). PIT-related tax expenditures reduce the Gini coefficient by 0.45 pps, marginally less than the EU average reduction of 0.46 pps. The relatively high revenue forgone is associated with only a modest reduction in income inequality.

While tax expenditures in the Netherlands are progressive overall, tax expenditures in some policy areas have regressive effects. Pensions-related tax expenditures have the largest progressive effect, reducing the Gini coefficient by 0.58 pps (2.5% of PIT revenue). A regressive effect can be observed for housing-related tax expenditures (6.6% of PIT revenue), with the Gini coefficient increasing by 0.33 pps. Tax expenditures with regressive distributional implications could serve policy objectives other than redistribution ([50]).

4. Effectiveness of tax administration

4.1. Registration/identification of taxpayers

The Netherlands operates a partially unified tax ID system, where the VAT identification number is now distinct from the core personal identifier ([51]). For natural persons, the Tax Administration (*Belastingdienst*) continues to use the *Burgerservicenummer* (BSN) as the basis for registration and identification, while the VAT identification number is a separate but linked identifier used for VAT compliance, including at EU level ([52]). This distinction reflects changes introduced for privacy reasons, following the historical link between the VAT identification number and the national social security number (*Sofinummer*), which was later replaced by the BSN. Under the one-stop company registration system, submitting an incorporation application to the Chamber of Commerce (KvK) automatically fulfils tax registration obligations with the Dutch Tax Administration (*Belastingdienst*), eliminating the need for separate initial registration.

The Dutch tax administration streamlines VAT compliance through digital registration and clear guidance supported by a well-integrated database – yet opportunities remain to enhance detection of unregistered businesses. The Netherlands offers digital tax registration and transparent information access, though limited VAT data access and management via its secure online portal ([53]). It could also enhance taxpayer detection by more effectively leveraging data from payment service providers (PSPs) and other sources such as the real-time validation against customs data. The Netherlands' taxpayer registration and identification system is integrated with other tax administration subsystems, enabling better data sharing and streamlined compliance processes ([54]).

The Netherlands indirectly identifies online businesses within its VAT database and ensures compliance monitoring through updated OSS/IOSS reporting mechanisms. Since

[49] According to the European Commission's taxation trends data, PIT revenues in the Netherlands amounted to approximately EUR 110.1 billion in 2024. This would imply revenue forgone of approximately EUR 21.8 billion due to PIT tax expenditures according to the microsimulation (19.8% of EUR 110.1 billion).
[50] Tax expenditures are employed with a broad range of policy objectives. The fact that a given tax expenditure might have a regressive distributive effect does not imply that it does not successfully implement its stated objective.
[51] Kamervragen (Aanhangsel) 2019-2020, nr. 1840 | Overheid.nl > Officiële bekendmakingen
[52] Numbers for VAT | Business.gov.nl
[53] From 2028, a new off-the-shelf IT system will enhance this functionality.
[54] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

the 2021 launch of the EU's e-commerce and One Stop Shop (OSS) and Import One Stop Shop (IOSS) schemes, the *Belastingdienst* has updated its relevant reporting channels and preliminary checks. Automated risk checks were introduced in 2025, replacing earlier manual processes. Though the Netherlands does not maintain a dedicated record of VAT-registered e-commerce businesses, it can identify online traders within its broader VAT database – filtering them via branch codes rather than a separate system.

The Netherlands does not actively monitor for unregistered taxpayers, not even in high-risk sectors with known compliance gaps. Nevertheless, the Netherlands applies risk-based checks during the registration process to mitigate non-compliance. While no proactive detection mechanisms are in place to uncover unregistered businesses, the Dutch Tax Administration integrates risk assessment protocols at registration. These focus on red flags e.g. checks for fraud history. High-risk areas such as e-commerce, gig economy platforms, or construction may remain vulnerable to under-registration, with compliance efforts reactive rather than preventive.

In the Netherlands, VAT identification numbers are reviewed on the basis of Eurofisc fraud alerts or other signals under Dutch administrative practice. But a trader is generally qualified as MTIC only after a visit and a formal invalidation decision. In practice, a quick risk assessment is not immediately shared with other Member States before that formal step. Operationally, this means the Netherlands takes longer to qualify a fraudster and invalidate the VAT number once the decision is taken, pointing to delayed upstream risk-sharing but immediate effect at the point of formal invalidation.

4.2. Tax filing and assessment

The Netherlands has modernized its digital tax services for businesses. Since 2024, a centralized digital hub streamlines business tax obligations, including VAT, CIT, and OSS procedures. Designed to be more secure, modern, and user-friendly, the portal reduces filing time and minimizes errors for most taxpayers with straightforward tax situations.

The Netherlands only supports PIT pre-filling, using data-driven and periodic near-real-time reporting, but not full real-time transaction monitoring. For PIT returns the *Belastingdienst* extensively leverages pre-filling using both internal and third-party data sources ([55]). Pre-filled returns are populated through structured data exchanges with, among others, employers, pension funds, banks, insurers, intermediaries reporting under DAC6, and international financial-account reporting frameworks. While data from the Chamber of Commerce is integrated, the general model remains primarily based on periodic and near-real-time reporting flows rather than fully real-time continuous transaction control systems. The Netherlands currently does not cater for pre-filled VAT returns but plans for such an upgrade ([56]). The gradual implementation of the VAT in the Digital Age (ViDA) package will create the conditions for introducing pre-filled VAT returns across the EU, with the Netherlands already operating a mature, structured business-to-government (B2G) e-invoicing framework and preparing for ViDA-driven B2B e-invoicing and digital VAT reporting.

[55] https://www.belastingdienst.nl/wps/wcm/connect/nl/ondernemers/content/gegevensportalen.

[56] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

The Netherland's strong digital tax performance is reflected in near-universal e-filing adoption, with rates consistently exceeding EU averages. For CIT the rate is 100.0% (2024) which is above the EU average, for PIT the rate is 99.1%, above the EU average of 88.4% (compared to 98.4% in 2021), and for VAT the rate is 100.0% (2024), also above the EU average ([57]). VAT e-filing is mandatory through the *Belastingdienst's Mijn Belastingdienst Zakelijk* portal.

The Netherlands supports filing and assessment through robust digital self-service tools but has yet to adopt some AI-driven innovations for taxpayer interactions. The Belastingdienst promotes taxpayer support primarily through mature digital self-service channels rather than advanced AI integration ([58]). In relation to taxpayer services, the Tax and Customs Administration does use AI to analyse letters for citizens for comprehensibility. Taxpayers can access personalised online portals and secure digital communications via the *Berichtenbox* system. The administration also provides VAT and wage-tax guidance, self-service calculators and reminders for filing. They also provide seamless administrative processes that facilitate tax payment such as prefilled tax returns, direct payment links in correspondence and the possibility to pay online using a payment app ([59]). There is nevertheless limited public evidence of real-time chatbot or large-language-model (LLM) deployment in taxpayer services ([60]).

The Netherlands makes thorough use of the data obtained through automatic exchange of information (AEOI), under the Directive on administrative cooperation in the field of taxation (DAC) ([61]). This includes DAC1 ([62]), DAC2 ([63]), and DAC7 ([64]), for the purposes of PIT, social security contributions, inheritance or wealth tax. The identification of the taxpayers concerned in the Netherlands is under the EU average: in 2025, the matching rate measuring success in identifying registered taxpayers with DAC data ([65]) is 48% for the main categories of DAC1 ([66]), 89% for DAC2, and 79% for DAC7 (the EU-average being 84%, 92% and 86% respectively). In this respect, the TIN validation tool envisaged in the DAC recast proposal will support the matching process in the Netherlands to approach a 100% automatic matching rate.

Dutch tax authorities use the available data for various activities. These include pre-filling tax returns, voluntary compliance programs, tax risk assessment to detect possible undeclared income ([67]) and, if relevant, tax assessments or audits limited to specific categories of income or

[57] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.
[58] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[59] Betalen met iDEAL in Overzicht betalen en ontvangen.
[60] OECD, Tax Administration 2024 – Digital transformation and compliance management: OECD Tax Administration 2024.
[61] Sources: Yearly Assessment 2026.
[62] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC: automatic exchange of information on income from employment, pensions, director's fees, immovable properties, life insurance products, royalties.
[63] Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation: automatic exchange of information on financial accounts.
[64] Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation: automatic exchange of information on income from digital platforms.
[65] The matching rate indicates to what extent a Member State has been able to identify their taxpayers in their national tax databases with information received from other Member States under the DAC. Such matching is necessary to ensure that the data can be used for tax compliance purposes. The matching rates mentioned in this report are based on the metrics approved by the tax authorities in the TADEUS meeting of December 2024.
[66] Income from employment, pensions, director's fees, immovable properties.
[67] Tax risk assessment is a key element of modern tax administration. It allows tax authorities to identify situations where specific taxpayers or arrangements may pose an increased risk to their jurisdiction and require further actions in terms of

capital. Netherlands has a monitoring system which enabled the tax authorities to document a significant increase in the tax base and tax assessed by using DAC2 information. This last point could be further improved by monitoring more closely also the benefits stemming from the use of data relating to the various income categories (DAC1) and obtained from digital platforms (DAC7).

The Netherlands has been active in VAT administrative cooperation ([68]). In 2024, the Netherlands sent 1 520 requests for information and received 2 519 requests ([69]). Based on a standardised measure, taking into account the relative size of the Dutch economy, the Netherlands is below the EU weighted average on the number of requests sent and above the EU weighted average on the number of requests received ([70]).

The Netherlands has not recorded any results in automatic exchange of VAT information. In 2024, the Netherlands has not reported any VAT identification numbers allocated to taxable persons not established in the Member State. For information on new means of transport, it has not forwarded any cases.

4.3. Compliance risk management

The Netherlands operates an integrated, transparent compliance risk management (CRM) system. The formal strategy in place covers all tax processes – from filing to audits - with segmented strategies ([71]), cooperative compliance for key taxpayers, and public risk disclosures to deter non-compliance. The system is integrated with the annual audit programme, ensuring alignment between risk detection and enforcement actions ([72]).

The Netherlands deploys targeted AI applications in tax administration, focusing on operational efficiency and risk detection while exploring advanced systems. The Dutch Tax Administration currently uses classical AI for document processing, risk analysis and language scans to assess taxpayer correspondence for clarity and compliance risks. While agentic AI is under exploration, predictive modelling remains absent ([73]).

The Dutch tax administration also uses a nudging system which adapts the language used in standard communication to taxpayers. This is based on behavioural insights derived from scientific literature and inference from profiling of individual taxpayers ([74]). The Netherlands is

compliance. In general, EU tax authorities use automated methods based on domestic data and information received from other jurisdictions.

[68] Based on Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (VAT), as subsequently amended, the EU and Member States' national tax authorities cooperate to help ensure the correct application of VAT rules on cross-border transactions.

[69] The data is assessed based on the annual statistics, provided pursuant to Commission Implementing Regulation 79/2012 (Annex IV) and presented to the Standing Committee on Administrative Cooperation SCAC.

[70] The standardised measure normalises the number of requests per EUR 1 billion of GDP, allowing for comparison relative to the size of the economy. In 2024, the Netherlands sent 1.36 requests per EUR 1 billion of GDP compared to an EU weighted average of 1.60 requests sent per EUR 1 Billion of GDP; and received 2.26 requests per EUR 1 billion of GDP compared to an EU weighted average of 1.59 requests received per EUR 1 billion of GDP.

[71] While the Belastingdienst lacks a dedicated e-commerce unit, it maintains specialised expertise, e.g. publishing opinions on e-commerce taxation.

[72] ISORA database. https://data.rafit.org/regular.aspx?key=74180916 – tab "CRM Strategy" and findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

[73] findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

[74] The Netherlands - AI Country Report - AI Tax Administration and findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

exploring digital identity and organisational wallets to support secure e-invoicing, enabling trusted verification of business identities and automated invoice validation to strengthen VAT compliance and reduce fraud ([75]).

The Netherlands also uses reports exchanged automatically under the DAC, i.e. DAC3 ([76]), DAC4 ([77]) and DAC6 ([78]) for risk-analysis purposes in the field of CIT. The tax authorities successfully identified 100% of the taxpayers concerned by DAC3 and DAC4 reports, and 95% of the taxpayers concerned by DAC6 (the EU average being 90%). DAC3, DAC4 and DAC6 are broadly used for risk-assessment (i.e. to identify risks related to transfer pricing, base erosion and profit shifting, harmful tax practices, etc) and possible follow-up actions as general tax audits. Moreover, DAC4 data is used for economic and statistical analysis, and DAC6 data is used to identify possible legal loopholes. This fairly comprehensive use of the relevant data suggests that the Dutch tax authorities have successfully integrated it into an efficient process.

The Netherlands has yet to integrate Central Electronic System of Payment Information (CESOP) data into its compliance systems, focusing initially on meeting reporting obligations ([79]). As of 2024, the Dutch Tax Administration prioritised establishing the technical infrastructure to collect and submit PSP data to CESOP by Q2 2024, as required by the Union legislation. However, IT portfolio constraints delayed further integration, preventing cross-referencing with VAT data or broader tax applications. The *Belastingdienst* is now exploring potential links between PSP and VAT datasets, though progress depends on technological capacity and IT resource availability. Future use of CESOP data for risk analysis or enforcement remains contingent on overcoming these limitations. The Dutch Tax Administration in general remains cautious in using third-party data due to strict GDPR compliance obligations and past controversies over data misuse.

The Netherlands relies on detailed tax gap estimates to refine compliance strategies, though current efforts focus on monitoring rather than expanding analytical capacity. The Netherlands maintains a comprehensive tax gap estimation programme, its VAT gap remains among the lowest in the EU, suggesting strong compliance (see section 2). The Netherlands actively contributes to EU-wide VAT gap methodologies but has no plans to expand its domestic estimation capacity. Instead, it uses existing gap insights to prioritise risks within its formal CRM strategy ([80]).

[75] OECD Forum on Tax Administration, Tax Administration 2025 – Dutch Country Note, available at: Tax Administration 2025: Netherlands.

[76] Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation: automatic exchange of information on rulings and advanced pricing arrangements.

[77] Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation: automatic exchange of information on country-by-country reports of multinational entities.

[78] Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.: automatic exchange of information on potentially tax-harmful cross-border arrangements.

[79] The Central Electronic System of Payment Information (CESOP) is an EU-wide system established under Directive (EU) 2020/284 to support the fight against VAT fraud in e-commerce. It requires payment service providers to report cross-border payment data on a quarterly basis to national tax authorities, which then transmit the information to CESOP. The system centralises and analyses this data, enabling Member States to detect undeclared online sales, identify fraudulent traders, and enhance administrative cooperation in combating cross-border VAT fraud.

[80] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).

4.4. Audits

The Dutch tax administration's current audit strategy combines expanded supervision, data-driven investigations, and IT modernisation while prioritising trust rebuilding. The *Belastingdienst* performs a large variety of audits (desk audits, limited scope audits, single issue audits, comprehensive audits and avoidance and evasion investigations) ([81]). The risk-based AI tools enable targeted interventions across all compliance areas, tailoring enforcement to system-identified risks. In 2026, the *Belastingdienst* prioritises stronger supervision, investigations, and data-driven compliance, alongside IT modernisation, taxpayer service and trust rebuilding ([82]).

In the Netherlands, the additional revenues raised from audits was equal to 1.7% of total net revenue in 2018 and 1.3% of total net revenue in 2023. This is below the EU average for both years (2.8% and 1.6%, respectively), but the decrease from 2018 to 2023 follows a similar trend to the EU average ([83]). Given the advanced level of digitalisation in the Netherlands, the fact that these figures are below the EU average may reflect an increased voluntary compliance. On the other hand, the Netherlands completed 375 700 audits in 2024, which led to tax adjustment in 40.5% of the cases, slightly above the EU average ([84]).

The Netherlands is one of 22 Member States with an office dedicated to Large Taxpayers exercising special jurisdiction and dedicated audit functions in respect of this this taxpayer segment ([85]). The existence of a Large Taxpayers Office (LTO) signifies that there is a team with a refined case base, solely focused on taxpayers above certain financial thresholds. 11.6% of full-time equivalents (FTEs) were assigned to the LTO in 2024 and 72.7% of these were allocated to the function of audit, investigation and other verification activities of taxpayers within the scope of the LTO ([86]). Revenue generated from the LTO accounts for 62.3% of total revenue, with audits performed by the LTO generate more than EUR 3.5 billion in audit revenue.

The Netherlands is the most active user of advanced instruments of cooperation provided for in the Directive on administrative cooperation in the field of taxation and Regulation 904/2010 to facilitate cooperation on specific cross-border issues. Such instruments entail multilateral controls (MLCs) such as simultaneous controls, joint audits and presence in administrative offices and administrative enquiries (PAOEs). The synergies between participating Member States derived from these coordinated activities usually lead to an increase in the tax assessed and, therefore, contribute to reducing the compliance tax gap. Between 2023 and 2025 Netherlands has initiated 27 MLC and 1 PAOE, and has participated in 51 MLC and 10 PAOE, representing respectively 25.0%, 1.5%, 17.4% and 7.8% of the of these operations in the EU ([87]).

4.5. Payment and collection

The Netherlands operates a highly digitalised and efficient payment and collection system, with near-universal electronic filing and high on-time payment rates across all

[81] https://data.rafit.org/regular.aspx?key=74180916 – tab "Post filing enforcement actions" and "interventions after filing, intervention effectiveness".
[82] Jaarplan in het kort 2026 | Belastingdienst.
[83] https://data.rafit.org/regular.aspx?key=74180916 – tab "Post filing enforcement actions" and "interventions after filing, intervention effectiveness.
[84] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB
[85] As per 2022 ISORA data.
[86] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.
[87] EU AIAC Statistics -2023-2025.

major tax types ([88]). The Netherlands has maintained a steady 100% e-payment rate for PIT, CIT, and VAT. It consistently records high on-time payment rates, reflecting strong voluntary compliance and effective enforcement mechanisms. The on-time payment rate for CIT was 98.8% in 2024 (EU average 89.8%), for PIT 94.5% (EU average 79%) and for VAT 98.5% (EU average 83.7%) ([89]).

Since 2025, cash payments for tax liabilities are no longer possible in the Netherlands. All transactions must be conducted electronically ([90]). The Netherlands' VAT compliance system is complemented with administrative penalties for late filing and payment, digitally administered through the *Mijn Belastingdienst Zakelijk* portal ([91]). The Netherlands is developing a VAT tax-splitter that uses distributed ledger technology to direct the VAT component of transactions to the tax administration in real time, strengthening compliance, reducing fraud, and creating an automated audit trail ([92]).

The *Belastingdienst* considers risk detection for VAT refunds as a priority. Negative VAT returns (refund requests) are scrutinised using risk detection signal models, which flag high-risk claims for closer review. By law, VAT refunds must be processed within 8 weeks. Delays are only permitted if an audit is initiated, with mandatory notification to the taxpayer.

4.6. Tax debt recovery

The Netherlands maintains a robust tax arrears management system, with declining arrears levels and a consistently high collectability rate. Since 2020, the closing stock of arrears as a percentage of total revenue collected has fallen significantly, from 12.5% in 2021 to 8.6% in 2024, well below the EU average of 30.7%. Meanwhile, the collectability rate has remained strong, with 70.1% of arrears deemed recoverable in 2021, up from 56.5% in 2018 ([93]).

The Netherlands employs a highly digitalised and multi-layered approach to debt recovery, combining advanced risk assessment with targeted enforcement tools. Recovery efforts are underpinned by risk-based classification, where digital systems analyse non-payment risks alongside asset data to prioritise actions – such as bank account seizures or structured payment arrangements. Enforcement is further strengthened through multi-channel strategies, including automated reminders, behavioural nudges and legal measures.

The Netherlands uses internal databases to track high-risk cases and coordinate with insolvency administrators where legally permissible. The Netherlands applies strict rules ensuring that debts remain monitored until enforcement is definitively no longer possible ([94]). The Netherlands also monitors the time needed to solve tax disputes and it can collect disputed taxes while the dispute case is open and under judicial review ([95]).

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[88] OECD Forum on Tax Administration, Tax Administration 2025 – Dutch Country Note, available at: Tax Administration 2025: Netherlands.
[89] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.
[90] Findings based on Member States' annual reports (mostly 2025-2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[91] Findings based on Member States' annual reports (2026) under Article 12, Regulation (EEC, Euratom) No 1553/89 (VAT own resources collection).
[92] OECD, Tax Administration 2024 – Digital transformation and compliance management: OECD Tax Administration 2024.
[93] International Survey on Revenue Administration data. https://data.imf.org/en/datasets/ISORA:ISORA_LATEST_DATA_PUB.
[94] See https://www.tweedekamer.nl/downloads/document?id=2022D56798.
[95] ISORA Data – Tax arrears collection powers and their usage – Collect any disputed tax while the dispute case is open and under judicial review.

Regarding cross-border recovery assistance within the EU, the Netherlands submits compliant requests to other Member States. The Netherlands' recovery requests to other Member States generally comply with requirements ([96]), focusing on well-established claims. In 2025, more than 400 requests for recovery were sent to other Member States; while 65 requests for recovery were suspended due to contested claims in the same year ([97]).

The Netherlands also uses the information from DAC1 ([98]) and DAC2 ([99]) for recovery purposes, leading to an increase in the number of recovery requests to other tax administrations. This is best practice, which could be extended to DAC7 (income derived from the use of digital platforms) data where appropriate.

[96] Statistics on rejections of requests, reported by the Netherlands as applicant State, relating to recovery assistance in 2025.
[97] Statistics on the suspension of recovery requests, sent by the Netherlands as applicant State, following contestation of the claim, for 2025.
[98] AEOI on income from employment, director's fees, pensions, life insurance products, royalties.
[99] AEOI on financial accounts and assets.