

ACQUIRING DUTCH REAL ESTATE

DIRECT PURCHASE OF REAL ESTATE

This section discusses the most important tax implications of the direct purchase of real estate. First, the impact on resident individuals and non-resident individuals is discussed. Thereafter is discussed the impact for resident companies and non-resident companies.

Resident Individuals

Transfer Taxes

Individuals which acquire Dutch real estate are subject to transfer tax which is due by the purchaser. The transfer tax due is calculated over the purchase price of the market value of the immovable property if higher. The transfer tax rate is 8%. A rate of 2% applies if the purchaser acquires a dwelling and is going to use this as their main residence.

Individuals between the ages of 18 and 35 buying a first dwelling used as main residence, can claim an exemption from transfer tax if the purchase price is below €400,000.

Value-added tax

As a general rule, the acquisition of immovable property is exempt from VAT. However, VAT is charged if a building site or a newly created building is sold before or within two years after its first occupation. In case of the supply of immovable property after this two-year period, under specific conditions, the supplier and the recipient can opt for a VAT-able supply of the property. The applicable VAT rate is 21%.

In case VAT is charged because a building site or a newly created building is sold, the transfer of real estate is exempt from transfer tax. In case VAT is charged because a newly created building is sold within two years after its first occupation, under circumstances the transfer of real estate can also be exempt from transfer tax.

Non-resident individuals

Non-resident individuals are treated in the same manner as resident individuals.

Resident companies

Transfer Taxes

The acquisition of Dutch real estate is subject to transfer taxes. The market value of the immovable property will be taxed against a tax rate of 8%. The transfer tax is payable by the purchaser. The transfer tax is not deductible as business costs. If the real estate is transferred a second time within six months, the owed tax of the second transaction can be reduced with the owed tax of the first transaction.

Value-added tax

As a general rule, the supply of immovable property is exempt from VAT. However, VAT is charged if a newly created building is sold before or within two years after its first occupation. In case of the supply of immovable property after this two-year period, under specific conditions,

the supplier and the recipient can opt for a VAT-able supply of the property. The applicable VAT rate is 21%.

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Non-resident companies

Non-resident companies owning Dutch Real Estate are treated in the same manner as resident companies, since Dutch real estate is considered to be an enterprise of the non-resident company.

Main advantages

In contrast to the indirect purchase of real estate, the surplus over the rental income can be returned to the investors home country without owing dividend withholding tax being due. Moreover, interest costs may be directly deductible from real estate income.

INDIRECT PURCHASE OF REAL ESTATE

This section discusses the most important tax implications of the indirect purchase of real estate (share deal). First of all is discussed the impact on resident individuals and non-resident individuals. Thereafter is discussed the impact for resident companies and non-resident companies.

Resident individuals

Transfer taxes

If an individual acquires shares in a so-called 'real estate company', the acquisition is subject to transfer tax if the acquisition results in an interest in that company of at least one-third. Specific rules may apply for acquisitions with related parties and subsequent acquisitions. A company qualifies as real estate company if the asset-based on market value- of the company consists for more than 50% of immovable property and at least 30% of this located in the Netherlands at the moment of the transaction or at any moment in the 12-month period preceding the transaction. In addition, the main activity must exist of the acquisition, selling and/or exploitation of immovable property. The market value of the immovable property will be taxed against a tax rate of 8% and is due by the purchaser.

Non-resident individuals

Non-resident individuals are treated in the same manner as resident individuals.

Resident companies

Transfer taxes

If a legal entity acquires shares in a so-called 'real estate company', the acquisition is subject to transfer tax if the acquisition results in an interest in that company of at least one-third. Specific

rules may apply for acquisitions with related parties and subsequent acquisitions. A company qualifies as real estate company if the assets–based on market value– of the company consist for more than 50% of immovable property and at least 30% of this located in the Netherlands, at the moment of the transaction or at any moment in the 12 month period preceding the transaction. In addition, the main activity of the company must exist of the acquisition, selling and/or exploitation of immovable property.

The market value of the immovable property will be taxed against a tax rate of 8%.

Non-resident companies

Non-resident companies are mostly treated in the same manner as resident companies.

[More information?](#)

For more detailed information and questions please contact your trusted RSM advisor.

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